HOUSE OF COMMONS DEBATES

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HOUSE OF COMMONS

Tuesday, June 29, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

FREEDOM OF INFORMATION

TRIBUTE TO FORMER PARLIAMENTARIAN, GERALD BALDWIN—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, I believe I have unanimous consent for this motion. Whereas the House of Commons just yesterday passed the freedom of information bill, and whereas my predecessor, Mr. Gerald Baldwin, worked tirelessly toward and supported the principle of freedom of information, I move, seconded by the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand) and the hon. member for Nepean-Carleton (Mr. Baker):

That this House unanimously commend Gerald Baldwin for his unceasing work for freedom of information legislation, and further, for his years of dedicated service to his fellow countrymen.

Some hon. Members: Hear, hear!

Madam Speaker: Does the House want to applaud this motion? The hon. member for St. John's East.

Mr. Nielsen: There was no negative.

Madam Speaker: No one said "no", but I did not put it to the House because it is a congratulatory motion.

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FISHERIES

DEMAND FOR ASSISTANCE TO INDUSTRY—MOTION UNDER S.O. 43

Hon. James A. McGrath (St. John's East): Madam Speaker, I rise under the provisions of Standing Order 43. Last night the finance minister announced a special farm financial assistance program which provides for $200,000,000 over the next two years to assist farmers in financial distress. Naturally, we welcome such an announcement, but at the same time we fail to understand why similar assistance was not provided for the fishing industry which employs 80,000 Canadians and forms the backbone of the economy of the Atlantic provinces. Many companies have been forced into bankruptcy and the industry still faces an uncertain future. I would therefore move, seconded by the hon. member for Vancouver South (Mr. Fraser):

That this House direct the Minister of Finance to provide immediate assistance to the fishing industry in a program similar to that which is now being offered to the agricultural industry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

CALL FOR RESIGNATION OF MINISTER—MOTION UNDER S.O. 43

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, under the provisions of Standing Order 43 I wish to move a motion. Since the majority of Canadian farmers continue to face an intolerable burden because of high interest rates, and since the budget last night did nothing to cope with credit charges on operating loans and on existing credit, even though the additions to Farm Credit Corporation loans will be welcome, I move, seconded by the hon. member for Dauphin (Mr. Lewycky):

That this House calls on the Minister of Agriculture to resign because of his unwillingness to deal with the number one problem for farmers in Canada—high interest rates.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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BILINGUALISM

EXPENSE OF SENDING OFFICIALS TO FRANCE FOR LANGUAGE TRAINING—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Last night the Minister of Finance (Mr. MacEachen) said that "the private sector and the provinces could not be expected to accept income restraints unless the Government of Canada showed leadership in the conduct of its own affairs." During the past few days, the national press has reported that the assistant secretary to the cabinet for economic development policy, who receives a salary of approximately $75,000 a year, is to be sent to the south of

France for bilingual language training. This four-month joyride will cost Canadian taxpayers, whom the minister has asked to show restraint, some $11,800. While many Canadians and, I dare say, many hon. members opposite would be pleased to see one of the architects of the present budgetary fiascos deported, banished, or otherwise disposed of, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That if this government is truly serious about showing leadership, and if it is serious about restraint, then the President of the Treasury Board should launch an immediate review of all such ridiculous and inexcusable examples of wasteful government spending.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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WESTERN DEVELOPMENT FUND

REDUCTION IN BUDGET—MOTION UNDER S.O. 43

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the 1982-83 allocation in the 1980 budget for expenditures under the Western Development Fund was set at $750 million. Under the 1981 budget this allocation was cut by 75 per cent to $182 million. Under last night's budget the people of western Canada are further insulted, as the 1982-83 allocation receives a further massacre of 50 per cent. Now a further $92 million has gone from the pockets of westerners. Therefore I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House censure the Minister of Finance for his apparent lack of understanding in failing to appreciate the hopes and aspirations of westerners and his lack of honesty in failing to admit that this fund was a fraud from the date of its conception.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PENSIONS

DENOUNCEMENT OF DEINDEXATION—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I, too, rise under the provisions of Standing Order 43. In view of the fact that the minister responsible for pensions has stated that the first priority of the Liberal government with regard to pension reform was to bring all senior citizens above the poverty line, and in view of the fact that single pensioners are still more than $800 below the poverty line, I move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That this House condemn the minister and the Liberal government for abandoning this commitment and instead cutting basic pension benefits by deindexation, which will require more and more pensioners to submit to a means test just to ensure that they fall no further below the poverty line than they are already, and that if the minister does not rescind last night's budgetary measure, she should resign.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1410)

VOLUNTARY ORGANIZATIONS

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

Mr. Walter McLean (Waterloo): Madam Speaker, last night's budget once again ignored a matter of urgent necessity. Following "Consultation 81", the government made a public undertaking to act on the give-and-take tax proposals of the national voluntary organizations. Last week the Minister of State for Social Development (Mr. Chrétien) told this House that he had personally raised this matter before the cabinet. Last night's budget, as well as November's discredited budget, demonstrated an abysmal ignorance of the potential caring contribution of Canada's voluntary sector during these times of social and economic hardship. I therefore move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That this House urge the government to admit to Canada's three million volunteers that it has no intention of encouraging a working partnership with the voluntary sector, and that its distrustful, interventionist grant policy was intended to undermine the time-proven ability of non-government agencies to deliver their sorely needed caring services.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE MINISTRY

CALL FOR RESIGNATIONS OF PRIME MINISTER AND MINISTER OF FINANCE—MOTION UNDER S.O. 43

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, up until last night Canadians at least had hope. When Canadian workers asked for legitimate job creation, when Canadian businesses asked for tax reform to aid industrial recovery, when the Canadian economy demanded investment encouragement for plants, processes and opportunities, when

Canadian youth cried out for higher education and better training and when senior Canadians asked only for stable costs and a dignified retirement, this government gave them higher taxes, higher interest rates, higher debt, higher inflation, and higher unemployment. I therefore move, seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That the Minister of Finance and the Prime Minister do the only worth-while remaining act of which they are capable, namely, resign before the downward economic spiral becomes a national economic disaster.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSE OF COMMONS

CALL FOR RESIGNATIONS OF MINISTER OF FINANCE AND LEADER OF THE OPPOSITION—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, in light of the fact that the Minister of Finance (Mr. MacEachen) has forced public employees with low incomes to accept wage controls at the same percentage level as cabinet ministers and other senior bureaucrats and appointees earning over $100,000 a year, and since the Minister of Finance has encouraged other Canadians to accept this unjust system of sharing the economic burden, and in view of the support for these measures last night by the Leader of the Conservative Party (Mr. Clark) who, on previous occasions, admitted he would also retain the high interest rate policy of the Liberal government, I move, seconded by the hon. member for Beaches (Mr. Young):

That the Minister of Finance immediately offer his resignation to the Canadian people and, to be consistent with the Liberal-Conservative concept of sharing and solidarity, that the Leader of the Conservative Party also tender his resignation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NORTHERN AFFAIRS

NORTHERN CANADA POWER COMMISSION—IMPLEMENTATION OF COMMITTEE RECOMMENDATIONS—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, the all-party report by the subcommittee on the Northern Canada Power Commission was an excellent documentation of the problems of electrical power generation and distribution north of the 60th Parallel. The recommendations are sound and embody the thinking and direction of all those groups which are affected and involved in this complex matter. The report was tabled in this House several weeks ago. Therefore I move, seconded by the hon. member for Cochrane-Superior (Mr. Penner):

That the ministers in charge evolve and table in this House at the earliest opportunity a target time frame or schedule during which the recommendations made in the report are to be implemented.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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METRIC CONVERSION

CALL FOR MORATORIUM—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I, along with my fellow Canadians, am disappointed with the horrendous budgetary deficit projection of $19.6 billion plus and the disconcerting failure of the federal government to curb its own spending. Federal government demands on the borrowing market cannot have other than an inflationary effect on interest rates generally. This government has a double standard, one for the taxpayer and another for itself. It was delinquent in not ferreting out spending cuts which become obvious, extravagant foreign aid giveaways, language programs, rising executive staffs, the metric program, plus $5 million worth of firecrackers. I therefore move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

• (1415)

That since Alberta has become the fourth province to exhibit formally its opposition to the forced metric program, by moving to assist Calgary resident Mrs. Kasparian, who has been charged because she used imperial, the government declare a moratorium on advancing the forced metric program, thereby saving at least $10 million this year alone in federal overhead costs and countless millions to retailers and consumers who will be hardest hit by the forced program.

Madam Speaker: Oral Questions.

ORAL QUESTION PERIOD

[*English*]

FINANCE

THE BUDGET—INDEXATION OF INCOME TAXES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Finance, who has just had his third strike, and in any honest or honourable government would be out by now. We have had the reaction of the market and the dollar to his budget. The dollar is sliding; the market is slumping dramatically. A lot of Canadians do not yet understand that last night, among other

things, they had a massive tax increase imposed upon them of an average of $100 per taxpayer, at least.

The November budget, part of which still remains, talked a great deal about equity. I wonder if the Minister of Finance could tell us what has happened to that concept of equity, when he is forcing millions of lower and middle-income Canadians into higher tax brackets, by his changes in the indexation proposal, while those with incomes above $50,000 per year will continue to pay the same rates? Why in these massive new tax increases is he socking it to lower and middle-income Canadians, and why is he sparing the rich?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I would just say in reply to the Right Hon. Leader of the Opposition that the concept of sharing is fully evident in the budget provisions. In the budget, it is true that we have asked certain Canadians to yield some of their benefits in order to help Canadians who are out of work or unemployed or who are faced with the loss of their homes or their businesses. We believe that it is reasonable in these circumstances to ask Canadians who are employed to share with those who are unemployed, so that we all can get through this difficult situation in a spirit of equity and sharing. That is the principle underlying the budget.

Some hon. Members: Hear, hear!

EFFECT ON PENSIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the problem with the minister's answer is that some Canadians share more than others. Lower and middle-income Canadians are being asked by this government to share, in the minister's words, more of the burden than are the rich. That does not meet any standard of equity which the country can recognize. Let me come to a particular group of Canadians who are being asked, if I might use the minister's word, to yield certain of their benefits. Even taking account of the changes in the Guaranteed Income Supplement, the 1.2 million Canadians who are receiving the old age pension will have their benefits, that they could have counted on, reduced because of the minister's action last night.

Some hon. Members: That is not true.

Mr. Clark: That is to say, 1.2 million elderly Canadians will be affected. Liberal members opposite say that is not true; I suggest that they read the budget, before they say that.

Some hon. Members: Hear, hear!

Mr. Clark: Let me ask the Minister of Finance why the elderly are singled out to pay for this government's mistakes?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I first want to underline to the Leader of the Opposition that the purpose of the whole strategy of the government is to bring down the economy—

Mr. Clark: To its knees.

Mr. MacEachen: —from a high level of inflation, at present very close to 12 per cent, to 6 per cent. If the Right Hon. Leader of the Opposition and others in the country join in this national campaign to reduce inflation to 6 per cent, the incomes of those persons about whom he speaks will suffer very little damage, or the damage will be minimized, so there is a basic incentive for all Canadians to move to the 6 per cent level, if their concern is about the impact of the cap either on the personal income tax side or upon old age security.

• (1420)

However, it is vitally important to underline that no recipient of the old age pension who is in need is affected by this particular provision. It is the attempt of the Right Hon. Leader of the Opposition to instil anxiety in the minds of our senior citizens. I want to give the absolute assurance that no pensioner in need will be affected in any way by these measures.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, either the minister will amend his budget, or he is not telling the truth. The minister refuses to tell us why his tax proposals of last night spare the rich and hit low and middle-income Canadians, and why he is imposing special taxes upon 1.2 million elderly Canadians. He refuses to tell us why they are being singled out.

TAXATION OF EMPLOYEE BENEFITS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, why is the minister continuing the tax upon Blue Cross contributions, upon dental care provisions, and upon other employee benefits?

Mr. Nielsen: Including northern benefits.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the Right Hon. Leader of the Opposition has again repeated that we are putting a special tax on the elderly. That is totally false.

Mr. Clark: Madam Speaker, once again we hear no answers from the Minister of Finance, who is taxing low-income Canadians, taxing middle-income Canadians, taxing the elderly, and sparing the rich.

* * *

UNEMPLOYMENT INSURANCE

LEVEL OF PREMIUM RATE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me turn to the Minister of Employment and

Immigration. Since last night's budget shows an $800 million increase in the take from unemployment insurance premiums next year, can the minister tell the House how large an increase he is contemplating in this hidden tax which the Minister of Finance failed to mention last night?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as the Right Hon. Leader of the Opposition knows, the standard practice is for the assessment of any change in premium rates to be made after the third quarter of the year when we can more accurately determine what the exact numbers will be. The figures provided in the budget last night are a forecast. We are prepared to continue the conventional practice and to look at what the reality is in the third quarter, at which time I am sure the Minister of Finance will be glad to tell the Leader of the Opposition and others what changes might have to be made in the premium rate for unemployment insurance.

* * *

SOCIAL SECURITY

EFFECT OF BUDGET ON OLD AGE PENSION BENEFITS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I too want to direct a question to the Minister of Finance. The meanest move in his budget last night was to reduce sharply the indexing of old age security for those who do not receive the supplement. In other words, that means that an elderly person who receives just over $8,000 a year in total income—which is what the minister receives every month—will receive $100 less next year, thanks to the minister. Is this what the minister interprets as the urgent pension reform about which he and the Minister of National Health and Welfare have been talking so much?

Some hon. Members: Hear, hear!

• (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, again, obviously, the hon. member is misleading the House by saying that next year recipients of old age security will get less. They will get more. Obviously they will get more. When the hon. lady understands that, perhaps she will be able to put a proper question.

Miss MacDonald: Madam Speaker, there was a time when the Minister of Finance would not have moved against the old age pensioners of this country.

REPORTED STATEMENT BY MINISTER OF NATIONAL HEALTH AND WELFARE

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I want to direct my supplementary question to the Minister of National Health and Welfare who last night was quoted as saying, concerning this cutback, "I can live with it and they", the pensioners "can all live with it as well." It is easy to live with when you are making $100,000 per year, but it is not so easy to live with when you are making $8,000 or $9,000.

Some hon. Members: Hear, hear!

Miss MacDonald: I want to ask the minister what she means by saying, "They can live with it." What kind of Liberal arrogance is this? Is this the new Liberal approach to social policy?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, what I tried to express last night, and which I will reiterate today, is that all Canadians, in times of crisis, are ready to make serious sacrifices provided it makes sense to them, when it means creating jobs for their own children on the one hand, and providing for those most in need by making sure they are fully protected, on the other hand. That is what the budget of last night does. The pensioners who get only the basic OAS, which means 45 per cent of over two million pensioners, because they are not in need, this month will get $239 as I announced a few days ago, but next January will get $249 instead of $251.

Some hon. Members: Oh, oh!

Miss Bégin: I want to repeat, because of the seriousness of family budgeting, they will get $239 this month and next January they will get $249 instead of $251.

Mr. Broadbent: Madam Speaker, if the minister can have pride in that slight increase it just proves that a Liberal in this country is reduced to the point where he or she will take pride in anything.

* * *

LABOUR CONDITIONS

EFFECT OF BUDGET ON UNEMPLOYMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is also directed to the Minister of Finance. Last night we had a no hope budget, with reduced pensions, reduced family allowances and taxes increased by more than $1 billion. If the backbenchers opposite will be quiet I would like to put my question to the Minister of Finance. Considering that all of this will take money out of the economy and lead to more bankruptcies, and more losses of jobs, will the minister confirm what one of his senior officials said during the lockup last night, namely, that unemployment in Canada, which is already at a disastrous high level, will remain virtually unchanged throughout this year?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think that, first of all, I have to appeal to the hon. member's sense of honesty and ask him to admit that when he states that the old age security and family allowances will be reduced next year, he is not making a factual statement. The old age security and family

allowances will be increased next year by six per cent. That is not a decrease. I want to tell the hon. member also, that if he joins with the rest of us in trying to bring inflation down to six per cent, then, of course, he will minimize the effect of that move on all groups in the country.

If I may answer the final question of the hon. member, I should like to draw to his attention the various measures in housing and in job creation that will add substantially to job opportunities in the economy this year and next. I believe that that is a very solid contribution that was made last night in this budget.

Mr. Broadbent: Madam Speaker, I say it is the Minister of Finance who is trying to mislead the people of Canada. He knows as well as anyone in this House that every pensioner in the country who will not get the GIS will get less of an increase than he or she would have without this budget.

Some hon. Members: Oh, oh!

• (1430)

Madam Speaker: Order.

Mr. Broadbent: Madam Speaker, it would be nice if every pensioner in this country, rich, poor or average, could see the smirking faces in the Liberal caucus.

Some hon. Members: Hear, hear!

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ENERGY

REQUEST THAT SCHEDULED OIL PRICE INCREASE BE POSTPONED

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have another question about one of the main concerns of ordinary Canadians, namely, inflation. Considering that the thrust of the budget, according to the minister, was to bring down inflation, and considering that not one price increase was stopped and not one rollback took place, my question this time is to the Prime Minister who will be meeting with the First Ministers tomorrow.

On Thursday oil prices are scheduled to go up 10 per cent at the wellhead, which increase will lead to a 1 per cent rise in the cost of living and 22,000 fewer jobs in Canada. At that meeting will the Prime Minister urge the premiers of the producing provinces to forgo, along with the federal government, the 10 per cent increase on Thursday?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I first want to thank the Leader of the New Democratic Party for having recognized in posing his question that there will be no decrease, as seems to have been alleged, in old age pensions and that there will be an increase—not as large as might otherwise have been expected, but there will be an increase, not a decrease, and I thank him for having put the record straight on that.

Some hon. Members: Hear, hear!

Mr. Trudeau: As regards the price of petroleum at the wellhead, the hon. member knows that price was reached after long and arduous discussions between the producing provinces and the federal government. I would be happy to carry the representations of the hon. member to the premiers tomorrow, but naturally that is not an area in which we can assert jurisdiction alone. It is a negotiated agreement which, incidentally, was adhered to by the former New Democratic Premier of Saskatchewan. I repeat, I would be happy to carry that representation to them, but I certainly would not want to indicate that the federal government alone would go back on that contractual arrangement.

POSITION OF GOVERNMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, so that we are perfectly clear on this point, the agreement, as the Prime Minister knows, was negotiated late last summer or into the fall and, as this whole country knows, things have changed considerably for the worse since then. Is the Prime Minister saying to the House, on behalf of the federal government, that in his meeting with the premiers tomorrow he is prepared to forgo the federal government's share of that proposed increase? I would like him to make that very clear, and in so doing will he be then saying to the premiers and the oil industry that he expects them to do the same so that at last we can have some concrete action which will be a positive step to reducing inflation in this country?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I find the suggestion a little bit bewildering because for months the New Democratic Party, indeed the members of the official opposition, argued that what this country needed was the certainty and security of knowing what the prices would be. The hon. member knows that not only were those prices reached after long and arduous negotiation, but in some cases there was a refusal to continue production by the producing provinces. He knows that the agreement meant prices for Canadian consumers substantially below world prices, and I do not see it as being in the public interest to reopen that contract at this time.

I can understand the suggestion now made by the Leader of the New Democratic Party, but I think he has to bear in mind the some 18 months of difficulty during which these negotiations took place. He has to bear in mind the consequences of the Alsands project being stalled and eventually stopped for that period of time, the consequences of the fact that eastern Canadian refiners and importers had to sign contracts for offshore oil, and the consequences due to the fact that therefore a lot of the production was shut-in in Alberta and Saskatchewan. I do not think that I can, simply on the basis of a question, now say that these 18 months of arduous negotiations will be swept away just because the Leader of the New Democratic Party has a suggestion in mind.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER FOR THE CAPITAL TERRITORY, OF AUSTRALIA

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of the Hon. William Michael Hodgman, Australian Minister for the Capital Territory and Minister assisting the Minister for Industry and Commerce.

Some hon. Members: Hear, hear!

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PENSIONS

EFFECT OF BUDGET

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I am pleased to see that the Prime Minister has finally admitted that the energy negotiation delays were the key factor in the cancellation of the Alsands project. He never admitted that before, and now we know.

I have a very simple question for the Prime Minister regarding pensions of senior citizens. Will he explain to this House how a pensioner is better off when inflation is up 11 per cent, as is projected, and his pension cheque will be up only 6 per cent?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in so far as what the hon. member calls an admission about the cancellation of the tar sands is concerned, I do not think he has to feign surprise in that regard. It is certain that for a period of many months the federal Minister of Energy, Mines and Resources was saying that we were prepared to go ahead with the tar sands. He said this in answer to many questions in this House, and the hon. member knows that the answer was that the Premier of Alberta said that he would not go ahead with the tar sands unless the whole energy agreement was settled. Therefore, the stalling on the Alsands was not by the federal government; we had made the concessions needed there. The reason why they did not proceed 18 months before was because the Premier of Alberta, as is his right, wanted to look at negotiations as a whole package. That is the reason why Alsands did not proceed earlier.

In so far as the question on pensions is concerned, Madam Speaker, I am afraid the Minister of Finance did not succeed in convincing the opposition of what is behind this whole budget when he talks of a 6 per cent future. I am confident the people of Canada will have got the message and that they, and many of the economic decision makers in this country, the businessmen and even labour leaders, will be prepared to recognize that it is in our interest to bring inflation down to 6 per cent next year. If we can do it—and we can only do it collectively—there will be no reduction even in the speed of the increase in old age pensions. Six per cent is what they will get, 6 per cent will be the CPI if we have co-operation—

An hon. Member: If!

Mr. Trudeau: If! If! I know it is a lot to ask the opposition to co-operate in bringing this country back to its feet.

Some hon. Members: Hear, hear!

Mr. Wilson: Madam Speaker, all we are trying to do with these questions is to expose the dishonesty of the previous answers which were that the pensioners will be getting more. They will not be getting more; they will be getting less in real terms.

* * *

THE ECONOMY

INTEREST RATE LEVELS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, one of the other very important concerns of Canadians is the question of high interest rates. The federal government budgetary deficit of $20 billion is clearly a major obstacle to achieving low interest rates, and when you combine that with the $44 billion of government debt coming due between now and the end of the year, the obstacle is almost insurmountable. What measures is the minister proposing to lead this country to a lower level of interest rates in the face of those two obstacles?

• (1440)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is obvious the hon. member has not yet grasped the central message of the budget—

Some hon. Members: Oh, oh!

Mr. MacEachen: —that is, to bring inflation down to 6 per cent. That is the surest way to bring down interest rates. It is the hard way, but it is the surest way and the one that will have lasting results.

REQUEST FOR TAX INCENTIVES FOR INDUSTRY

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is for the Minister of Finance. Today the stock market dropped like a stone because the minister has failed to recognize that this country faces a full-scale financial crisis. Major corporate bankruptcies are pending because companies are staggering under their debt load and they cannot generate cash to keep their doors open. Instead of bringing in major tax savings and tax incentives, the minister is proposing to consult with industry over the next few months on a variety of proposals, which is like consulting with a home owner whose house is burning down on whether to get a pail of water.

Why does the minister not introduce tax incentives and savings incentives now, immediately, when the economy desperately needs them? Why is the minister waiting until later when all these companies will be broke and the jobs will be lost?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, here again obviously the hon. member has either not read the budget or has not understood it. We have provided for interest assistance to small businesses, farmers and fishermen. We are providing a total of $400 million under a special program to reduce interest rates by 4 per cent to all these groups in the community.

Mr. Blenkarn: On new purchases only.

Mr. MacEachen: That is a direct, immediate measure to relieve the burden of interest rates on small businesses, on farmers and on fishermen. That seems to me an element of the budget that escaped the hon. member's attention.

Miss Carney: Madam Speaker, in the past we have heard the Minister of Finance explain how our economic troubles are the fault of U.S. policy or are the fault of policies in Europe. Now I suppose he will say it is the stock market's fault for wiping $2.5 billion from the value of stocks because of his budget.

TAXATION OF EMPLOYEE BENEFITS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is also for the Minister of Finance. The November 12 budget slapped an additional tax increase on construction and resource industry workers by taxing their job-related expenses, such as health and dental plans, transportation, and room and board. In British Columbia these tax increases amount to about $3 an hour for each worker. How can the minister expect these workers, who were hit with these tax increases only seven months ago, to limit their wage demands to 6 per cent? Why does the Minister of Finance not remove these unfair taxes if he really expects workers in the resource and construction industries to accept these kinds of limits?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe that the choice I stated last night is very clear. If Canadians generally want to live in a world of recession they will insist upon wage settlements and income demands of 11 and 12 per cent. If Canadians want to move into a world of recovery and an economy of growth, they will in their own self-interests—

Mr. Blenkarn: Demand your resignation.

Mr. MacEachen: —take steps to reduce these income demands. It seems totally inconsistent to me for the hon. member to be suggesting, in order to get Canadians to behave in their own best interests that I ought to make tax changes as a way of providing them, in a sense, with a bribe in order to take that course of action.

Mr. Baker (Nepean-Carleton): You are having as much trouble as you had in November.

Mr. Paproski: You could help by resigning.

AIR TRANSPORT

FUEL COMPENSATION RECOVERY CHARGE

Mr. Jack Burghardt (London West): Madam Speaker, my question is for the Minister of Finance. Can the minister tell us whether or not the government has further reviewed its decision concerning the transportation fuel compensation recovery charge? This charge was levied on exported aviation fuel between May, 1981, and January, 1982. Can the minister tell us whether or not any decision has been taken regarding a refund to the domestic air transportation industry?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, this matter has indeed been reviewed following representations from the Air Transport Association of Canada as well as many representations from members of the Liberal caucus.

Some hon. Members: Oh, oh!

Mr. Lalonde: Following those representations, the Minister of Finance and myself have agreed to ensure that the money be fully remitted to Canadian carriers as well as to foreign carriers.

* * *

HOUSING

EFFECT OF BUDGET

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is for the Minister of Finance. Prior to last evening the major problems that confronted Canadian families were high interest rates, high unemployment, the large deficit of the government, and inflation. As of last evening we will continue to have high unemployment, as witnessed by the official statement put out by officials of the minister's own department. The government has done nothing about the high interest rates that affect every single home owner across the country.

Some hon. Members: Right on.

Mr. Deans: We will not have as much money in the economy as a result of the government's determination to extract $1.3 billion in additional tax revenue from Canadians. How can the government expect the economy of Canada to recover if Canadians will have less money to purchase the goods and if Canadians will not be able to buy the homes they are capable of building, or will not be able to keep the homes they now have?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am pleased the hon. member raised the question of housing. Last night I announced a five-point package in a new and expanded housing program. I would tell the hon. member, because he has raised the question of interest rates, that the government will provide grants of assistance not only to first-time purchasers of new

homes, but also to buyers of existing homes. I believe that is assistance to the home owner and also to the construction industry.

However, I can also tell the hon. member that we have enriched the application of the Canada mortgage renewal plan. If he will look at the budget papers, the hon. member will find that any home owner who is spending more than 30 per cent of gross income as a result of mortgage renewal will be eligible for a grant up to $3,000. It will be no longer necessary to defer interest before becoming eligible for such a grant. It seems to me that is a very important step that has been taken in the budget to assist the home owner faced with renewal who has a burden higher than the normal burden carried by home owners. Has the hon. member noticed that particular provision in the budget statement?

Mr. Deans: Madam Speaker, I did in fact notice that provision in the budget. It was very interesting, although I expect it will be about as effective as the provisions brought in last November.

QUERY RESPECTING GOVERNMENT TAX POLICIES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a direct question to ask the Minister of Finance. Why did the government decide to tax Canadians even higher than they are now being taxed in order to find money to give away, rather than direct that the interest rate levels currently being charged for mortgages be reduced to a level that is manageable on a monthly basis for Canadians earning dollars in Canada today?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is true that we will be collecting more revenues as a result of the budget last night. We are collecting these revenues in order to provide assistance to the unemployed. For example, the hon. member's leader has been calling for a job-creation program. As a result of these new revenues, and the reallocation of other resources, we will be spending, as a result of last night's budget, more than $750 million to generate jobs in the economy.

Mr. Deans: Purchasing power generates jobs.

Mr. MacEachen: That is one of the ways in which these revenues will be spent at the present time.

* * *

FISHERIES

THE BUDGET—IMPACT ON FISHERMEN

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is for the Minister of Finance and it concerns fishermen and fish processors. Why does the budget not appear to include any relief for fishermen or fish processors who are in serious difficulty—I want the minister to hear exactly what I have to say—meeting present interest rates on past investment or current operating expense? There is absolutely nothing in the budget to help these people.

• (1450)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as the hon. member knows, interest assistance for small businesses, farmers and fishermen was announced last night. As I stated earlier, $400 million will be allocated to this program. The eligibility for recipients of this program will be identical to the eligibility rules for the Small Business Development Bond, and the Small Business Development Bond in the November budget was expanded to include unincorporated businesses, including fishermen.

POSITION OF FISHERMEN AND FISH PROCESSORS

Hon. John A. Fraser (Vancouver South): The minister said earlier in reply to a question that he did not want questioners to mislead the House. Of course we do not want the minister to mislead the House unintentionally. However, looking at the speech which the minister made last night, under the heading "Interest Assistance for Small Businesses, Farmers and Fishermen", the small business investment grants described there, and to which the minister has just alluded, are clearly stated to be only available if the person or the corporation is undertaking new investment.

I also point out that on page 9 of the printed portion of the minister's text it is again in reference to new investment. I point out as well that according to page 5 of the "immediate release communiqué" in which the minister talks about this, it is again only available to finance purchases of new depreciable property for use in Canada. Now that the minister has the facts straight, why is there nothing to help fishermen and fish processors in this country who are going under now because they cannot maintain the interest rates on past investment and current operating expenses?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I certainly do not want to mislead the hon. member on this point. Perhaps there is a misunderstanding between us. If he will read the budget speech he will see that the small business bond tax provision continues. The program now being introduced is a new direct expenditure program which will supplement the financing available under the Small Business Bond Program to firms in financial difficulty. As I heard the hon. member describe the firms which he has in mind, they are in financial difficulty and will be eligible for this type of assistance.

* * *

HOUSING

EFFECT OF PURCHASE GRANTS ON MORTGAGE PAYMENTS

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is directed to the Minister of Finance. In his

reply to the hon. member for Hamilton Mountain, the minister made reference to the $3,000 first-time home buyer grant. Given that the average price of a Canadian home with a 20 per cent down payment would require mortgage payments at 17 per cent of $842 a month, if that $3,000 is to be used to buy down the mortgage it means a decrease in that mortgage interest payment from $842 a month to $800 a month, a 5 per cent decrease. The minister knows that that will be taxed back as a result of an increase in taxes by virtue of decreased indexing. How does the minister see this as a stimulus to housing and a means of making housing more affordable to Canadians?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the hon. member makes reference to average prices. The $3,000 grant is available not only to single family home owners but to those in duplexes, town houses, and those purchasing condominiums. For example, we believe that the $3,000 as applied to a purchase of a condominium at $50,000 is a significant contribution to a young couple who are entering the home purchase market for the first time. We believe that it ranges anywhere from 3 per cent to 6 per cent, and could be higher in some cases.

We believe that is a significant contribution in view of the way the government has had to look for resources and has had to allocate resources in a budget that does not increase the deficit. It appears that the industry seems to agree, and it would appear that this program will indeed result in a stimulus to the industry of a minimum of 25,000 housing starts in the country.

Mr. McGrath: It seems to me that we have heard that song before on the last housing policy brought in here by the government; we heard the same song from that minister. He has failed to address himself to the question of how that person can afford to meet his mortgage interest payments when it is a one-time grant for one year and when mortgage interest payments are continuing to rise. That is the question he does not understand.

IMPACT OF BUDGET ON CONSTRUCTION INDUSTRY

Hon. James A. McGrath (St. John's East): Madam Speaker, following the announcement by the Minister of Finance last night, real estate companies on the Toronto Stock Exchange fell by 9.5 per cent. So much for confidence in the minister's policy! The Urban Development Institute said, "Our biggest concern is that a number of Canadians will hold off their purchases until they have a clearer indication of what the legislation will be." That refers to the fact that the mortgage interest deferral has been put off until consultation takes place. I would ask the minister how the budget of last night addresses itself to an industry that is crippled and on the verge of collapse. Let him answer that question.

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I would urge that the industry representatives and Canadians inform themselves on the total budget and all of the $400 million allocated in last evening's budget to assisting the housing industry. For example, the hon. member does not indicate that the $3,000 is intended to be an immediate stimulus. It is effective today to people who will be out looking for houses on the weekend. It will not wait for the four months of delay, for example, that we experienced in the House through delay by the opposition with the previous budget.

Some hon. Members: Hear, hear!

Mr. Cosgrove: As well, I would remind the hon. member that, also provided in the budget, is an increase for non-profit and co-op housing, 2,500 units, and we raised that to 27,500, which is 27,500 units more than the Conservative Party recommended to Canadians when they had the same responsibility.

Some hon. Members: Hear, hear!

* * *

ENERGY

FORTHCOMING INCREASE IN OIL COSTS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Finance. In his budget last night the minister proposed to hold federal regulated prices to 6 per cent. The Thursday oil price increase itself will be an increase of 10 per cent, and next year consumers will face a whopping increase of 31 per cent in energy costs. In view of the fact that the Prime Minister today, in response to our suggestions for postponement of oil price increases, said that it was not in the public interest to reopen the oil deal, would the minister agree that he is being unrealistic and misleading when he expects airlines and marketing boards, which are all affected by these increased energy prices, to hold the 6 per cent guidelines? How will they do that?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I indicated in the budget statement last night that the government is requesting all regulatory agencies to keep their price increases at 6 per cent unless they can be justified as necessary.

Some hon. Members: Oh, oh!

Mr. Broadbent: What about wages?

Mr. MacEachen: The government itself will monitor all the price increases that will take place by regulatory agencies, or which will be submitted by the departments, to ensure that only in those cases where solid justification can be brought forward will these increases take place. It is a serious part of our program and we intend to enforce it to the very limit.

EFFECT ON RETIRED CITIZENS

Mr. Neil Young (Beaches): Madam Speaker, my question is directed to the same minister. As the minister knows, oil and energy costs form a large part of all family budgets. However,

they place an extra pressure on households that rely on retirement incomes. How, in the name of all honesty, can the minister justify allowing the oil industry to grab another 10 per cent in a price increase this Thursday, while saying to 50 per cent of those Canadians who rely on retirement incomes that their incomes will be restricted, in terms of cost of living increases, to 6 per cent and 5 per cent?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe that the Prime Minister has already explained the nature of the agreement that exists affecting the energy industry. I do not think that I can add anything further to that aspect of the question.

I would tell the hon. member that, as far as recipients of old age security are concerned, where these recipients are in receipt of the guaranteed income supplement, that guaranteed income supplement will be fully indexed at whatever the rate of inflation happens to be. In addition to that, any amount that would be lost to them as a result of the reduction from 11 per cent to 6 per cent will be made up under the special compensation to recipients of the guaranteed income supplement so that no pensioner in need will be affected by this particular action of the government.

* * *

NATIONAL SECURITY

REPORTED DEATH OF IGOR GOUZENKO

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is directed to the Solicitor General. Could the Solicitor General confirm or deny the rumour that the gentleman known as Mr. Igor Gouzenko, to whom this country and the western world owe so very, very much, has died and is being buried here in Ottawa, today?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I received numerous press inquiries before the question period on this subject. I have had inquiries made, and I hope to be able to have that information and make it public shortly, if, indeed, I can confirm or deny that rumour.

* * *

PETITIONS

MR. SARGEANT—MAINTENANCE OF CROWSNEST PASS RATES

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred and eighty-fourth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Selkirk-Interlake (Mr. Sargeant) on Monday, June 28, 1982, and finds that the petition meets the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

PRESENTATION OF THIRTEENTH REPORT OF STANDING JOINT COMMITTEE

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, I have the honour to present the thirteenth report of the Standing Joint Committee on Regulations and other Statutory Instruments, in both official languages.

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

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PETITIONS

MR. McDERMID—CHEAPER POSTAGE RATES FOR SENIOR CITIZENS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, it is my duty to present a petition signed by 5,159 citizens of Brampton-Georgetown and surrounding districts in Ontario. The purpose of this petition is to urge the government to offer some relief from the increased burden of postage rates to senior citizens of Canada, co-ordinated by Mrs. Sybil Watts of Brampton who has been the driving force behind this petition; it requests the House to look into the possibility of offering cheaper postal rates to seniors whose active and essential correspondence has been so severely curtailed because of the increase of postage rates to 30 cents a letter.

The petitioners hope that in your examination of the petition you will find the petition in order, and that you will exercise the powers vested in the office of the Speaker of the House to refer the matter to the appropriate body for consideration at the earliest possible time in order that this serious burden to many seniors can be alleviated.

MR. OGLE—WORLD INVOLVEMENT IN NUCLEAR ARMAMENTS

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I have a petition to the honourable the House of Commons of Canada in Parliament assembled. The petition of the undersigned residents of the city of Saskatoon in the province of Saskatchewan, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that your Honourable House will therefore provide a remedy, humbly sheweth: That the world involvement in nuclear armaments will lead to the probable destruction of the human race; wherefore the undersigned, your petitioners, humbly pray and call upon Members of Parliament to express their fears and concerns for the future of all mankind. And as in duty bound your petitioners will ever pray.

Some hon. Members: Hear, hear!

Point of Order—Mr. McGrath

MR. HEAP—TESTING OF CRUISE MISSILES ON CANADIAN SOIL

Mr. Dan Heap (Spadina): Madam Speaker, I have the honour to present a petition from the residents of the city of Toronto requesting Parliament to call upon the Prime Minister (Mr. Trudeau) to refuse to allow the testing of Cruise missiles on Canadian soil.

Some hon. Members: Hear, hear!

* * *

THE LATE IGOR GOUZENKO

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, on a point of order, further to what the Solicitor General (Mr. Kaplan) has said I think the House should know that the death of Igor Gouzenko has in fact taken place. I would hope that the government, at a suitable occasion, will pay a tribute to Mr. Gouzenko, perhaps by awarding posthumously the Order of Canada in recognition of the risks he has taken.

Some hon. Members: Hear, hear!

Madam Speaker: That is not a point of order.

* * *

POINT OF ORDER

MR. McGRATH—REMARKS OF MR. COSGROVE RESPECTING BILL C-89

Hon. James A. McGrath (St. John's East): Madam Speaker, I hope you will entertain this as a point of order because I believe it does speak to the issue of order in the House. On a number of occasions the Minister of Public Works (Mr. Cosgrove), who is responsible for housing, during the course of the question period has accused the opposition of delaying Bill C-89 by four months.

Some hon. Members: Order!

Mr. McGrath: That was the subject of a point of order on two or three previous occasions when we sought to correct the record. We tried to point out, by way of a point of order, that the minister was—

Madam Speaker: Order. I think the hon. member knows that I cannot entertain this as a point of order. It is really a point of debate. Hon. members on both sides probably have different opinions about these particular circumstances, but it is debate, and I do ask the hon. member not to insist on raising it as a point of order, if he is interested in keeping order in the House.

Mr. McGrath: Madam Speaker, could I ask for your guidance? If the minister persists in saying that we did something which we say we did not, then that obviously creates a disorder in the House. If the minister insists on doing that, I have the right to question whether or not the minister is, in fact, deliberately misleading the House.

Some hon. Members: Order!

Madam Speaker: Order, please. The hon. member is asking for my guidance. I do not think he needs it. He knows he can take the occasion, when he is making a speech or when he is asking questions again in the House, which he does very often, to try to elucidate those points; but he certainly cannot convince me that it is a point of order.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,751, 4,107 and 4,271.

[*Text*]

RCMP POLICING ARRANGEMENTS WITH NOVA SCOTIA

Question No. 3,751—**Mr. MacKay:**

1. Were contractual arrangements made between the government and the province of Nova Scotia for the policing of that province by the Royal Canadian Mounted Police affected by the withdrawal of services of other police forces and the consequent supplying of emergency policing by the RCMP and, if so, in what respect?

2. Under whose authority and by whom are invoices sent for the services rendered by the RCMP where other police forces have withdrawn their services?

3. Were the invoices paid in full?

4. During the past five years in Nova Scotia, in what instances did city, town or municipal police withdraw their services resulting in RCMP involvement and, in each case, what was the cost of the RCMP services and the amount paid?

Hon. Bob Kaplan (Solicitor General): 1. No. As all contracts for provincial policing services are required to be tabled pursuant to Section 20(3) of the Royal Canadian Mounted Police Act, they are therefore public documents.

2. Such invoices are forwarded to the Attorney General by the Chief Financial Officer under authority of Sections 12, 13 and 14 of the Provincial Policing Agreement.

3. Yes.

4. Westville from June 9, 1978 to October 17, 1978, New Waterford from July 5, 1978 to July 8, 1978, Truro from October 19, 1979 to October 24, 1979, New Glasgow from October 18, 1979 to October 25, 1979, Amherst from October 22, 1979 to October 25, 1979, Trenton from September 11, 1980 to November 14, 1980, and Halifax from May 29, 1981 to July 23, 1981. The cost of performing emergency police services at the aforementioned municipalities is unknown as all such costs were incorporated in the over-all provincial policing invoices sent to the province in the respective year.

MR. DON MARRIOTT

Question No. 4,107—**Mr. Cossitt:**

With reference to the answer to question No. 3,066 stating that Mr. Don Marriott, director of restaurants and catering at the National Arts Centre, did not directly or indirectly purchase a cash register for the National Arts Centre (a) from whom was the cash register purchased and was it purchased from Mr. Marriott or from any establishment in which he had an interest (b) on what date was it purchased and for what amount (c) what were the names of all the persons involved in the transaction?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre as follows: (a) the cash register was purchased from Jonny's Antiques Ltd. of Shakespeare, Ontario, a company in which Mr. Marriott did not hold an interest; (b) the actual date of purchase is unknown, however the cash register was shipped from Shakespeare, October 30, 1979 and invoiced November 5, 1979, for the amount of $1,700 including provincial sales tax, handling and shipping; (c) purchase of the cash register was negotiated by Mr. Marriott and the principals of Jonny's Antiques are Jonny Kalish and James Bisback.

CONTRACTUAL COMMITMENTS

Question No. 4,271—**Mr. Baker (Nepean-Carleton):**

Does the government maintain records showing the extent to which it is contractually committed for each fiscal year beyond 1982-83 for leases and other goods and services and (a) if not, for what reason (b) if so, for each year, what is the dollar value of those contractual commitments?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Public Works and Supply and Services as follows: for leases: yes, for goods and services: no.

(a) The Department of Supply and Services, as the main contractor of government goods and services, does not keep records of the global amount of long-term commitments. In order to provide a global amount, each department would have to look to individual transactions which in time and money would be prohibitive.

(b) Contractual Commitments—Leases	Dollar Value
April 1983—March 1984	240,649,000.24
April 1984—March 1985	193,989,551.91
April 1985—March 1986	154,243,091.50
April 1986—March 1987	127,048,015.78
April 1987—March 1988	95,459,364.28
April 1988—March 1989	92,774,399.10
April 1989—March 1990	86,264,472.60
April 1990—March 1991	81,862,320.85
April 1991—March 1992	79,953,171.91
April 1992—March 1993	55,848,466.45
April 1993—March 1994	53,793,799.77
April 1994—March 1995	52,707,329.03
April 1995—March 1996	47,087,742.62
April 1996—March 1997	45,168,763.89
April 1997—March 1998	44,839,404.33
April 1998—March 1999	44,839,404.33
April 1999—March 2000	44,839,374.35
April 2000—March 2001	44,839,374.35
April 2001—March 2002	44,839,374.35
April 2002—March 2003	44,839,374.35
April 2003—March 2004	44,839,374.35
April 2004—March 2005	44,839,374.35
April 2005—March 2006	44,839,374.35
April 2006—March 2007	44,839,374.35
April 2007—March 2008	44,839,374.35
April 2008—March 2009	44,839,374.35

April 2009—March 2010	44,839,374.35
April 2010—March 2011	44,839,374.35
April 2011—March 2012	26,880,573.98
April 2012—March 2013	26,880,573.98
April 2013—March 2014	26,880,573.98
April 2014—March 2015	282.15
April 2015—March 2016	282.15
April 2016—March 2017	282.15
April 2017—March 2018	282.15
April 2018—March 2019	282.15
April 2019—March 2020	282.15
April 2020—March 2021	282.15
April 2021—March 2022	282.15
April 2022—March 2023	282.15
April 2023—March 2024	282.15
April 2024—March 2025	282.15
April 2025—March 2026	282.15
April 2026—March 2027	282.15
April 2027—March 2028	282.15
April 2028—March 2029	282.15
April 2029—March 2030	282.15

The foregoing amounts include short term Crown-lease contracts and long-term lease-purchase contracts, the latter normally covering a period of up to 35 years. This explains the abrupt reduction of commitments in the year 2014. Moreover, the amounts exclude operating and other costs which can only be committed on an annual basis at the start of each fiscal year. A further point is that commitment values change from month to month due to new leases entered into and old leases terminating.

[*English*]

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

[*Translation*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Monday June 28, 1982, consideration of the motion of Mr. MacEachen that this House approves in general the budgetary policy of the government.

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, when I finished my remarks last night I was commenting on the fact that we have a full-scale crisis of confidence in our country today, and this budget comes nowhere near addressing that crisis of confidence. It is another run at the same iceberg that we ran into last November and we are going to have the same damage that we had at that time.

We have a projected $20 billion budget deficit. In the discussions that I have held with some of the economists in this

country, that $20 billion projection is probably low. I think anyone who understands estimates knows that when something is put at $19.8 billion, just below the $20 billion level, it will rise to that $20 billion level.

There is no plan in this budget for economic recovery. The minister does not seem to understand that we have a confidence crisis in the country. Canadians are desperate. Canadians are hanging on to small businesses. They are suffering around a 25 per cent or 50 per cent loss of capacity. People are in desperate need of leadership in the country today. Seventy-five per cent of the people are worried that they or the immediate members of their families will lose their jobs over the next year. That is the state we are in today.

The response of the minister is to put the boots to those who are hardest hit in the economy today, the low-income people and the pensioners. We could not even get a straight admission from the minister today that he was putting the boots to the pensioners. Let me quote what this same minister said when he was the minister of national health and welfare. He said:

> Clearly, we owe it to our older people, who have borne the burdens of the past half century, to ensure that they have a decent and adequate income for their retirement years.

• (1510)

That is the same minister who just last night took away half of the inflationary increase of their pensions next year. This is the same minister who is desperately looking for help in fighting these problems. Let me just remind you, Mr. Speaker, of a pathetic line in his budget last night. He was looking around for help. Talking about other industrialized countries, he said:

> Their governments are unable or have not chosen to design their economic policies to help us get out of the recession.

Is the Minister of Finance (Mr. MacEachen) seriously expecting other countries in the world to help us get out of our recession, to design their policies so that he can have his problems solved for him? This man is sitting with his head deeply in the ground wondering where the help is going to come from. He is looking all over the place, except right here at home. That is where we have to start to solve our economic problems, not grasping at straws in other countries of the world, but facing up to the reality at home.

Is it any wonder that Canadians shake their heads in bewilderment when they think of this minister and the total lack of new policies and directions that have been indicated in this budget? The budget was simply tinkering with some of the policies that got us into the problems that we have today. It is too little, too late and many Canadians will suffer as a result of it.

I ask you, Mr. Speaker, to step back a little and look at this budget in the context of what has happened in the past two and one half years since February, 1980. This is a record of an inept government, a record of failure that is unparalleled in Canadian political history. Let us go through the litany of these failures.

The Constitution, which was declared illegal by the Supreme Court, had to be changed in order to meet the requirements of the provinces and the people of Canada. The National Energy Program was wrong right from the start. It was first changed in September, 1981, changed again in May, 1982 and is still not right.

Let us now come to the Foreign Investment Review Agency. A major change was heralded in the 1982 election. It was going to increase significantly the amount of intervention in the economy by this agency. It has been presided over by the most extreme of the nationalist members of the cabinet. This agency is not working. It has led to an incredible degree of uncertainty on the part of foreign and domestic investors. It has become a symbol of the lack of understanding of the need for job-creating investments in this country on the part of the government. The changes in the budget last night were not enough, but the fact that changes were made recognizes that the directions that were chosen in February, 1980, were wrong for the country.

The budget of last November was a disaster from the start. The economic direction in that budget was all wrong. Since then we have had at least 35 changes in the income tax provisions. That represents a tremendous amount of uncertainty; uncertainty means delay of economic activity, and that means fewer jobs. There are still more changes to come. The minister has not yet put that one to bed and he is on to his next budget.

The energy security act which heralded the introduction of an omnibus bill, which was going to hijack the rights of Parliament, was forced to be changed by the opposition members. This is a consistent pattern of failure. It is a consistent pattern whereby this government is being forced to change the direction it wanted to follow for a direction that this opposition party was pressing for.

The official opposition, the Progressive Conservative Party of Canada, has been the only entity in this country that has kept the federal government on a reasonable track. Consider the damage that would have been done if there had not been an opposition party fighting for the rights of Canadians and fighting for changes in these policies. Think of the damage that would have been done and the position we would have been in today if that government, with its pattern of failure, had continued on in the same direction. This government cannot continue to lead us in that direction. The country cannot afford to pay the price of the irresponsible and incompetent actions of the government, egged on by the New Democratic Party in many of the directions it is proposing to go. It has only been brought on track by this official opposition. The damage to the country has been too great. The delays in changing these policies have meant a tremendous increase in the amount of unemployment. I will come back to that in a minute.

Divisions have erupted with splits between the east and the west and Quebec and the rest of Canada as a result of the high interest rate policy, the energy program, the Constitution and so on. Why is it that this government continues to take

Canadians to the edge of the cliff and push some of them over? It is irresponsible and it has to change. Canadians want better than that. They want a change. That is why we believe that today an election is necessary to give Canadians the opportunity to rid this country of this government of failure.

The government has been beaten by the country. It has been beaten back by the opposition parties time and again. The budget of last night is not an isolated event; it is part of a series of failures. The government must go to the people to let the people decide. The budget of last night is the sixth major failure since February, 1980.

Let us look at the damage that has been done since that date. Interest rates in general are up three percentage points. More important, mortgage interest rates are up six full percentage points since this government took office. The inflation rate is up two and one half percentage points, close to 12 per cent, almost the all-time high.

The most important number of all is the number of people who are unemployed today who were not unemployed two and one half years ago. There are 300,000 additional people unemployed today. With their families, that means about one million have been directly affected.

From time to time we hear about the number of bankruptcies that have occurred. It does not mean too much unless you have been through a bankruptcy. It is a very debilitating experience to know people who have gone through a bankruptcy. They have lost their confidence and the dream they have been working toward. Since February, 1980, 18,000 businesses have gone bankrupt. During that period 18,000 dreams have been shattered. There are 55,000 individuals who have declared personal bankruptcy.

This government must begin to realize that it is individual people who are being hurt. It is not the political game that we are playing here in the House of Commons that is important; we must deal with the real world. We cannot stay here in an ivory tower in Ottawa; we must deal with individual Canadians who are losing their jobs and their businesses. That is the damage that has been done in the past two and one half years.

Last night I sat back and considered whether this budget would change things and there would be a change in the direction of the country as a result of the budget. The answer I had to come to was no, and the minister knows that. The signal that he does not intend to do that is the fact that he did not give us any projections in the budget last night. There were no five-year projections. There were not even one-year projections. The only projections that we got were what is going to happen in this current fiscal year. We could not even get an unemployment figure or inflation figure past the current figure. Either the minister does not know what he is doing or he is afraid to tell Canadians the truth. He wants to hold back the truth from them.

What will the interest rate be this time next year? What will the inflation rate be this time next year? How many people will be unemployed? We have been trying to find out from the Minister of Employment and Immigration (Mr. Axworthy) how many people who are unemployed today will run out of benefits by the end of the year. These are the sort of figures, that is the sort of information, that we are trying to get out of the Minister of Finance, but he was afraid to give it. He did not want to put that information in front of the Canadian people because of the further damage it would do to his reputation as a Minister of Finance. That is the damage that has been built up over 15 years. That is the damage to the credibility of this government and the damage done to the people of Canada today who are unemployed, who are suffering from high interest rates, who have to roll over their mortgage today at 20 per cent. This is what has happened over the past 15 years of economic mismanagement. That is what we have to turn around and I want to put on the record some thoughts about how we can turn that around later in my remarks, Mr. Speaker.

• (1520)

Let us look at what has happened since the time when we were standing in this House last November after the last budget. In that budget the minister said that the growth rate was going to be 2.2 per cent. Last night he told us that this year the growth rate would be down 2 per cent. That is a change of minus 4.2 per cent.

The unemployment rate last year at this time, or last November, he said would be 7.8 per cent. This year we know it is 10.2 per cent and it will probably be higher before the end of the year. That is how much difference we have seen in a short period of time, partly because of the bad estimations he made at that time, but partly because of the disastrous policies that were brought in in that budget.

The budget deficit indicates there has been an incredible miscalculation. Last year, in the November budget, it was going to be $6.6 billion. This year it is going to be $19.8 billion. That is a difference of $13 billion. It is incredible that he could have been so far wrong. When you think of that, how can any Canadian have any confidence whatsoever in any of the numbers, any of the projections that he puts forward? It may be that that is why, Mr. Speaker, he did not want to give us any estimates of what is going to happen next year—because he just does not know.

This is the crisis of confidence that I was referring to in my opening remarks, and it has not been addressed by this patchwork quilt of a budget. It has not been addressed in any way at all. We need to have a change. We need to have a change in some of the very high profile policies that have been associated with this government and that have had such an impact on the confidence level of people inside the country and outside the country.

The National Energy Program, the way the Foreign Investment Review Agency has been administered, last November's budget, and the budgetary deficit which I have just referred to, are symbols of mismanagement and excessive government intervention that are causing incredible damage to the country

today. They must be changed. The budget should have shown Canadians that this government understands and is sensitive to the concerns of the people these policies are affecting.

The environment has been poisoned by these policies over the past two and a half years, but did we have any changes last night of any significance? No, we did not. We had a little bit more tinkering at the edges. But words are not enough, Mr. Speaker; the words and the tinkering on the part of the government last night are clearly not enough. It is clearly not enough to blame others, as the Prime Minister (Mr. Trudeau) did again in question period today. All this government can do is blame others. Every time this government blames the Government of Alberta, the Government of Québec, the Government of the United States, or the gnomes of Zurich or the international markets or whatever, they rob Canadians of something they need and are looking for most, and that is the hope and the confidence that we can do something about our own problems here in this country. That hope was shattered again last night.

I say to the minister, Mr. Speaker, that Canadians know the last budget was wrong and they wanted to see a change in direction. They looked for some admission of error, for some acknowledgement that a change in direction was needed from last November, something that would give them a sense of confidence that things would change, that things would improve. They hoped that maybe the job situation would be better towards the end of the year, that there would be some light at the end of the tunnel. Canadians were looking for that—and they were disappointed. The minister robbed them of that hope with his budget speech last night. Confidence will not be turned around by a $20 billion deficit, almost three times the estimate a short seven months before. It will not be turned around by estimates that are totally out of whack with what the unemployment rate would be and how many people would be unemployed.

Canadians have spoken today. They have spoken in the marketplace where the dollar has dropped to about 77 cents. The stock market has dropped about 40 points today in the market. There is no confidence out there and the budget last night had no success in regaining the level of confidence that is so desperately needed in the country today.

People are frightened. They are frightened by that $20 billion deficit figure, because it is out of control. When the federal government has to compete in the marketplace for the scarce amount of money available—and it has increased its requirements by almost three times—Canadians know that that will mean higher interest rates. It will mean that some borrowers, some small-business men, some home owners, just will not be able to get the money that they need to finance their homes or their small businesses.

Canadians do not understand why, when the government calls for restraint, it increases it own spending by 20 per cent—not just this year but 20 per cent last year and 20 per cent again this year. They do not understand why this government cannot manage its funds better. Canadians do not understand why the government has increased personal taxes by $1.3 billion in this budget. At the same time, it withdraws the indexation protection that has been given to Canadians for ten years now. They do not understand why that is done, particularly after the mistake that was made in last year's budget. In last year's budget the Minister of Finance raised taxes by $1.4 billion. He has raised them again by $1.3 billion, right in the middle of the most serious recession that we have had for years.

We know, Mr. Speaker, that 224,000 people are unemployed today, more than was the case back in November, 1981. We know that the growth rate has dropped from the 2.2 per cent estimate to a minus 2 per cent figure. It is partly the result of the actions taken in that budget of increasing taxes, of withdrawing investment incentives from the marketplace, job creating investment incentives that would have put some of those people back to work.

In question period today we had the Minister of Employment and Immigration admitting that there will be a further increase in unemployment insurance premiums. It has been estimated that that increase will be some $2 billion to $2.5 billion because of the high levels of unemployment in the country today. What does the Minister of Finance do? He did not put that in his budget statement, he did not talk about that. It was hidden there. We had to dig that out of one of the tables. He never mentioned that; he only talked about the $1.3 billion increase in taxes. That is the sort of trickiness that continues to undermine the confidence of people in the country today. It is no way to put business back on the books of small businesses. It is no way to create jobs. It is no way to turn the economy around. That increase in taxes just perpetuates the vicious circle that we are in today.

This budget is tricky in a number of other instances, Mr. Speaker. It is similar to the last one. I recall saying the same thing the last time I was speaking in the budget debate. This budget leaves the impression that some action will be taken, that things are being done. But much of that is in limbo. I want to refer to some of these things that are in limbo, Mr. Speaker. There is a large list; there are nine different items in that budget that are still in limbo. We got the impression in hearing and reading the minister's budget speech last night, that this was action that was being taken right away.

There is a plan to increase the investment of funds in term deposits through a tax gimmick, that of only taxing the real return and not the inflationary return. There is another program to increase the funds available for the purchase of Canadian corporation shares. There is a further provision to allow for lower interest rates in the purchase of a new home, for small business loans and also for Canadian corporations to receive a greater amount of risk capital.

• (1530)

These are all items we are pleased to see. Many of them are derived directly from policies this opposition party, when it was in government and at other times, has put forward as principal elements of economic policy. Hon. members will recall the mortgage and tax credit for home owners so that they could receive interest relief. Hon. members will recall the

Small Business Development Bond we brought in two and a half years ago and the Canadian common stock investment fund. All these proposals of the Progressive Conservative Party of Canada would have had the same impact as the proposals put forward by the Government of Canada in the budget last night. We welcome those, but we wonder why there is a delay. Why can these not be implemented right away to do the job now when interest rates are at 20 per cent and when there is slow growth in the economy? Instead, they will be put away for a further three, four, five or six months—who knows?—for further study. We do not see action today.

Some provisions arising from the November budget are still hanging. There is the whole question of interest deductibility. That has not been decided yet. It will be carried forward, reviewed again and perhaps never implemented. That degree of uncertainty is still there and is causing businesses to slow down their investment activities.

The tabling of the Ways and Means motion last night should have been done in such a form that we could have dealt with it directly in this House and in Committee of the Whole so that we could get on with budget legislation. Instead, it is being referred to committees in the private sector for further review. How much further review of the November budget do we have to have? How much longer do we have to wait until that budget can be brought into the House of Commons and dealt with by Members of Parliament so that we can rid the country of the tremendous uncertainty that budget has caused? Does the minister not yet have the confidence to bring in that legislation so that we can deal with it?

The Canadian rental support plan was announced in the November budget. There was an incredible statement in the budget last night. The plan is not working, we know that. The minister has told us it is not working, but the government said in the budget papers of last night that it will show flexibility in relation to the amount of money over and above the $7,500 already offered. The government will show some flexibility, but members of the real estate community tell us that they feel that $7,500 will have to be $20,000 if it is to have any impact on getting housing starts going. We still have uncertainty. What does flexibility mean?

Two other elements of the proposals of the government with respect to restraining levels of pay are still hanging in the air. They are still not decided, and that again undermines the credibility of the government in getting on with the job and dealing with the problems we have.

In addition to that the government has been tricky in relation to the budget deficit. I said it probably was more than $20 billion. I am sure it will be more than $20 billion. I hope the minister will have his minister of state make clear just exactly how the number is arrived at so that we can judge whether it is another trick on the minister's part or whether the budget figure is really an accurate one.

Government spending will increase 20 per cent. Do hon. members recall hearing the Minister of Finance talking about a 20 per cent increase in government spending in his speech last night? No, that was not in the speech. The minister ignored that. I looked through the budget papers to try to find out what the figure would be. In the first line of one particular paragraph it was stated that government spending would increase by 15 per cent. Then I looked a little further down. Three or four paragraphs later buried in the middle of a paragraph I found that over-all government spending on a national accounts basis—the most accurate basis for measuring government spending—would be increased by 20 per cent. This is a very tricky budget indeed.

That raises another question, and that is the question of indexation. With his statement last night the minister took the first step toward removing indexation. Taxes were effectively increased by $1.3 billion, or 6 per cent, but the budget also removes a key element of discipline in government spending which was brought in on the suggestion of the Hon. Robert Stanfield.

However, more important than that discipline, which is very important at a time when government spending has been running away at 20 per cent annum for two years, is where this withdrawal of indexation stops. How far will we go? The minister has removed indexation from certain social programs and the pension funds of certain Canadians. Is this the beginning of the end? The minister calls this tax expenditure. What other tax expenditures are going to go? Does this mean we will be taxed on the imputed rent of our houses? Is that the next step? Will there be capital gains taxes on the principal residences of Canadians? What other taxation will there be to satisfy the greed and the unquenchable thirst of this government for Canadians' money? That is the question we are asking the minister today.

There have been some changes since the November budget. We are pleased with some of them, and I referred to some of them last night. I will not go through them again. I just observe that 35 changes have already been made. Is that not enough of a sign of the minister's incompetence and the lack of confidence that instils in the Canadian community?

If that is not enough, let us look at the changes which have not yet been made in the budget of last November. The minister did not explain last night why dental and health benefits are still being taxed. The dental association has told us that those increased taxes will hurt low and middle-income Canadians more than other Canadians. The minister did not tell us why employee benefits, particularly in the mining and natural resource sectors, will still be taxed. This past weekend we heard about problems in labour negotiations currently under way in British Columbia where employees have been taxed $3 an hour, or $19 a day. That amounts to about $3,500 or $4,000 in tax which has to be paid by those employees. Is it any wonder they are having trouble with their labour negotiations? That is the most inflationary element the minister could have put into that budget of last November, and we still do not understand why he has left it in.

The minister also has not told us why he has left in the proposal not to allow interest deductibility on loans made to purchase registered retirement savings plans. That is a very mean proposal by the minister. It is mean because again it hits

low and middle-income people, the people who cannot afford to pay out of ready cash. They have to go to the bank and have forced savings plans. However, the interest paid will not be tax deductible.

There were seven elements of the November budget which I have identified by which individual Canadians over 65 years of age would be taxed additionally. I have not had an opportunity to check thoroughly on this, but I understand that of those seven elements, one has been withdrawn, one has been amended but five are still in place whereby senior citizens will continue to be taxed at a higher rate than prior to the November budget.

There are other parts of the budget of last November which should have been changed. One aspect is the capital cost allowance. At a time when we needed job creation, the minister withdrew large capital cost allowances from Canadian businesses. Other elements were the resource allowances in Canadian steel companies and the treatment of reserves on the sale of property, small businesses and farms. This has not been changed significantly, and certainly not in the budget of last night.

By leaving those last three matters in, the minister has ignored the fact that we should not just be looking at tax revenue; it is what that money can generate if it is left in the hands of private citizens to put to work in the economy. That creates jobs. The jobs created generate revenues for the government, but all the minister has chosen to look at is the fact that it represents tax revenues. When we remove those job—creating and investment tax incentives—what the minister calls loopholes—is it any wonder we have gone from a 2.4 per cent or a 2.2 per cent growth expectation to a loss of minus 2 per cent this coming year?

• (1540)

That budget should have been totally withdrawn. There was no reason why that abortion of a budget should have been left in place; it should have been taken off the books altogether. The minister should have started afresh last night and learned from the mistakes brought home to him day in and day out since November 12 last year and which he has totally ignored. The minister is not reading his mail, Mr. Speaker.

I should like to comment briefly on the public sector restraint program, Mr. Speaker. Prior to the budget, we in the Conservative Party said that we would support the public sector restraint program provided that it met two conditions. First, that it would take place within the context of a broad restraint program by the Government of Canada; and second, that the program would have some flexibility so that people on low incomes who are in the worst economic position today could be treated differently and those who warranted some merit increases could be treated differently.

Neither objective has been achieved in this budget. Clearly, no restraint program is being offered by the Government of Canada when it is increasing spending by 20 per cent this year. Obviously, there is no flexibility when a 6 per cent limit is placed on everyone, whether a clerk, SX3, a deputy minister or the president of a Crown corporation. Everyone, the good employee and the not so good employee, is treated the same way. I urge the government to consider these proposals to extend government restraint programs and to put tighter control on government spending in order to bring it below 20 per cent.

I would also ask the government to consider capping wage and salary budgets to allow for some flexibility so that there could be different treatment for low-income employees in the government as well as for those who merit some increased remuneration because of good work.

Today's approach is inequitable, Mr. Speaker. It is too rigid and not appropriate to the circumstances. The public sector is being asked to make sacrifices but it is unlikely that it will feel part of a major recovery program that is so important to the country today.

I should like to return to the broad perspective that I discussed earlier and outline some of the Progressive Conservative Party's approaches within that perspective. In the 1980 election and following that, the Liberal Party, urged on by the New Democratic Party, took a major step to move the country toward more government, greater intervention and regulation and more government involvement in our lives.

We saw this in high profile programs such as the National Energy Program, the Foreign Investment Review Agency changes and the industrial policy which has been discussed by the government. These are high profile examples of this movement toward greater intervention. More pervasive and less obvious, however, are the increases in government spending which cover a number of smaller programs. In 1980, government spending rose by 16 per cent, in 1981 by 20 per cent and 20 per cent is projected for 1982. This will require tax increases. First, there were massive tax increases under the National Energy Program. In the November budget and in this budget the tax increases were not quite as obvious but they were there and the impact is being felt across the board.

More damaging than all that, however, is the method that the government has used to inject itself into the lives of Canadians. The government has removed those tax incentives and the so-called loopholes which used to encourage productive job-creating investment in the past and replaced them with direct, bureaucratically controlled programs, grants or direct subsidies, programs used extensively in research and development, by the Department of Industry Trade and Commerce, the Department of Regional Economic Expansion, and in this budget and the one before, in housing and in the oil and gas industry.

The policy of the Progressive Conservative Party is to change high profile programs such as the Foreign Investment Review Agency and the National Energy Program. We would keep the parts of those programs that could be of benefit to Canadians and throw out those parts which are obstacles to economic progress and are too arbitrary.

It is important to realize that if the government can provide a clear signal of change in the direction of its policy, that will

be the key to recovery of the confidence that is missing and which is needed to encourage Canadians, whether individual investors or companies, to expand and embark on job-creating activities. The government's tinkering with the National Energy Program and the Foreign Investment Review Agency in the past few weeks is not enough. The two ministers concerned should be changed. Both have become associated with one of the key things that is wrong with the government, and that is excessive nationalism and excessive government intervention. Both should resign or be changed by the Prime Minister.

Some hon. Members: Hear, hear!

Mr. Wilson: The Conservative Party would also replace those direct grant programs with tax reductions, whether they be general tax reductions or some targeted incentives similar to those things that were removed by the budget of last November. This would encourage productive investment in research and development, training and export industries. The tax reduction way is less arbitrary. It does not require bureaucratic decision or a lot of red tape. It only requires an individual to decide whether he wants to take advantage of a particular program. He does not have to come to Ottawa, cap in hand, to ask the minister or one of his officials whether he can participate in a particular program. Last night we were told that one of the drawbacks of the program proposed for small businesses that was announced by the Minister of Finance is that small business does not have the time to take advantage of it. People are too busy to waste time fighting through the red tape in Ottawa.

We must also remember that if incentives for research and development, export promotion and job training can be put in place, the return to the government and to the people of Canada will be immense. Product development will improve and so will our competitive position, thus reducing inflation and equipping Canadians with the means of taking advantage of their opportunities and putting them in a frame of mind to grasp these opportunities aggressively and run with them.

The time is right for a major shift in the direction of government policy. We need to move toward less regulation and less government control. That translates into lower taxes. We must move toward more restraint and better management of government operations. We must also move toward less direct government grants and subsidies. These should be replaced with tax incentives that would generate productive job-creating investment.

I am convinced that this combination would lead to a stronger economy, more government revenues, less unemployment and lower interest rates. The time is right for this. Canadians have had too many examples of the government's failures and have lost all confidence in this minister and the government. They are tired of the government's trickiness, its approach to budget making and other policies. They can see a new direction in the Progressive Conservative Party of Canada, a move away from the Liberal-NDP coalition that has been in place for the last two and a half years.

Some hon. Members: Oh, oh!

Mr. Wilson: That direction relies on the energy, the initiative and the motivation of individual Canadians. It has less trust in the benevolence and paternalism of the state. That is the direction in which we should be moving.

It is for that reason that I move, seconded by the Right Hon. Leader of the Opposition (Mr. Clark):

That all the words after the word "That" be struck out and the following substituted therefor:

"because of widespread lack of confidence in the management of Canada's economy, aggravated by an incredible budgetary deficit of $19.6 billion and a totally unrealistic and intolerable increase in government spending of 20 per cent at a time when the government itself is calling for restraint at 6 per cent, all of which results in a squeeze on pensioners, mothers and the unemployed and perpetuates high inflation and high interest rates, this House is of the opinion that the only effective method of restoring confidence in the economy and giving Canadians hope for the future is the immediate resignation of the government."

Some hon. Members: Hear, hear!

• (1550)

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, as we begin this budget debate today we can hear, if we are quiet, a ghost in these halls. The ghost of R. B. Bennett has returned. Fifty years ago he had a solution to the difficult economic times in this country. His solution was to increase taxes, and we know what happened.

I suspect that if this continues we will have in a few years the MacEachen buggy for transportation. I also want to remind the members opposite that any revolt in history found its roots in the people's concern about taxes and tax increases. The minister's first budget missed the mark, Mr. Speaker; the second time he was up he swung and missed; the third time the minister has struck out.

Yesterday, Mr. Speaker, the dollar closed at 77.70. This morning it dropped below 77 cents, and at one o'clock was worth 77.13 cents U.S. In other words, the money market's reflection of last night's budget indicated that investor confidence in this country has deteriorated.

As of two o'clock today the Toronto Stock Exchange composite index had gone down 40.78 points, a decline of nearly 3 per cent. The largest loss was in real estate and various construction issues which declined 219 points, or nearly 7 per cent. Oil and gas losses were second and the utilities were third. In other words, the economic barometers which quickly reflect the views of investors indicate that they have seen nothing to give them any encouragement.

This was a budget of betrayal. I do not expect that there has ever been as many Canadians in their homes and offices focus on their radios and televisions as there were last night, awaiting the good news, awaiting some indication of hope and new direction. But, Mr. Speaker, the people of this country were betrayed by this government. Instead of new policies and new directions, they received tax increases. Senior citizens are going to be asked to receive less benefits than they would normally receive next year. Single parent families are going to

find that their family allowance will be less than they expected. The working people of Canada are being asked to pay the price of this Liberal government's economic mismanagement over the last number of years.

To get an indication of what this government feels the next number of months will hold, we look at the budget documents and what the government has projected. Every budget has a number of pages where the government projects the rate of inflation and unemployment, and what job opportunities will be like. But we note the absence of those pages in this budget. There is very little forecasting, and I wonder if that was not a conscious omission, Mr. Speaker. Knowing what is going to happen in the next six to 18 months, would any government want to describe the phenomena of more difficult economic and social times?

Just seven months ago, Mr. Speaker, we had a budget—so-called, because it has never seen the light of day in this House—which forecast unemployment of 946,000 in Canada this year. It was wrong, because today we have, according to Statistics Canada figures, 1,241,000 unemployed plus nearly 200,000 people who have given up looking for work. The budget suggested that the unemployment rate would be about 9 per cent, but today it stands at 10.4 per cent.

Real gross national product was predicted to be up 2.2 per cent. On an annualized basis it is now down 8 per cent. Seven months after the budget inflation is 11.8 per cent and destroying the purchasing power of virtually every single Canadian, and the prime rate today is 18.25 per cent. The dollar is at an all-time low, housing starts are off 50 per cent over last year, more than 1,000 construction companies have gone bankrupt in the last year, and the budget deficit is touching $20 billion. Because of this budget that deficit is likely going to be closer to $23 billion by the end of this year.

The reason for that is that this budget assumes a major economic recovery in this quarter and the following quarter. Anyone with any economic understanding or with financial know-how will know that as a result of this budget economic recovery is not about to occur. We also find that the decline in industrial capacity will likely continue for a number of months according to all projections, having fallen now for ten consecutive months.

Since the last federal election 18,000 businesses have gone bankrupt. What does that mean? It means that, not counting those who have gone through the process of receivership or all those businesses which simply closed their doors, boarded up their windows and walked away, we are talking about tens of thousands of Canadians who have lost their hopes and dreams along with their life savings as a result of the economic conditions this government has been perpetuating for the last number of years.

However, statistics do not clearly describe the human tragedy and suffering which is occurring in Canada today. They do not describe the fear that people have, the want that so many Canadians are experiencing, or the anxiety and despair. When you have nearly two million people, Mr. Speaker, caught in the web of enforced idleness, what does that do to the health and morale of the country? What does that do to the household where the breadwinner is sitting idle with no hope of finding a job in the immediate future? I suspect that as a result of these conditions, which will be aggravated by the budget of last night, we are going to see an overwhelming wave of protest of discontent and anger unprecedented in Canadian history. It is an understatement to say that the economy is not healthy.

• (1600)

I listened with interest to a number of premiers who were commenting on the budget and saying how it would affect the provinces. Most premiers said they were afraid Canada was heading into a very serious depression, that some sectors of our economy are too far gone now ever to recover properly because they have fallen beyond the point of no return.

If you visit shopping centres and walk up and down the main streets of Canada today, you will notice an absence of people purchasing commodities in businesses, shops and small factories. People do not have the purchasing power they had a year or 18 months ago. People are not buying today because they are unable to do so.

Industrial capacity in our country is operating at less than 70 per cent. Plants are laying off employees and are closing down because no one is purchasing their goods. Offices right across Canada are closing their doors. They are cutting back on staff because no one is using their services. Half of our mines are closed because people are not producing their goods for manufacturing purposes. The saw mills have been laying off employees from one end of Canada to the other. Today in the province of British Columbia nearly one quarter of the IWA membership is laid off because people cannot afford to buy or to build new homes and factories.

People cannot afford to buy goods and services in this country. But how does the government react? The government reacts by raising taxes, by restricting wages and salaries which will keep more money out of the marketplace. This situation reminds me of the old medieval doctor whose idea of assisting his patient was to take a knife and insert it into him to make him bleed. That is kind of methodology the Minister of Finance (Mr. MacEachen) is using today. Dr. Allan is asking us to bleed a little more.

I received a telegram this morning from the Community Business and Professional Association of Canada. This telegram states that it is high time workers are not again singled out to take the rap and that well-paid workers are their best customers. The business community of this country is concerned when their customers are no longer employed or are being threatened with lay-off. We know what is happening to the business community of this country. Some token assistance was included in the budget for those businesses interested in expanding, buying new plant equipment and machinery. But what businesses are able to do this? What businesses are in the process of expanding during these times to take advantage of these programs?

Last April a survey was taken by the Canadian Federation of Independent Business. All of the participating businesses were asked how many were planning to expand their plants and how many were not planning to expand operations. Last April's statistics are very interesting. Thirty per cent of those participating said they would be reducing operations; 65 per cent said they would simply try to hang on—not expand—to where they were today; and 5 per cent said they wre considering expanding operations. We all know that things have worsened economically since April. I suspect we are looking at only 2 to 3 per cent of the Canadian business sector that is interested in expanding. That is the kind of percentage of business that may benefit from some of the token business support in this particular budget.

The cruelest blow of all came in the area of taxes. Canadians surely felt betrayed when they saw tax increases. These increases are a result of the deindexation to be introduced following last night's budget. This deindexation step will cost Canadians $1.3 billion. I am sure that measure shocked people across the country. People were looking for some new direction and some new initiative. Instead they found they would be paying more in taxes and were being asked to bail out this government's mismanagement of the economy. Not only were taxes increased right across the board, but certain groups have been identified to pay a particular price and to carry an extra burden. These include our senior citizens, the "wealthy", group. They are the ones being asked to carry an extra burden. The increases they would have expected next year will be less than the rate of inflation. My mother and father are senior citizens. I know what "life of luxury" they lead. They have a difficult time getting by. Last night's news did not come in a very favourable way for them.

What about family allowances? It is interesting to consider that three out of every five working women in this country live below the poverty level, as evidenced in a recent report tabled by the government, and depend on family allowances to assist them in these difficult times. They are struggling to raise a family of one, two or three. They found out, too, that there was good news in the budget for them. They found out that they will not receive the same increases that they normally would next year. I admit the very poor will get a slight increase next year; they will gain 93 cents a week. The very poor will be able to purchase two thirds of a litre of milk extra a week thanks to this budget. That is the kind of progressive legislation which this government is prepared to introduce.

It is interesting that the average family in Canada—if there is such a thing, but I am thinking of two parents and two children with a family income of about $30,000 a year—will lose $125 a year because of the personal exemptions that they will cease to have. They will also lose about $72 a year in family allowances. That is not a major amount, but just the same, during these very difficult times with inflation chasing us at around 11 per cent, having $200 less in the average family income is not the news they were hoping to hear from the Minister of Finance last night.

What is in this budget for the manufacturing sector? One thing all Canadians know is that long-term job security in this country is not in the resource sector, it is not in the energy sector, but in the manufacturing sector. What incentive and encouragement, hope and help did that sector get in this budget? It got absolutely nothing. The most critical sector of our economy got absolutely nothing.

What did the resource sector get? What do I tell my unemployed IWA people in western Canada? What did the budget have for them? What did the budget have for that sector of the economy? It had absolutely nothing.

What about the mining sector? What about the fishing sector? What about the tourist industry? I could go on and on, Mr. Speaker. There is very little in this budget that will assist any of the critical, strategic advantages that we have in some sectors of our economy.

One of the most disappointing features was that research and development have been largely overlooked. The research and development sector is where Canada holds a key in terms of its economic development and its long-term recovery program. We have a well-educated, well-trained population who are able to take advantage of research and development programs in our labs both in the private and public sector. But was there anything in this budget to encourage research and development in Canada, other than a very token amount attached to the Small Business Development Bond program? There was absolutely nothing. This was a real disappointment for those people who are looking for breakthroughs in terms of research and development through to production in Canada.

The Canadian small business sector got welcome news. They found that FIRA is going to be opened up so that more foreign competition can come into the country. Let me remind this House that the Canadian Federation of Independent Business feels very strongly about FIRA. They know that the small business sector of this country is the one sector that virtually is 100 per cent Canadian owned and is the job creator in Canada. This is where research and development takes place. But what assistance did it get in this budget? The floodgates were opened up for FIRA so that we can have more foreign takeovers and more foreign intervention in Canada.

• (1610)

We remind the House that one of the reasons we are facing difficult economic times today is that we have lost control of our economy. The decisions on the Canadian economy are being made in the boardrooms of Tokyo and Dallas instead of Toronto, Vancouver, Halifax and Winnipeg. Thanks to the Minister of Finance, this budget will make that problem even greater.

I recently received some devastating news. A small businessman in my riding who operated a firm which was participating in research and development in the satellite technology field indicated that he had been receiving a very critical component of their operation from a manufacturing firm in Mississauga. He told me that he was grateful for the Canadian involvement in the development of a new product which could be marketed

both domestically and internationally. However, he received notice that the New York parent company had advised the Mississauga firm, which was a branch plant, that it could no longer supply the Canadian market because all of the components were needed in New York state. Therefore, this small business which had conducted research and development through to production programming suddenly discovered that it was no longer capable of delivering to its own domestic market as a result of the decision by the parent company in New York state. That is the kind of situation which we must start reversing in Canada and the opening up of the FIRA floodgates is not the direction in which we want to head.

Mr. Crosbie: What inconsistent twaddle!

Mr. Riis: This budget has been misdirected in a number of areas. The government has found the cause of inflation in this country. It is called the public sector. It is the villain that has caused inflation. Of course, the response is to restrain wages and salaries to 6 per cent this year and 5 per cent next year. I would remind hon. members opposite that wage settlements for the last five years in the public sector have fallen behind the private sector and the private sector has fallen behind the rate of inflation. Anyone who says that the public sector is the villain in this inflationary spiral—

Mr. Kristiansen: Is a liar.

Mr. Riis: —is missing the point. A leaked document intended for the cabinet which was written in January of 1981 called "Anti-Inflation Policy Option" said that for PR purposes restricting public sector wages is a good idea, but in terms of having anything to do with reducing inflation in this country it is totally useless. That was from the government's own advisers to the cabinet back in January of 1981.

What will be the result of these restrictions in those communities of Atlantic Canada which depend on the federal and provincial public sector for a major portion of their economic base? We have examples of how wage restraint can be effected. Many of us remember back to 1975 when the Anti-Inflation Board was introduced. The purpose was to reduce inflation in Canada. I remind hon. members opposite that when the Anti-Inflation Board was formed in 1975 the level of inflation was 7.5 per cent. When the guidelines were removed the inflation rate had not gone down but had increased to 9 per cent. Canadians all across Canada had taken devastating wage and salary cuts.

I challenge anyone to show me a credible author, researcher or financier who says that wage controls are a reasonable or workable method of combating inflation, because I suggest they do not.

Of course, these restraints are across the board. But this will not be welcome news to those two out of three women whose incomes fall below the poverty line. Their $12,000 a year will receive a 6 per cent guideline, just as some of those across the way who are making $120,000.

Mr. Kristiansen: Governor Bouey.

Mr. Riis: Is that the kind of equity that we want?

Since the government has indicated that its own regulatory agencies will be following the 6 per cent and 5 per cent guidelines, a good test will involve the energy increases coming up in a few days. The price of oil will be rising 10 per cent on July 1 and the price of gasoline will be increasing by 25 cents per thousand cubic feet on August 1. This presents an excellent opportunity for those members opposite to demonstrate their commitment to this program. Do they have the courage to introduce a limit or a freeze or restriction of 6 per cent on that particular agreement?

Next year the government will have another opportunity to prove its commitment, because in 1983 energy costs will not rise by 10 per cent, 20 per cent or 30 per cent, they are going up over 30 per cent in one year. If that is not the cause of inflation in this country, then I do not know what is.

Some hon. Members: Hear, hear!

Mr. Riis: Perhaps there is a better way to show its commitment. On Thursday we will likely see an increase in the bank rate. As investors around the world view this particular budget and the direction provided by the government, I believe we will once again see the need for the Bank of Canada to intervene and jack up interest rates. Why not have the Bank of Canada follow the same route and limit any increase in interest to 6 per cent? The bank rate on Thursday will likely be approximately 16.58 per cent. If that were limited to a 6 per cent increase, it would mean that next year the rate would be limited to 17.57 per cent. If the government is to show that kind of commitment to such a program, this would be the type of news that Canadians would probably enjoy hearing.

Mr. Wilson: Do you want interest rates at 17 per cent?

Mr. Broadbent: Even that is too high.

Mr. Riis: Of course that is too high. It would demonstrate a commitment of some kind, but the government is not prepared to do that.

It is our policy to reduce interest rates, because without any reduction in interest rates in Canada there is no hope of any kind of economic recovery program and absolutely no hope of any recessionary turnaround.

With respect to job creation, I do not know how the Minister of Finance had the courage to stand in the House and discuss a job-creation program which would create 100,000 jobs when there are nearly two million Canadians out of work.

Mr. Deans: It is also a lot of nonsense.

Mr. Riis: It is nonsense. It is cosmetic, an ad hoc and band-aid approach. It pales when one considers that although 100,000 jobs may be created, there are nearly two million unemployed. It is MacEachenism all over again.

At this time I wish to propose an amendment on behalf of the New Democratic Party. I therefore move, seconded by the hon. member for Oshawa (Mr. Broadbent):

That the amendment be amended by inserting thereto, after the word "rates", the following:

"and further for failing to bring about an immediate reduction in interest rates; for increasing the tax burden on lower and middle income Canadians; for failing to implement a strategy to strengthen Canada's job producing industrial capacity; for failing to strengthen FIRA's ability to protect Canadian productive capacity and jobs; for further reducing the purchasing power of many Canadians by instituting wage controls in the public sector; and for reducing pensions and other social programs; therefore—"

I want to comment very briefly on the housing provision that was introduced. After much fanfare the impression was that the housing industry can now begin to take off. The program introduced was to result in a miraculous change with respect to the housing program in Canada. Again, I do not know how the Minister of Finance had the courage to stand up and say that the government was going to make a major commitment to the co-operative housing sector by adding 2,000 more units across Canada. The city of Vancouver alone will take up 2,000 more co-operative housing units, let alone the idea that this will have any meaningful impact across the country.

• (1620)

Considering the $3,000 grant, the problem is not to assemble a downpayment to buy a home these days but, rather, it is what on earth to do with the 20 per cent mortgage. That is what is keeping Canadians from purchasing homes, not the fact that they do not have $3,000 toward a downpayment.

Some hon. Members: Hear, hear!

Mr. Riis: It is interesting to look at the figures. One finds that a typical home in Canada costs $67,500 today. It requires a 10 per cent downpayment which means that, in order to qualify for a mortgage, a family's income would have to be $45,000 per year. The average family income in this country is less than $30,000. What this means is that virtually no Canadian will be able to take advantage of this program. Perhaps there will be a handful of exceptions. I might also add that the government grant might cause some incentive to add $3,000 to the purchase price.

Is there anything in the budget for renters? Canada Mortgage and Housing Corporation itself states that half a million low-income renters pay more than 30 per cent of their income for shelter, yet when one considers what this budget will do for the renters of Canada, one finds that it will do very little indeed.

Some hon. Members: Nothing!

Mr. Riis: "Nothing", as a number of my colleagues say, would be closer to the truth.

Mr. Deans: Just adding to their tax burden.

Mr. Riis: As a westerner, I was listening very closely to what the minister had to say concerning the Western Development Fund. I remember that back in 1980 when it was introduced, $4 billion was devoted to assisting western Canadians. Then in the next budget it was reduced to $2.2 billion. In this budget the western development fund is totally non-existent. That is interesting.

Mr. Broadbent: It is the story of the Liberals of western Canada.

Mr. Riis: As the hon. member for Oshawa (Mr. Broadbent) indicates, it is the story of the Liberals of western Canada who have met with the same result as the Western Development Fund.

I suspect that in this budget we have seen the beginning of the end of indexing in Canada. It will take $1.3 billion out of the taxpayers' hands and put it into the government's hands, which means, of course, that the government will have a vested interest in inflation. That is very dangerous. This government cannot be disciplined if it has a vested interest in the rate of inflation assisting its cash flow. We see that the budget will protect one group, the investors of Canada. A number of provisions in the budget will assist investors in their problems with inflation, but there is nothing for the average working Canadian.

This was a missed opportunity. The people of Canada were looking to the Minister of Finance to provide them with some hope and a new direction. The opportunity to reduce interest rates was missed. The opportunity to initiate renegotiation of those oil and gas prices was missed. There was an opportunity to cut the taxes of Canadians to enable them once again to purchase goods and services from Canadian manufacturers and suppliers. There was an opportunity really to stimulate housing and to create jobs because of the massive spin-offs from that industry. But that was missed as well.

There was an opportunity to introduce serious procurement policies. When we look at the facts, we find that if Canadians were prepared to use one week's wages to buy Canadian goods as opposed to foreign imports, it would automatically create 25,000 jobs just by that one deed alone. We need to have strong "Buy Canada" programs in place, strong procurement programs in place and strong production agreements with some of the foreign multinationals as well. We should say to the foreign multinationals that if they are to carry on operations in Canada, then they must start providing jobs in this country, not simply use it as a marketplace. We should tell the Japanese auto industry that if it is to provide 200,000 vehicles to Canadian purchasers this year, then it must start sourcing some parts and components and assembling those vehicles in this country as well. In other words, if these multinationals are to gain profits in Canada, then they must start creating jobs in this country as well. That is our bottom line.

Some hon. Members: Hear, hear!

Mr. Riis: Again, that was a missed opportunity.

There was a missed opportunity to introduce research and development incentives for Canadian companies, individuals and institutions. Of course, there was a whole number of changes for which we were hoping in relation to those who work in the northern parts of Canada. There should be

changes in northern benefits for those who must travel and live away from home working in the resource sectors.

There should also be changes in tax deductions for those having to face the burden of child care costs. The budget should have included increases in child tax credits. There are a variety of measures which would be progressive, confidence building and which would send a clear signal to Canadians that this government has a policy and a strategy and that need the co-operation of Canadians from every region. But as a result of the lack of direction and the introduction of punitive measures, Canadians are now pitted against Canadians, regions are pitted against regions and virtually every Canadian is against the Government of Canada. This is the kind of solidarity we have in our country.

Some hon. Members: Hear, hear!

Mrs. Mitchell: MacEachen, solidarity forever.

Mr. Riis: I want to end by reading the following quote:

> What we need today are progressive economic, social and financial measures, but we are not getting them. That is why all across this country at the present time there is a rising tide of discontent. We find it everywhere. Criticisms are being levelled against this Parliament; criticisms that in the main I think are unfair are borne out to some extent by this Parliament itself. Today, for example, we have the budget debate; but . . . I counted at one time only 20 government supporters in their seats, and there were not very many more on the opposition benches. That goes to show that Parliament is apathetic, and I believe hon. members of this Parliament are disillusioned. The time has come, I say, when in the Dominion of Canada we need a forward-looking policy for the people of this country, and the government is giving neither the policy nor the leadership necessary to bring about the formation of it.

That was stated by Mr. M. J. Coldwell on April 28, 1939, and it applies today as it applied then.

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand)—Official languages—Publicity issued by Montreal festival; the hon. member for Fundy-Royal (Mr. Corbett)—Canadian National Railways. (a) Announcement of lay-offs. (b) Request that minister make representations to cabinet; the hon. member for The Battlefords-Meadow Lake (Mr. Anguish)—Indian Affairs. (a) Delay in on-reserve housing program. (b) Construction of school at Dillon, Sask.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. MacEachen that this House approves in general the budgetary policy of the government.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, let me begin by thanking hon. members of the opposition for their contributions this afternoon. We all know that this is a very serious time. It is a very important debate. We on this side of the House are certainly more than interested in hearing the proposals of hon. members of the opposition, as we are in hearing from all Canadians concerning the ways in which we can come to grips with the economic situation now facing our country. I only regret that in their rush to spill out the recycled speeches of days, weeks, months and years past, hon. members opposite have been neglectful in facing the reality of the present situation.

Once again, we have heard a grand litany of condemnation about the failure of the government and missed opportunity, without ever once referring to the kind of realism which must be faced by any government in this period of time. We heard all the gimmicks. It was like watching the snake oil salesman who has instant anwers to all the problems, except that once again hon. members did not find any way of bringing their remarks together with any consistency, rationality or purpose. In fact, once again we are faced with a very deliberate attempt to distort the basic reality of our economic situation and the answers that we have put forth. I can only say that it was deliberate, because they have done it before and we have tried to correct their indiscretion.

• (1630)

We have had, from the opening moments of the House today, attempts by members opposite in both parties to suggest that the measures introduced last night by the Minister of Finance (Mr. MacEachen) are somehow going inexorably to tax those with low incomes, that there will be an enormous burden upon the poor. We heard the last speaker from the NDP wax about single parent mothers who unquestionably in our society suffer the most in terms of income support and services. That hon. member neglected to mention, and we can only assume it was a deliberate omission because he is far too intelligent a person to forget such things, that of the 3.5 million women who receive family allowances, 2.5 million receive child credits. Those child credits will in fact be increased this year over and above what the normal increase was expected to be.

That, frankly, was irresponsible. I do not say that in any personal sense, but it is irresponsible of the hon. member to stand up in this House and try to foment fear and anxiety by the proclamation of false information. That is really an irresponsible act by someone who has taken an oath to be a

Member of Parliament and to try to maintain some degree of obligation to veracity when he speaks in this House. He was not alone. I do not want to single out that particular member, but that is an example of the kinds of things we have heard all week.

We heard the members from Saskatchewan hooting, hollering, and whooping in the backbenches saying that the western fund has disappeared. It has not disappeared. The very day the budget was released, we had the distribution of the Gilson report which has a $3.2 billion commitment from that western fund to totally modernize western rail transportation. That would create 10,000 new jobs in western Canada based upon that fund.

Members opposite say that fund has disappeared. Of course it has disappeared. It has been put on the table so that farmers, producers, and commodity people in western Canada can put it to work to modernize the railways system in western Canada so that we can move our goods to market, sell and create jobs in Canada. Somehow the hollow head from Churchill (Mr. Murphy) says that that fund has disappeared. The only time we know he is awake is when we hear his head rattle.

An hon. Member: At least he has something in it.

Mr. Axworthy: It is very loose. I do not think this House deserves that kind of misdirection and misinformation.

We are here today to talk about something which we think is important to Canadians, and that is the creation of jobs and work for Canadians. Every budget that is put together reflects or mirrors the reality of a society. It means that we have to make difficult choices. There are infinite demands.

Any one of us, whether within our personal ambitions or in our communities, province or region, have a shopping basket full of demands that we want answered. Unfortunately, the other side of the ledger is that for those infinite demands there is a limited amount of resources. That is the rough part of having to be in government and having to make these tough choices.

Perhaps the inexperienced members in that corner have never experienced, and those in this corner experienced only briefly, the knack of knowing how to provide leadership in this country and making difficult choices in a difficult period of time. There are hard choices, tough ones. We live in a world where there are no easy chances. There are no quick gimmicks.

We have confidence that Canadians are not going to be inveigled by those false prophets. They understand full well that the time has come in Canada to start making tough choices about where we want to go. It is not because we think there has to be some great depression as has been prophesied by members opposite. We realize that the only way we can restore our economy and rewrite the social fabric is to get busy and make those choices that must be made.

The choices are very clearly enunciated in this budget. We want to create work for Canadians. We realize that as events have unfolded and evolved in this country and around the world, one of the critical needs is to make sure that people have work. We feel for the 1.2 million unemployed in this country. There is not a member on this side of the House who has not visited the unemployed in his or her area and talked to unemployed lumberjacks, automobile workers or miners. We know the kind of suffering and anguish suffered by those without work. It is for that reason that the budget of this government has put $2.3 billion on the table which will create in immediate, direct terms 200,000 jobs. That is not something to be swept away, ignored and neglected. That $2.3 billion is a major commitment by this government.

We have heard wild cries of condemnation from members on the other side. They say we are changing the tax system, that we are deindexing down to 5 per cent or 6 per cent for certain tax brackets and changing the pensions and some of the allowances. Yes, we are doing that. We are doing it because we believe there are enough Canadians who feel compassion and concern for their fellow Canadians who are out of work. They are prepared to give up a small portion of their benefits and advantages to help 200,000 Canadians return to work.

We have confidence that there are enough Canadians who are prepared to share their benefits and advantages rather than hoard them in a selfish little pool as members opposite advocate. We strongly believe there are millions of Canadians who realize the time has come when we can no longer retreat into the shell of our own selfishness but must be prepared to share. We must be prepared to share the responsibility and share the resources because we realize that we live in a difficult world.

Members opposite say that somehow the problems faced by the lumber industry can be magically whisked away by one stroke of a pen in a budget. They ignore the fact that 80 per cent of lumber products manufactured in Canada are sold in the United States for housing. They do not seem to recognize that the United States housing market is down this year over last year by over 50 per cent. With the size of the market in this country, even if we spent $10 billion, we could not begin to match the demand of that kind of market in the lumber industry.

Mr. Kempling: They have a million housing starts.

Mr. Axworthy: Yes, but there were two million last year. If the hon. member would only wake up from his 20 years of sleep, he would realize the realities of the world we live in. The fact is that housing production is down 50 per cent. The hon. member will have the opportunity to refute those statistics.

The same is true in the automobile industry. We have internationalized our economies. We have all said it is to the ultimate benefit of our world that we provide for an economy in which there is free trade and a free flow of capital. However, there is a price to be paid for that. The price is that when interest rates go up in the United States, if we in this country do not have some parity in those interest rates, there will be a massive flow of capital out of our country that will provide an enormous deflation of any kind of investment.

The NDP say they would reduce interest rates. What would they do with the hundreds of billions of dollars flowing out of

our country? What is their answer? What is their quick fix for that? There are no quick fixes in today's world. We do not want to listen to them any more. We are trying to convince Canadians that it is time to get away from gimmickry and to come to grips with having to make honest, realistic choices based upon the situation.

Let me talk about the whole question of restraint. The Minister of Finance and this government have repeatedly said that we can provide for stability in this country only if we get inflation under control. It is a corrosive, cancerous, deep-rooted sickness in our society that must be eliminated. It must be eradicated if we are to provide for any certainty in investment, any stability in our markets, any sense that one's income has a continuity to it. It is endemic to all countries in this world. We are simply saying that we have to find the ways to convince Canadians, whether it is business, labour, public servants or politicians, that we cannot always be on a happy joyride and that we have to come to grips with the eradication of our fundamental problems.

• (1640)

The federal government, Mr. Speaker, does not have the total dominance over the economy. We are only one aspect. The kind of impact that we can make has declined over the years. Some 20 years ago, 60 per cent of all public sector spending was at the federal level. That has reversed in that period of time; 60 per cent is now spent by the provinces and the municipalities.

What we notice with a great deal of sorrow and sometimes frustration is that their wage settlements are running at 13 per cent and 14 per cent, that they are not only above the private sector but way above federal sector settlements. Nevertheless, we still believe that we have to set some direction, some standard, some measurement, some purpose in society by giving leadership and showing where we can go.

We are not doing it by taking on public servants as victims or by picking upon them. We are simply saying that these are people in our society who have protection, who have job security, who have an advantage that many other workers do not have. As Minister of Employment and Immigration I go weekly to talk with people who are being laid off and are suffering the miseries of the market because the mining industry cannot sell its product or because the automobile manufacturers cannot sell their cars. They would like the same kind of security and protection that people in other industries have, including those in the public service. We are simply saying to those Canadians who have the advantage, who have the benefit of a degree of permanency, of security of income and of jobs, that surely they can be prepared to share some of their resources with those who do not have that same degree of security.

That is what we are putting on the table and saying that there is a trade-off to be made. We find it surprising, Mr. Speaker, that certain labour leaders—not all but some labour leaders—are saying they will fight this to the death. I find that they are saying, in effect, that they are going to oppose measures that would give their own brothers and sisters in other unions a chance to go back to work. They are saying: "We are prepared to protect our own turf and territory and sacrifice other workers who cannot get jobs". That is really what they are saying. Mr. Speaker, that is a serious condemnation. That is the kind of attitude we must defeat. The kind of appeal we are making is for members opposite to forget the kind of partisan nit-picking they have been engaged in in this House. We need to recruit their responsibility and their co-operation in trying to change those attitudes.

Mr. Blackburn: More jobs.

Mr. Axworthy: We hear from the member from Brant (Mr. Blackburn), who, by the way, is a Member of Parliament who came to my office time and time again, saying: "Please create work in the high unemployment market in my community." This the government did, so that we now have a labour system and investment going in this community. And now he is being opposed to it.

Mr. Blackburn: On a point of order, I would like to remind the minister that since he came to Brantford the unemployment rate has gone up and not down.

Mr. Deputy Speaker: The point of order is not well taken. Members can only be recognized in their place.

Mr. Axworthy: I would be glad to point out to the hon. member, and to his constituents in particular, that if he now wants to withdraw and let them have his resignation, I am sure they would be glad to respond to his request. I am sure that the people in his constituency would have a point of view very different from his.

We are making an appeal to Canadians, Mr. Speaker, to come to grips with the fact that we must deal with the problem of inflation. We must ask them to accept restraints not just on their wages but also on prices and allowances and on pensions. In that way we can provide some basic signposts, some directions for the others to follow. We have invited the premiers to Ottawa to ask them if they are prepared to do the same in their areas of responsibility. We hope that those who come will follow and that the private sector will follow as well.

We also realize, Mr. Speaker, that the turning around of the Canadian economy is like trying to steer a big ship; you can turn the wheel, but it has a long, long turning arc and it will take time. In the meantime, in between periods, there are many Canadians out of work. That is why we felt it was absolutely imperative that we put measures into this budget that provide for immediate job creation across Canada, that give Canadians the opportunity to begin going to work right away.

We have included in this budget, Mr. Speaker, a number of initiatives that can be applied to different regions, to different groups, to help them respond to the problem of unemployment. There is an increase of $450 million for direct job creation; that was put in the budget last night. It raises direct spending on direct job creation to its highest level ever in this country.

In this one fiscal year alone we will be spending over $658 million on direct job creation. The $450 million will create some 70,000 additional jobs. If we add that to the 131,000 jobs already being created over the period, we have in direct job creation measures over 200,000 additional jobs being offered to Canadians through the direct employment policies of this government.

Some hon. Members: Hear, hear!

Mr. Axworthy: Those 200,000 jobs are not thrown out at random, as advocated by the hon. member for Etobicoke Centre (Mr. Wilson). He asked that we just give tax credits, give tax credits to everyone. We do not believe in that, Mr. Speaker. We believe that at this time we must target our approaches; we must zero in on where the problems are most extreme and where they are most difficult. That is why we use direct job creation to go into the areas of chronic or high unemployment, where the work is seasonal, or where there have been a large number of lay-offs. We have used the Canada development project to go into areas where there have been major lay-offs, whether it is Windsor, Brantford, Newfoundland or Vancouver Island. We have done that in order to help those workers restore their benefit and to have work in between times.

We are using that type of project so that the native people can build housing. We have heard great cries of lament in the past: "What are you doing for the native people?" One of the purposes of the job-creation program is to deal with the labour component of major housing programs across Canada. Those community development projects are often scoffed at by some members, who say that they are only band-aids or make-work projects. What they are really doing, Mr. Speaker, is helping to rebuild our community. We are building shipping units, we are building fishing wharfs, we are putting money into housing, we are putting money into new community facilities. In fact, Mr. Speaker, over 60 per cent of the community development projects goes into construction-related activities.

Furthermore, Mr. Speaker, over 40 per cent of those who become enrolled in those projects are young people. They are perhaps those who need the greatest help at this point in time. These direct employment projects are particularly targeted to the needs of the young. They need that first-time job experience to get a job record in the employment market.

That, Mr. Speaker, is where the community development projects are going. It is our intention again this summer to meet with business and labour to talk about a new development strategy for young people, so that they can begin targeting in on how they can get jobs, new jobs, with the assistance of industry. We can set up new centres across the country, give special attention to that hard core of structurally unemployed young people. These are the people who too often are on the sidelines. We want to begin taking special measures for them and we now have the funds and resources that we can allocate to those kinds of programs.

That is why we ask other Canadians to help in these efforts, to help native people build housing, to help people in the Gaspé or in Newfoundland or on Vancouver Island to go back to work. That is the kind of measure that we are promoting.

That is not the only housing measure that we have created in this area. We also have within the budget a major stimulus in the housing market. I find it very surprising, Mr. Speaker, having listened carefully to remarks of members opposite, to hear them saying: "Do something for the housing market". Let me just give an example of what the budget will do. Between the rental units applied and cited last March by the Minister of Public Works (Mr. Cosgrove) and those announced today, something like 54,000 new jobs will be created over the next two years.

The Canada home renovation plan, which was mentioned last night, will create something like 20,000 new jobs. We launched last night a $300 million program for first time home buyers of existing homes and new construction that will provide direct assistance to close on 100,000 purchasers in this country and should create and stimulate 50,000 additional jobs. What this in fact totals up to over that period of time in the housing market alone is over 124,000 new jobs created directly by that stimulus in the housing construction market. Right now, the moment the budget was announced, those measures are available to go into place. One hundred twenty-four thousand additional jobs will be created because of those housing measures.

• (1650)

It seems odd that those facts were somehow forgotten by hon. members opposite. Somehow they managed to forget that particular stimulus. In addition to the 200,000 jobs which are being created through our direct employment measures, we are creating 124,000 jobs through the stimulus in this budget provided by its housing measures.

In addition to that a third part of the job creation initiative was an additional $300 million going to economic development programs. The hon. member asks what is going to research, what is going to manufacturing and what there will be by way of aids to industry. Is the hon. member indifferent to an additional $300 million going to various programs, going into productivity increases, going into investment programs and going into research and development programs? How do hon. members opposite think we are able to develop major programs like the Bombardier project which is providing 20,000 jobs? We are able to do that through the expenditures in the economic development envelope. The Minister of Finance has put an additional $300 million forward through the budget. The hon. member raised the question; we have just given him the answer. The money is going to create direct supports and incentives for private industry in those areas, to say nothing of the special grant going to small business. Hon. members somehow have conveniently overlooked and not talked about that; they do not want to talk about the truth or face the reality because that does not fit their own orthodoxes.

Mr. Wilson: The reality is there.

Mr. Axworthy: The reality is that we are again using resources. Hon. members ask what the money is going for. The $2.3 billion is going to create permanent long-term jobs through economic development programs, going into housing construction to create work in the housing field and the construction field across Canada, going into direct employment programs to help those young people who need first-time jobs and going into new ILAP programs so that we can help additional communities and the hon. member for Brant will not be the only one whose constituency gets those kinds of benefits, ungrateful as the hon. member may be. The fact is that that is the combination of programs we are providing for Canadians.

We are asked whether they are providing hope, direction and purpose. I think we should begin to look at what the figures really add up to. When we talk about jobs created in total by way of direct job creation in housing immediately in terms of this budget, we are talking about an additional 124,000 jobs, by estimate. We must add that to the previous programs announced, the existing job-creation programs already in our portfolios, plus the rental supply program and the renovations program. That is an additional 200,000 jobs. We are talking in terms of direct stimulus through this budget creating well over 300,000 additional employment opportunities to be provided to Canadians within this fiscal year.

Some hon. Members: Hear, hear!

Mr. Axworthy: That is by way of combination, but I point out that that has not been the only series of measures we have undertaken. We are just now going through the last stages of debate in the Senate of the training bill which was passed in this House last week. That legislation will put $1 billion into community colleges and industry and on-the-job training programs across Canada. It will provide new training opportunities for over 300,000 Canadians. That will provide for additional funds going into those places to provide new equipment and new facilities.

In terms of a larger growth strategy and in terms of the longer-term program of aiming at economic development, we must go back to the last November budget papers in which we put forward a series of measures. Those are also proceeding at the same time. The training bill provides $1 billion. The modernization of the transportation system in western Canada is a $13 billion program with $3.5 billion being contributed by the national government. Major programs are going ahead in the areas of research and the establishment of microelectronic centres across Canada to develop research and development in that critical area of microchip programs. The measures brought in in this budget to provide a special response and direction must be looked at in parallel with the measures introduced last November, which are proceeding and are now being implemented and brought into effect to provide for some direction.

One thing I will say is that this government does not believe it can do all this by itself. We cannot do it alone. We must have the co-operation of the other levels of government, which should also be prepared to provide restraints in their spending, restraints on their incomes and restraints on their prices so that we do not have extravagant settlements which will price us out of international markets. We need the same kind of discipline, restraint and commitment to be shown by trade union leaders and business executives at bargaining tables and when it comes to decisions on pricing goods. There really must be a coalition to deal with the economic crisis. We must develop a basic sense of unity among Canadians.

I say in closing that the difficulties we have at this point in the history of our country can only be frustrated by the divisiveness and misinformation we hear from certain hon. members opposite who seem to have objectives in mind other than the objective of trying to come to grips with the economic problems faced by Canada. No one will deny them their partisan advantages and their reasons for trying to get a few more points here and there on some pool or other. But surely the time has come for all Canadians to pull together in this effort and not listen to siren calls. We must come to grips with the fact that if we are going to deal with the economic situation in Canada, we must deal with it together, working in a co-operative fashion and putting forward, each of us, our best talents and resources in the most effective way possible.

That is the kind of partnership we need in this country. We need a partnership toward progress and a partnership toward recovery. We must ignore the calls of depression and frustration we hear from hon. members opposite. It is time we heard calls for unity, purpose and progress. That is the one thing this government is prepared to provide to Canadians.

Hon. John C. Crosbie (St. John's West): Mr. Speaker, I just want to deal for a moment with the last speaker, who illustrates why this country is in the difficulties it is in and why the people of this country no longer have any confidence in this government. The minister who just sat down has told us all the things the government is doing for job creation. Why, then, do we have 1.2 million unemployed, if there is such a wonderful program? Why would the Minister of Finance (Mr. MacEachen) not even put in his budget a forecast for unemployment if the government is so confident that it is going to create as many jobs as it says? For the first time in our history the Minister of Finance does not include in his budget a forecast of unemployment for the rest of this year or for next year, but we have this minion of his getting up in the House and telling us about the great job programs he has.

He has nothing. He tells us he is putting $2.3 billion on the table. Where did he get the $2.3 billion? He got it from the old age pensioners by stopping indexing of pensions for the old age pensioners. He stopped the indexing for those on family allowances. He stopped the indexing for the personal income taxpayers of this country, so that they are only going to be indexed next year to 6 per cent and then 5 per cent. That is where he got the money he says he is laying on the table, and then he juggles words in his budget and reannounces, two or three times, things already announced before.

What summarizes the Minister of Employment and Immigration (Mr. Axworthy) is this: he said in this House when he

was housing critic for the Liberal opposition on October 29, 1979:

> If there is a requirement to raise interest rates, there is an equal requirement to help those people who are hurt by those interest rate increases.

The mortgage interest rate then was 12 per cent. That hypocrite has been in this House and in the government during times when mortgage interest rates went to 22 per cent, and he did nothing, nor did his government, to help those people interest rates were hurting. "An equal requirement to help those who were hurt by those interest rate increases." He is a mountebank, Mr. Speaker. He is a poseur, Mr. Speaker. He is a cheap bluff, Mr. Speaker. He is a trickster, Mr. Speaker. He is a man who does not practise what he preaches, and therefore his words in this House are utterly unconvincing to anyone who listens to him and knows what his shameful record is. It is shameful.

• (1700)

Mr. Fisher: What about giving us a few ideas?

Mr. Crosbie: Just wait. There is a great wind rushing around in the head of the hon. member and coming out of his two ears because there is nothing in there to fill the gap, Mr. Speaker. If he will listen he will hear a few things.

In the Ottawa *Citizen* today there is a report of a housewife, I believe, called Kathy Lafrange who summed up the situation perfectly. She says, "It's the poor buggers like us, and all the others, who feel it when they have to renew mortgages." She says that the Minister of Finance has not really changed a thing but has just shuffled some things around and now has a deficit of nearly $20 billion. That sums it up. The public knows what this budget is. It has not changed a thing. Poor MacEachen has just shuffled some things around and now he has a deficit of $20 billion. The public knows what is being attempted.

I was minister of finance briefly and I brought a budget into this House on December 11, 1979. I have nothing to be ashamed of, thank God. It was fair, it was square shooting and when you heard it you understood it. There was no peculiar language in it. There was nothing tricky. You did not have to comb through every word to see what was there. You knew there was a tax increase if there was a tax increase and you knew there was not if there was not. You knew there was a new program if there was a new program. Had that budget been implemented and not stopped by the Liberal-NDP coalition who were together then and are together now, although the NDP want to absolve themselves from responsibility, we would not be in the economic situation we are in today. We would be in far better economic shape. We would not have 1.2 million unemployed, a cost of living increase of 11.8 per cent and interest rates of 18 and 20 per cent.

The minister did not wear new shoes last night, Mr. Speaker, he wore sneakers. That is his technique—the sneaking technique, the tricky technique. That is the hallmark of this budget; it is tricky, it is complicated, it is devious, it decreases understanding, it is the old shell game so that you do not know which shell the pea is under. Every word has to be watched and in order to get the real meaning you have to leave the budget speech and go to the details of the budget. It is just like his last two budgets.

The tragedy is that there is no longer any thrust or any pretence of a thrust or strategy to get us out of this economic chaos. There is no longer a pretence that the government has a plan, no longer a pretence that it has a hope. All it has done is devise two or three little programs so that its members can go back and pretend to the farmers, the small-business men and the unemployed that it is doing something for them when it is doing nothing.

Just seven and a half months ago it told us what its philosophy was. It told us it had the answer. I refer to page 11 of the budget of November 12, 1981, where the following passage occurs:

> The fundamental response of the government to the interest rate problem has been the basic deficit-reduction strategy of this budget. By tightening fiscal policy and reducing the deficit even more than had been planned a year ago, the government is strengthening the over-all thrust of its anti-inflation strategy and relieving the burden which would otherwise fall upon the Bank of Canada. In recent weeks there has been some decline in interest rates, amounting to about 4 percentage points for short-term rates. The mortgage rate has fallen below 20 per cent. The government is confident that its policy will gradually bring down the rate of inflation and that this will be reflected in further declines of interest rates.

Seven and a half months ago the government's fundamental strategy was said to be a deficit reduction strategy and everything else hinged on that. What has happened since? In that budget the minister said we would have a deficit of $10.5 billion, but now, seven and a half months later, the deficit has increased by $9.1 billion to about $20 billion. Everybody in his department should be fired for making an estimate seven and a half months ago that the deficit would be $10.5 billion when it is now almost double that. Can such incompetence or such deliberate deceit be tolerated? It is either monumental incompetence or deliberate fraud and deceit that has been practised upon the Canadian people.

What has happened to the deficit reduction strategy? In the last budget the deficit was $10.5 billion and now it is $20 billion. According to the budget of seven and a half months ago, the government was going to borrow $6.6 billion in the public debt market for financial requirements. Now it is going to borrow $17.1 billion, an increase of $10.5 billion or 2.5 times more than it was. In just seven and a half months the government's borrowing requirements have increased 2.5 times to $17 billion. It will compete with the provinces and the private sector and the person who wants a mortgage to borrow that money and will force interest rates up.

The Prime Minister (Mr. Trudeau), the Minister of Finance and the Secretary of State for External Affairs (Mr. MacGuigan) went to Versailles where they told President Reagan that he would have to reduce his deficit because that was the only way the world could be saved economically. They told him that he could not bring interest rates down unless he brough his deficit down. Mr. Speaker, the deficit in the United States is $103 billion and its economy is ten times the size of

ours! In U.S. terms, our deficit would be $200 billion. Yet our representatives told the President of the United States what he had to do. Now we see what they have done. They have a deficit twice that of the United States. So much for their strategy of seven and a half months ago.

In the lockup we asked about the government's strategy to overcome inflation and bring down interest rates, but no one could tell us what it was. There is no strategy. The government is in a whirlpool. It has Canada in the centre of the pool. We are becalmed and the government does not know what to do. All it can offer is a few little political palliatives in an effort to satisfy its sheeplike backbenchers and get them through the summer so that they will continue to vote with the government and keep it in power. All it wants is to be in power, event though it is bankrupt of ideas, bankrupt of action and is bankrupting this country.

Never has a minister of finance of this country so demeaned himself as has this minister from Cape Breton. On page 2 of his budget speech he referred to the United States and all the industrialized countries of Europe, saying that they created additional hardship for Canadians. He said: "Their governments are unable or have not chosen to design their economic policies to help us get out of the recession." Imagine, Mr. Speaker; the Minister of Finance says that the governments of the United States, Germany, Belgium and Luxembourg have not designed their economic policies to help us out of the recession! Of course not. They devise their economic policies to get themselves out of recession and it is up to the Government of Canada to devise policies to get us out of the recession. But the Minister of Finance complains that the other countries have not devised policies to get us out of the recession. This is how we are led, Mr. Speaker. This group is leading us blindly to disaster and does not even have the good grace to take the blame and responsibility but wants to blame everything on the United States and the western European countries. The Parliamentary Secretary to the Minister of Finance (Mr. Fisher) is looking bedazzled. He does not know what it is all about but he will when the next election comes around.

You will notice, Mr. Speaker, that there is not a word in the budget about monetary policy. I think it is peculiar that the government should bring in a document which deals with our financial and economic position, in which high interest rates form the cross upon which Canada is being crucified, but the budget does not once discuss monetary policy or say whether the government will continue to support the Bank of Canada or direct it to reduce interest rates or even print more money to meet this gigantic deficit. Monetary policy is not discussed in this document. It is a complete admission that the government is bankrupt of ideas.

Today the markets are shaky, the dollar is down and all our other problems continue. The government has admitted that the gross national product will decrease by 2 per cent this year. The Parliamentary Secretary to the Minister of Finance yawns. He does not care if the gross national product declines by 2 per cent. That means that the goods and services manufactured in Canada this year will decrease. There will be less for all at the end of 1982 under the stewardship of the government, but it does not care. As long as it can remain in power and have the perks and the executive jet aircraft—and two new ones have been ordered at a cost of $27 million to fly members opposite around Canada so that they can look down and see the carnage below—it does not care.

• (1710)

There is no forecast of unemployment in the budget. That is the devious Minister of Finance; if you do not like the forecast your people give you, you do not include a forecast in your budget. There is no forecast for inflation or just about anything else.

The interest on the public debt, Mr. Speaker, has gone up 21.1 per cent this year. Just seven months ago the minister forecast interest costs of $16.5 billion; it has now gone up by $1.1 billion. Just about one out of every five dollars that the government spends will be spent on interest. That is where we are headed. We look at the paper today and see the latest figures on what Canada owes the rest of the world. Canada was $90 billion in the red on its balance of payments in 1981, up from an estimated $78 billion one year earlier. The $90 billion is the net balance that we owe the rest of the world, which is a record. We are sliding further and further into debt to the rest of the world.

Is there any plan to deal with that in the budget? Not at all. Is there any concern? Not at all. This budget does not even revoke last November's budget; it is still there. That budget, the most hated document ever delivered in this House in our history, still lives. Departmental officials have told us that there were 25 changes up until yesterday, and eight more in last night's budget. There have been 33 backward steps taken by this minister but he has still left intact many damaging items from the last budget which increases the uncertainty.

For example, Mr. Speaker, there is not a word said about northern allowances. The minister is still determined to tax northern allowances, as he promised to do in his budget of seven months ago. Just look at how uncertain he remains. Instead of trying to make everything clear and certain so that the public and the investor can understand, if we look at page 6 of the budget we see the minister saying first that he has proposals to reduce the taxation of investment income and interest rates to borrowers. There is a new form of term deposit and a new scheme which applies to common shares of Canadian corporations so you will not be taxed on your inflationary gains. But then he says these measures are not going to be implemented now; there is going to be a committee which will look at them. That, of course, creates tremendous uncertainty from now until the end of September when that committee is supposed to report and the government is supposed to make a decision. So there is no certainty for the investor here. They are going to hold their money, not knowing whether these devices will come into effect.

Then at the top of page 7 we see he is only going to postpone for one year the 12.5 per cent corporate distributions tax. Then we see that the proposals related to the deduction of interest expense will be reviewed. Just reviewed. A little further down

we see that the precise drafting of these income tax amendments affecting life insurance and charitable foundations are delayed. On and on it goes, Mr. Speaker—uncertainty. The people who have money to invest, foreign and domestic, will not invest it while all this uncertainty remains. No one can estimate the damage that this uncertainty is doing to Canada.

I tell you, Mr. Speaker, that this country is in the middle of a full-blown financial crisis. Long-term debt markets are all gone, no one will lend money long term. There is a crisis of confidence. Both the stock market and the bond market are in great trouble. Yet instead of encouraging a new high level of savings by encouraging, for example, the RRSPs, the government has done the opposite and is going to borrow two and a half times what it said it was going to borrow. At the same time it is doing nothing to encourage savings.

The financial requirements of the government as a percentage of our GNP have reached the highest in our history. With this uncertainty and with the condition of some of our major companies such as Dome Petroleum, to which the government had to give a $100 million guarantee several days ago because it is on the verge of going under as a result of this government's energy policy and its own impetuosity urged on by the government, anything can happen in the markets. If there is an emergency, a fire, you do not discuss it for three or four months, you do not consult with the person whose home is burning down; you hand them a bucket of water immediately. Our financial markets are burning down and the government wants to spend from now until the end of September discussing what is to be done during the emergency. It is just the opposite of what is needed.

This whole budget document is riddled with deception. But one of the worst pieces of deception is the deindexing of income tax which the government has now engaged in. That was instituted by Mr. John Turner in his budget of February, 1973 and he adopted the principle which was suggested by Mr. Bob Stanfield. At the time Mr. Turner brought in indexation the inflation rate was 7.5 per cent. Today it is 11.8 per cent, more than 4 per cent higher, so people are suffering far more from inflation today than they were in the days that John Turner brought in this reform which was suggested and urged on him by Mr. Stanfield. He said in his speech:

> I am deeply concerned about inflation and the effect that inflation has on a tax system which is based on a progressive rate schedule. I therefore propose to take steps now to provide a lasting solution to this problem should inflation continue.

Well, it certainly has continued under this government. He then went on to say:

> —an increase in a person's income may be real or simply the result of inflation. Put another way, if a man gets a five per cent raise in salary, but the cost of living has also increased 5 per cent, he has the same real purchasing power he had before, and nothing more. Yet, the progressive tax system can leave him worse off than he was before because he has entered a higher tax bracket. What I want to do is eliminate that unfair and unintended result from our tax system.

If it was unfair in 1973, it is even more unfair now in 1982 with inflation far worse than it was then. But this Minister of Finance is now going to go back to unfairness; he is going to cap the indexing of income tax to 6 per cent this year and 5 per cent the year after. Mr. Turner went on to say:

> The indexing of rates and exemptions will produce a tax liability which will no longer erode a person's purchasing power as a result of inflation interacting with the progressive tax system. A person will no longer pay tax at a higher marginal rate simply because inflation swept him up into a higher tax bracket. For a person on a fixed income the result of indexing would be to reduce his taxes each year if prices rise.

That is all now going to be reversed. He went on to say:

> —this new system will be recognized everywhere as a bold and sensitive response to a rather fundamental tax problem.

Well, the boldness and insensitivity are not recognized by the present Minister of Finance and the government of which he is part. Here is this very bold and sensitive reform which the government is now reversing just at a time, Mr. Speaker, when President Reagan and the United States of America are adopting the indexing of the income tax system. It is also a fact that the effect of this move is going to be felt most by those on lower incomes. They will suffer the largest percentage increase in tax. Next year the government is going to take $1,300,000,000 more from Canadians in income tax than this year because of deindexation. Of course, it is also going to make those who receive family allowances and old age pensions suffer.

• (1720)

This is the start of the doing away with deindexing. Why is this so? Because the government is unable to control its spending. The government is forced to deindex because it is unable to control its spending. In the year the Prime Minister came to power, the total spending of the Canadian government was less than the budget deficit this year of $20 billion. Canada's total spending in 1968-69 when this profligate wastrel Prime Minister took over was less than the deficit this year because of the government's inability or unwillingness to control its spending. Now the government is going to take it out on the ordinary person.

Has the government indexed energy prices? My friends to the left have mentioned that the government has not done that. Energy prices will rise far beyond 6 per cent this year and 5 per cent next year. Has the government deindexed energy taxes—the petroleum compensation charge, the Canadian ownership charge and all of the other indirect taxes? The government is collecting $8 billion more in indirect taxes from the Canadian people this year than it did last year. Has the government reduced those taxes? No, the government has not. The government has not reduced anything. It has not deindexed anything. The government has deindexed the only benefits people receive.

Now let me talk about unemployment insurance. The minister in his usual devious way does not tell us that by the beginning of the next calendar year he will have a huge deficit increase in the UIC fund. This year it is $5.6 billion. There will be a projected deficit of something like $2.2 billion according to the minister's documents. When the government sets the rates at the end of this year for 1983, there will be a huge increase in the rates to be paid by the employer and by

all the millions of people employed in Canada. That is a tax increase about which the government has not told the Canadian public. This will add about $2,600,000,000 to the tax increases which the people who face deindexation will have to stand and bear next year. There is not a word about that in the budget. There is no frankness, there is no honesty, and there is no willingness to tell the public what it faces. There is a pretence that the minister is being bold and that he is asking us all to share equally in the sacrifices. But he does not tell us what the sacrifices really are.

Mr. Taylor: Heaven help Canada.

Mr. Crosbie: I am looking at page 12 of the Budget Papers. It is shocking what the English language has come to. By the way, the government's new expenditures this year add up to $700 million, not $2.3 billion. The government is just jiggling its numbers to get to $2.3 billion. But do you know what one of the savings is that this government has, Mr. Speaker? One of the areas of saving, we are told, is in military pay savings and defence spending; reprofiling. What the hell is defence reprofiling? How do you achieve a saving by reprofiling? Who are we supposed to be? How innocent and stupid are we supposed to be to believe that there is some great saving to come from defence spending reprofiling?

I referred earlier to other examples where deception is practised on the people of Canada. For instance, the $3,000 grant for housing aid. The government does not say that in order to qualify for this grant of $3,000 you have to have a 10 per cent downpayment. That is not mentioned in the budget speech given here last night to which the people of Canada were listening. That item is in the Budget Papers where some of the conditions are itemized. Do not look for a $3,000 grant to buy a new house this year unless you have a 10 per cent downpayment. This is the kind of thing practised throughout that document.

Then we are told there will be great benefits for small business and farmers, and fishermen. The same thing happens with the section on small business. Small business is led to believe that great things will happen. But when you look at the Budget Papers, particularly page 23, and you get down to brass tacks, you will see that the loans and grants promised will only be available if you buy new depreciable property to be used in an active business in Canada. If you are in financial difficulty, you are not in any position to buy new depreciable property or to finance expenditures on scientific research. How many small businesses in this country will rush out to finance expenditures on scentific research in order to get the 4 per cent interest rate reduction which this government promises? When you look at the small print, it is not at all what it seems.

Fishermen were told by the Minister of Finance last night that they were included in all of these wonderful things. They are not. The fishermen are only included, in so far as they are small-business men, if they want to buy depreciable property. How many fishermen in Newfoundland this year can afford to buy depreciable property for which they will get a grant equal to 4 per cent of the 18 per cent, 20 per cent or 22 per cent interest rate? There is no help for fishermen.

There is a special section for farm financial assistance which gives a little bit to the farmer. Out of $200 million, the government is allocating $100 million to the program. But even there it is not what the minister pretends it to be in the budget speech—that tricky and deceiving budget speech in which he specializes. You will see all through this document the practice of deceit and deception by the minister. He cannot give an honest report to the people of Canada. He cannot bare his chest and really share with us. He has no program of recovery. All he can depend upon now is this little pea under the shell game that promises hope for farmers, fishermen, small-business men and people who need housing, but they will be sadly disappointed. Where is the help for the person who has already lost his or her home? Is that $3,000 grant for a new house going to help the person who has lost his home? Where is the help for the small-business man who is already bankrupt or the small-business man now going bankrupt? What about the farmers who have gone out of business? It is all a charade. There is no hope for recovery.

Then we hear the so-called Minister of Employment and Immigration speak. He is the minister of unemployment. He announces all his job-creation programs. These programs were already announced in Newfoundland. One Member of Parliament put out a household bulletin listing some of the projects before the budget even came down. That is how honest that announcement is. Government members announce things five or six times. They let a few days pass by and they announce programs again. People are supposed to believe that this is a great new burst of funds for job-creation programs.

There is no hope for recovery. This country has no hope for recovery whatsoever with the persons who are now in power—the Prime Minister, the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Minister of Finance. I call them the economic horsemen of the apocalypse. Never has a Minister of Finance so abused his trust. He reminds me of the ancient mariner. I want to conclude my speech by quoting from the great poem "The Rime of the Ancient Mariner" as follows:

> Alone, alone, all, all alone,
> Alone on a wide wide sea!
> And never a saint took pity on
> My soul in agony.

That will be the hallmark of this Minister of Finance. This Minister of Finance, like the ancient mariner, has an albatross around his neck. That albatross is the economic corpse that he has left in this country. It is the economic condition of this country that is around the minister's neck as he goes through the rest of his life "alone, alone on a wide wide sea" with the economic albatrosses that are found in every part of Canada from Newfoundland to British Columbia, to the Yukon to the Northwest Territories. This is a country full of economic damage which the government could have prevented. Even now it will not reverse its course or admit that it is wrong. The only thing it can do is to get out and let the Canadian people put someone in who can do the job, and honest job for them.

Hon. Bryce Mackasey (Lincoln): Mr. Speaker, I will not, of course, attempt to answer the observations of the hon. member from Newfoundland for whom I have a great admiration and a certain envy, I suppose, for his facility with words and his colourful expressions. I am sure when he spoke about deception that he was not referring to his definition of deficit in comparing it to per capita rather than to the GNP. I am sure the hon. member will not mind if I put some facts in *Hansard* dealing with the deficit, although that will not be my main thrust today.

However, it might be of interest to members here to know that in 1942 and 1943 the deficit in this country represented over 20 per cent of the GNP. The only meaningful ratio when defining or discussing a deficit is in its relation to the GNP, which is the ability to repay that deficit sooner or later.

It might surprise some hon. members to know that after the budget last night the OECD papers indicate that that ratio in Canada will be 5.2 per cent next year and that in the United States the ratio will be 5.4 per cent. Our ratio compares favourably with that of most trading partners. As I have already mentioned, it is but a fraction of a ratio in relation to the GNP which prevailed during the war years of 1942 and 1943. I do not become overly concerned about a deficit, an attitude which, I admit, may be unorthodox. I would only worry about the deficit if we printed money to offset it, because this would be inflationary.

• (1730)

In what little research I have conducted I have failed to come across any concrete examples in North America, Canada or the United States, where the government and private enterprise have had to fight for the same pool of capital. I want to talk in a serious vein because as the former minister of labour and manpower, one who really cares for this country, I have always had a concern for the unemployed. I am old enough to remember the hungry thirties. When I tend to get callous around this place, I reread the book entitled "The Ten Lost Years" to remind me of the impact of the recession or depression in the west. I want to say to those people who are listening that the first thing that we must do to move toward recovery is to appraise realistically what we can do as a nation and a government. For instance, there is nothing the government can do about the price of commodities. There is nothing the government can do about the fact that copper is selling at 58 cents a pound, which is a historic low that has been unmatched since the 1930s. This situation exists as well for resources such as zinc, lead, and lumber. While this is of very little consolation to our hard-pressed mining industry and to those who live on the production of natural resources, I do not believe that even our greatest critics would presume for a moment that there is anything we can do as a country to increase the cost of these commodities. Sooner or later the economic fortunes of our trading partners will improve. Copper, silver, gold, zinc and lumber will increase in price. Therefore, the very important question for the country to ask is: will we be in a position to take advantage of the economic resurgence of our trading partners? Will we be competitive in six months, nine months or one year from now, or even sooner, when our traditional trading partners turn to Canada to see what the cost of our raw materials will and should be?

We will not be competitive with a 12 per cent inflationary rate, and this is the message which I think must be echoed again and again in Canada. With a 12 per cent inflation rate we are running the risk of pricing ourselves out of the competitive market. I believe that most Canadians appreciate and understand that fact.

Inflation is something that we cannot ignore, although most of us do. Ironically, unlike unemployment where everyone is a loser, there are winners and losers in the fight against inflation. My favourite economist, Lester Thurow, wrote a book just two years ago. I know that the hon. member who just sat down read that book. Thurow talks about a zero-sum society. He lists the winners and the losers in the fight against inflation. It is very easy to discern who the winners are at the present time. They are very decent Canadians who are listening to this debate. They are those people with money in the bank; senior citizens, young people, people who have saved money which they have earned or have invested. Their money is in the bank earning 16 per cent, 17 per cent or 18 per cent interest rates. They are the winners right now. Ironically, inflation works to their benefit.

Other winners are those who have their wages or income totally insulated from the negative impact of inflation through COLA clauses. Other winners are those with job security who are hardly affected by inflation. I do not begrudge them their insulation. I derive no pleasure from categorizing them as winners, and I do not use it as a derogatory term. Perhaps it is just my way of stating the facts.

The losers in the fight against inflation are the ones who concern me. They are obvious to all of us who care. They are the 1.2 million Canadians who are unemployed through no fault of their own. They are the ones whom Thurow described as the inflation fighters. They are the 1.2 million Canadians out of work because of the tight monetary policy of this government—a legitimate tight monetary policy which exists in virtually every industrialized country of the world.

It is not hard to tell who the losers are. Other losers are the small-business men who, because of the American interest rate policy and our inability to ignore that policy, must borrow to survive, to meet their payroll and cash flow, let alone just expand their businesses. Unless things improve small-business men are destined eventually to go bankrupt in large numbers, if it has not already happened. As well, larger business concerns—some of them household names—have cash flow problems. I could go on and on listing the losers, according to Thurow.

The point I am making is that the Liberal government made it very clear last night in the budget that we feel it is time to share the burden in the fight against inflation. It is time for those of us who are fortunate enough to be categorized winners to assume our moral and legal obligation to spread the impact of inflation in Canada. I do not regret for one minute the increase in my taxes or the deindexation if that money, when

pooled with that of all other members of the House and other Canadians who may not have to be concerned about inflation or unemployment, can assist in providing funds at least to soften the negative impact of inflation on less fortunate Canadians.

Mr. Riis: What about people making $12,000?

Mr. Mackasey: The hon. member, one of my favourites, should not interrupt, because when we subsidized interest rates last night for the small-business man, the farmer and the fisherman, we subsidized those people who until last night had to fight against inflation in Canada by themselves.

What we did last night is in good Liberal tradition and overdue by my standards, if I may say so. Some of the real losers in the fight against inflation were those young Canadians who purchased a home. I have bought homes in my day when it was necessary to pool our money, when two spouses who went out to work had to cut expenses in order to put down a downpayment on a home. We knew we could meet those downpayments as long as no unforeseen circumstances arose. In the old days it was sickness that you did not want to happen. Today, you are suddenly faced with renewed mortgage rates which five years ago would have been considered usurious. Those people are the real victims of inflation.

What did the Minister of Finance (Mr. MacEachen) do? How did he tackle inflation? Once again I depend on the people who know, and I return to Thurow's very excellent book, "Five Economic Challenges" in which this leading economist reminds us that inflation has been around since before Christ, that there is no great magic to fighting inflation, and that if you want to create a major recession, you can reduce inflation to zero. In fact, West Germany and Switzerland did it a few years ago when they dramatically cut down the money supply. This drove its unemployment rate sky high, so then sent the unemployed back to Portugal, back to Greece, back to Italy. We do not have that luxury. That is out.

• (1740)

Thurow said that mandatory controls could be imposed. In a federal system, we all know of the undesirability of wage and price controls, although they will work in time. However, there could be voluntary control. If every single Canadian listening were to reduce his or her expectations voluntarily, and voluntarily limit his or her income to 6 per cent, inflation would drop dramatically. But this is utopian. We do not live in a perfect society. No one has ever been able to create that kind of atmosphere.

"We can balance the budget" is one of the favourite cliches of the business community. For 20 or 30 years, Portugal has balanced its budget. It also had the lowest standard of living in Europe, no roads, no schools, no hospitals, no quality of life. It was never quite able to find the money to finance these necessities in the same year that it wanted to balance the budget. What is left? Obviously, and I think properly, the minister has tried to combine voluntary restraint, which we exercised to some degree last night, mandatory control, while we have some control, some influence, some public service, and a continuation of a reasonably tight money policy in the hope that the mixture will have the desired results. It will, because as Thurow reminded us, even an abnormally absurd tight money policy such as that in Great Britain will work in time. Mind you, it will create social unrest, destroy the economy, reduce capacity to about 30 per cent and eliminate productivity, but it will certainly cure inflation. I do not think that we want to go that way in this country, particularly when it is within the capacity of Canadians, by practising a little self-restraint, to make such an undesirable option unnecessary.

Thurow identified inflation fighters, and I enumerated some of them. Many people are affected by abnormally high, usurious interest rates, such as the couple, one of whom is suddenly out of work, the farmer who is going bankrupt because he cannot find money for seed, the fisherman who cannot finance new nets, or the businessman who cannot meet payrolls. We cannot go on in this way. We must share the burden. What we did last night was legitimate and overdue. It was liberal policy, and I mean small "l" liberal. It was something which should appeal to anyone out there who has any concern for his fellow man. The government, through the minister, by imposing some extra income tax on those of us whom Thurow classifies as the victims or the winners of inflation, by asking us to share $800, $1,000, $200, or whatever the amount is per year, depending on one's tax bracket, has provided a billion or so dollars which can be used, at least to relieve the agony and suffering of those who have willingly or unwillingly been the legitimate fighters against inflation. When we subsidized the interest rates of the farmer, the fisherman or the small-business man through the budget last night, we gave him hope. We provided him with some direction and leadership. We said, "We care. Although we cannot bring your interest rate down to zero, because of the selfishness of the Americans, we can at least subsidize you and share your burden through our taxes." It is common sense. We find it in the Bible, in either Testament. It is logical, from a selfish point of view, and in everyone's interest, including that of the business community. When we said we would provide some seed money, if you like, we would help provide the down payment for people who want to buy a home, we were taking the first legitimate step toward restimulating the economy and reducing the level of unemployment in this country.

I am proud that the minister did not bow to the temptation of increasing the deficit, not because I think it is bad but, rather, because I can hear the whole reactionary group out there condemning the minister if he were to increase the deficit. That would be a tragedy. He did not bow to the temptation of interfering with automatic regulators, reducing the unemployment insurance benefits, or any of those alternatives. He stuck to Liberal philosophy. He stuck to his care and concern, for which he has been well known in his 20 years of public record in this House.

Mr. Riis: What will happen now?

Mr. Mackasey: What will happen? We will come out of this recession the moment we get rid of the gloom and doom which prevails in the opposition.

Some hon. Members: Hear, hear!

Mr. Mackasey: The hon. member is one of my close friends for whom I have great admiration. I think he does care. This country cannot forget the fact that we are one of the greatest, wealthiest countries in the world today, despite the fact that we have a 10 per cent unemployment rate. Let us look at it in another way. Nine people out of ten in the work force are working. Our unemployment insurance is supplying an income for healthy, well-educated, articulate workers who are out of work through no fault of their own. I laugh when I hear people speaking like the hon. member who just left, about the huge deficit in the unemployment insurance fund. That fund belongs to the workers of this country and their employers, and to no one else. No matter how many times the federal government has reached in to steal a little more, it is still viable, desirable, and progressive legislation. The Liberal Party did nothing in last night's budget to minimize, destroy or curtail any of the basic social policies with which this government is proud to be associated. That is significant, because the temptations are there.

I am neither pleased nor happy that we have had to deindex the tax brackets to protect incomes. One of the problems in fighting inflation today, as opposed to 20 years ago, is that we have built so many regulators into the economy that they do not react quite as swifty to supply and demand as they once did. I am not suggesting that we should destroy those regulators. Those of us who have studied the hungry thirties know that textile workers would work for 90 cents a day in Montreal, but people would come along and offer to work for 85 cents a day if they could have the job. People remember that in the west one could not receive welfare if one had a radio in one's house. One certainly could not get help in Manitoba if one had a driver's licence, and God help the unemployed on welfare who was not a worker. The whole puritan ethic was that a man must work by the sweat of his brow. One could not get any kind of relief without putting in any kind of back-breaking work, such as digging ditches, so that someone else could fill them. We do not want to go back to those days, nor do we as a government want to put our head in the sand and turn our backs on those people out there for whom we should show the greatest sympathy, those who have been the victims of the war against inflation.

I listened to the critic for external affairs and I suspect he does better in that field than in the field of finance. When he spoke, he did not suggest one positive step. His whole speech was meant to attack the personality of the minister, who has done more for the poor of Cape Breton than the hon. gentleman will ever do or ever did when he was minister of finance in Newfoundland.

Some hon. Members: Hear, hear!

Mr. Mackasey: People who protest too much have guilty consciences at times, and perhaps the hon. gentleman is concerned that he left nothing of distinction when he served in the House. This minister has. Nobody can erase the history books.

• (1750)

Last night the minister asked for the co-operation not just of those in the House, but of Canadians from coast to coast, those who by good fortune, accident or design have not so far had to share any of the burden in our determined effort to bring inflation down to 6 or 7 per cent. That is not new. That has been the history of the fight against inflation for decades. That is why economists like Thurow who study history remind us that there are winners and there are losers. If we do not get inflation down from double-digit figures, at the time when the world recovery commences and our partners start nibbling for our copper, zinc, lead and lumber in competition with the Americans, the Australians and many others, if we have to build into our price the 12 per cent inflation, we are not going to recover. We will not recover nearly as fast as we would if we got inflation down to a reasonable level.

If you did not care for the less fortunate and were not prepared to share the burden with the unemployed, those on fixed income and those who traditionally suffer from inflation, such as the businessman, the farmer and the fishermen, it would make only common sense to care, if we are to maintain the standard of excellence and standard of living for which this country is famous.

I do not intend to run over my time. I believe that Canadians, to a much greater degree than members of the opposition and some members of the press think, understand what we are trying to say. They understand what the minister and the Prime Minister (Mr. Trudeau) are saying.

This country was built on sharing. There is nothing new or novel about asking Canadians to share the risk and pool their resources. This is why Canada is the greatest country in the world. This is why we have been able to develop our own language policy, culture, traditions and distinct way of life side by side with the United States. This is why we are distinct in every way, shape and form from our best friends. Somehow Canadians have always met the challenge.

One of our problems is that there has been no national dream, no building of our railroads, no building of our seaway, nothing to unite us. There has been nothing to make us forget those things that normally disturb people in a country so vast and with such regional differences.

Perhaps it is a bit simplistic on my part, naive I suppose, to think that Canadians may be prepared to get together this time and over the next six months or year to unite in the fight against inflation. When we look at it this time, let us have the courage to do those things we need to do to insulate us from the influences of other countries in the future.

Young Canadians understand that, those who will be pouring out this month from our universities, CEGEPs and high schools. New Canadians, perhaps first generation Canadians in many ways, want to roll up their sleeves and do things.

There is a tremendous pool of goodwill and positive nationalism out there that needs to be tapped and used. I cannot think of a better cause than a united effort on the part of all of us to lick inflation, and we can. If each and every one of us today has to share a burden that we did not have this time yesterday, so be it. It is in the Canadian tradition, the best tradition. May I call it six o'clock?

The Acting Speaker (Mr. Ethier): Is it agreed we call it six o'clock?

Some hon. Members: Agreed.

* * *

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Ethier): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following bills without amendment: Bill C-112, an act to amend the statute law relating to certain taxes; Bill C-101, an act to amend the Petro-Canada Act; Bill C-102, an act to amend the Department of Energy, Mines and Resources Act; and Bill C-104, an act respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act.

It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

THE ROYAL ASSENT

Mr. Deputy Speaker: I have the honour to inform the House that a communication has been received as follows:

Government House
Ottawa

June 29, 1982

Madam,

I have the honour to inform you that the Hon. W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today the 29th day of June, 1982, at 8.00 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary
to the Governor General

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion (Mr. MacEachen) that this House approves in general the budgetary policy of the government, and the amendment of Mr. Wilson (p. 18905) and the amendment to the amendment of Mr. Riis (p. 18908).

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, in joining in our budgetary debate, I felt I would like to make a few comments that I hope the members will find relevant. I say that Mr. Speaker, because I think we have reached the juncture in Canada's economic history when this House must stop playing political games. It must, Mr. Speaker, accept the reality for the state of our economy at the present time. The truth is that Canada economically needs major surgery, it needs major treatment.

I believe that the budget that we were introduced to last night is not going to help in the operation that I see must be done with respect to the Canadian economy. In fact, Mr. Speaker, it is going to hinder, it is going to hurt the economic revival of this country still further. I say that and, I suppose, as my evidence I could offer the fact that the marketplace—which is the best judge of whether the public is responding with confidence, whether the public is saying "Yes, Mr. Trudeau", "Yes, Mr. MacEachen", "Yes, the government of the day has some answers and our confidence is renewed"—is, I would suggest, the best barometer. The fact is, as we know in today's trading on the Toronto stock exchange, the composite index fell 50 points by the time it closed. That is a day when our index falling 50 points is in sharp contrast to the Dow Jones that actually went up today in New York.

The apologists for the Trudeau government to my left, the socialists to my left, say that happens often.

Mr. Deans: It does.

Mr. Stevens: You see, Mr. Speaker, how eager they are to rush in and defend this government that they have propped up for so many years. I think it is absolutely incredible that the socialistic rump to my left, having led, if you like, this government into the whorehouse that they now find themselves in, are rushing out, looking back into the House and saying: "What on earth are you fellows in the government doing in that house of ill-repute?" The fact is that they have egged on the members of this government to their present economic plight. They have told them, when they have already been spending too much money, to spend still more.

In short, Mr. Speaker, I suggest that it is a joint responsibility that we must deal with in this House when we are considering the economic malaise we have fallen into. That joint responsibility is between the Trudeau Liberal government and the NDP rump group to our left. Mr. Speaker, I say that

because many of us can remember sitting through that minority Parliament of 1972 to 1974 when the Prime Minister of the day, eager to be propped up, eager to stay in power, responded to every whim and every demand of the socialists to our left. That was their price for giving the Prime Minister at that time the support that he received.

Some hon. Members: Oh, oh!

Mr. Stevens: In short, Mr. Speaker, what happened during that period was that programs were put in place, ongoing expenditures were somehow put into statutory form, and there was no realization as to what the ultimate cost to the Canadian public was going to be with respect to those expenditures.

Some hon. Members: Oh, oh!

An hon. Member: Tell the truth for a change.

Mr. Stevens: We are living with the repercussions of that honeymoon.

Some hon. Members: Oh, oh!

Mr. Kempling: Who has the floor?

Mr. Deputy Speaker: Order, order.

Mr. Stevens: I would suggest to you, Mr. Speaker, that, when we are considering this budget before us, we not consider it merely as the budget of the present government that is in power, that it is really a budget that is being jointly presented to the Canadian people, if it were being presented fairly, by the Trudeau Liberal government, with their almost coalition partners, the NDP itself.

Mr. Kempling: That is right.

Some hon. Members: Hear, hear!

Mr. Deans: This is a horrible speech.

Mr. Stevens: Every time I hear these socialists going forth, going out to the hustings, with their crocodile tears about how they want to help the poor, to help the elderly, to help those who have been downtrodden, I can only end up concluding that that is a hyprocritical approach for any group to be taking.

Mr. Kempling: Amen.

Mr. Stevens: The fact is that they have hurt the senior citizens of this country perhaps more than any other group in the political arena. They have done the unforgivable, they have egged the government of the day on to spending programs that the nation now finds it cannot afford.

Some hon. Members: Oh, oh!

Mr. Stevens: Imagine, Mr. Speaker, to be stunned last night with the realization that spending has got so out of control, as far as this government is concerned, up to $90 billion per year, that the net result is that almost $20 billion has to be put on the cuff somewhere. Literally, the government has run out of money; it cannot finance these programs.

Some hon. Members: Oh, oh!

Mr. Stevens: Mr. Speaker, when I say that, the repercussions are twofold. To the degree that spending is out of control it is putting pressure on our system. It puts the pressure on our system in the form of inflationary pressures and in turn, I would suggest, it drives up the interest rates that we are now living with. Is that helping the poor of this country? Is that helping the old age pensioner? Is it helping the man who is out of work to have this conspiracy between the NDP and the Trudeau Liberals driving up interest rates in the country to the near breaking point, the 20 per cent level?

• (2010)

Mr. Kristiansen: Get off it, Sinc.

Mr. Deans: It was the Tories who supported the Liberal high interest rate policy, and you know it.

Mr. Stevens: Every time the NDP advocates still more spending, I think every other member of this House should go out to where the voters are and explain the inflationary repercussions and the high interest structure the NDP is virtually insisting should be put in place.

Mr. Deans: That's a lie.

Mr. Young: That's a lie.

Mr. Epp: Order, Mr. Speaker.

Mr. Young: It is a plain, outright lie.

Mr. Stevens: Mr. Speaker, it is funny when you hit the quick—

Mr. Young: Tell the truth.

Mr. Deans: If you know it.

Mr. Stevens: When you hit the quick, it is always interesting to see—

Mr. Deans: Get out of the gutter, Sinc.

Mr. Stevens: —how the rabbits come out of their burrows so fast.

Mr. Deans: Deal with the facts, if you know them.

Mr. Stevens: There are those in the socialist ranks who still believe their program might work. I would like to ask them when. We have had 15 years of it now. We have had 15 years of trying to spend our way out of problems. When is the Valhalla going to come? The British have been ravaged by the type of experimentation about which the socialists love to talk. The British found that this orientation toward government spending and government involvement and interference only led to two things. On the one hand, it artificially triggered

consumption, it artificially built up the buying power of the nation, which resulted in the inflation which plagued Great Britain for many years. On the other hand, that same force—

Mr. Cosgrove: Mr. Speaker, I rise on a point of order. I have been troubled for the last two or three minutes about a comment used and language used by the—

Mr. Epp: They are coming to get you, Paul.

Mr. Deputy Speaker: The hon. member will have to delay his point of order.

THE ROYAL ASSENT

[*Translation*]

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Mr. Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Mr. Deputy Speaker with the House went up to the Senate chamber.

• (2020)

And being returned:

[*English*]

Mr. Deputy Speaker: I have the honour to inform the House that when the House did attend His Honour, the Deputy to the Governor General in the Senate Chamber, his Honour was pleased to give in Her Majesty's name Royal Assent to the following bills:

Bill C-112, an act to amend the statute law relating to certain taxes—Chapter No. 104;

Bill C-101, an act to amend the Petro-Canada Act, Chapter No. 105;

Bill C-102, an act to amend the Department of Energy, Mines and Resources Act, Chapter No. 106;

Bill C-104, an act respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act, Chapter No. 107.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion (Mr. MacEachen) that this House approves in general the budgetary policy of the government and the amendment of Mr. Wilson (p. 18905) and the amendment to the amendment of Mr. Riis (p. 18908).

Mr. Deputy Speaker: Order, please. The hon. Minister of Public Works (Mr. Cosgrove) was rising on a point of order.

Mr. Cosgrove: Mr. Speaker, at the first opportunity after listening to a descriptive word which was used by the member who has the floor in this debate, I looked through the rules for what words are permissible and what words are not permissible in this House. I am not anxious to repeat the word because I found it indecent. I thought it unbecoming to this Parliament and I thought it unbecoming that it be uttered in a public place. The word was a description of what is known as a house of ill repute. It is not shown in the section on language that is not permissible, but I would not want the occasion to go by lest it be thought that all members who were in the House at the time the word was used, found it acceptable or becoming to this institution. There are children in the gallery this evening and there may be some children in Canada watching these proceedings on television.

I object to the use of that word as unbecoming to this place and I would ask that you consider whether the word is indecent and therefore not permissible as parliamentary language.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: The matter of deciding what is parliamentary or unparliamentary is sometimes difficult. In the opinion of the Chair the language was offensive but it was not unparliamentary. I would call to the attention of the hon. member who has the floor that the language he used hardly brought dignity or credit to the House of Commons, and I ask that he refrain from such language.

Mr. Stevens: Thank you, Mr. Speaker. I will not comment on your ruling. During the dinner break I had an opportunity to read the relevant section in Beauchesne and of course I consulted the Oxford dictionary. I think it would be most enlightening for all members of the House to look to the Oxford dictionary for the word I used and upon which you commented.

Mr. Deputy Speaker: Order, please. I would invite the hon. member to proceed to the debate. I do not think it is to the advantage of the hon. members or to the House to have a discussion on the matter.

Mr. Stevens: Mr. Speaker, I should like to continue with the main thrust of what I was saying. We have had a scenario in which the government, starting in 1968, has consistently put expenditure programs in place. In this it was substantially aided and abetted by the NDP. The culmination of all this is the type of budget that we received yesterday evening. I think it would be relevant to put a few statistics on the record. The net result of the budget is that we will now find that government spending this year will equal $8,251 per taxpayer, compared to only $1,692 per taxpayer in 1967-68, the year

before the Prime Minister took office. On a per capita basis, government spending this year will amount to $3,175 for every man, woman and child in Canada, compared to only $549 per capita in the 1967-68 period.

Many methods could be used to show the true impact of what the government's spending, which is virtually out of control, has led us into. It has very dramatically sopped up the available investment money that would normally be routed into various plant expansions and business investments which in turn, would create jobs for Canadians. This money has now gone into relatively nonproductive activities.

Mr. Kristiansen: You mean things like private takeovers.

Mr. Stevens: My socialistic friends want to get into the act. They ask about private takeovers. Perhaps they are forgetting that the parent of the takeover craze was their own prize Crown corporation, Petro-Canada. In one fell swoop it laid out $1.4 billion U.S. for Petro-Canada. On an after tax basis, that money alone cost the Canadian taxpayers $70 million. That could be regarded as part of the almost $20 billion deficit in the budget now before us.

I almost hope that the socialists to our left will keep putting in these little comments because I think they so neatly substantiate my point. It was they, in effect, who set these poor critters up and left them carrying a very, very dangerous piece of baggage, namely, an economy and budgetary fiscal position that is virtually out of control.

• (2030)

When I say that, Mr. Speaker, I think it is only relevant to remember that not only were we presented with a budget last night, but we were presented with one year's forecast of what the picture ahead of us looks like, namely the 1982-83 period, and nothing more. We were not given the benefit of seeing fiscal year 1984 or fiscal year 1985. On inquiry I found the reason we were not given the benefit of that information to see what lies in store if this government, heaven forbid, should continue in power is that they do not know. The government brought in a budget last night which literally does not project the ongoing expenditure-revenue figures beyond fiscal 1983. That leads me to comment on the fact that this budget was thrown together in the last four weeks, and I think we have to ask ourselves what triggered it. We were assured in the November, 1981, budget that they had the solution, all was in place and the government was going to lower inflation and basically get our economy turned around. So what triggered this sudden panic so that within four weeks the government felt it necessary to bring in the budget last night in a half-baked form? I ask that, Mr. Speaker, because I think the government of the day, irrespective of whether it is Conservative or Liberal, has to control expenditures, not in an immediate sense but in the long term. If there is to be a meaningful reduction in government spending you have to start looking at not just the present 12-month period, but the spending two, three, four or five years down the road. For example, I can give you figures of what our spending levels would have been had we been able to stay in power and maintain those levels. By 1981-82, for example, the total projected spending under the Clark government was to be $61.5 billion. It turned out to be under this government $67.5 billion, almost $6 billion more than our projections when we were in power. But when we shift into the present fiscal year, 1982-83, we find that the November budget projected expenditures this year to be roughly $75.5 billion. Our spending for that same period was to be $67.218 billion. However, last night we found that $75 billion had moved up to $78.1 billion, a jump of almost $3 billion in federal government spending between last November and last night.

The reason I stress this, sir, and you are faster in arithmetic than I am, but you can see that with our expenditure level at $67 billion and the present government spending level at $78.1 billion, there is a difference of over $10 billion. That, Mr. Speaker, is part of the dilemma we are now faced with.

This government, Mr. Speaker, because it did not care to cut costs and try to run a tight ship as we proposed to do, has now subjected the nation to a $10 billion expenditure this year that we would not have run into. The net effect of the lack of confidence which has arisen from coast to coast is that production activities, the gross national product as it is sometimes referred to, has gone negative, and not only have we these higher expenditures but revenue has started to fall off. The net result is that while we anticipated our financial requirements to be $5.6 billion, we now find that the financial requirements of this government are $17 billion. There is the $10 billion difference, and it is simply overspending by this government compared to the Crosbie-Clark spending program which was brought in in December, 1979.

We all recall, Mr. Speaker, what happened. Absolutely horrified by the word "restraint" and a government which was trying to run a responsible fiscal and monetary position, the socialists moved a motion of no confidence in our spending program. Of course, always eager to get back into power for their own reasons, the Liberals supported the socialists, and the net result was the election which led to the return of the Trudeau Liberal government. I mention this, Mr. Speaker, because surely that is part of the substantiation which is needed when I say we should not just criticize the present government for the dilemma we are in. The truth is that it was a joint effort on the part of the socialists to my left and the near-socialists in front of us, the Trudeau Liberals.

Some hon. Members: Hear, hear!

Mr. Deans: You went to the public, they voted you out, and you still bleed about it.

Mr. Epp: You guys are pretty sensitive tonight.

Mr. Stevens: Mr. Speaker, any time my friend to the left wants to go to the public, I say, let us go to the public and have an election.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, how quickly the House leader of the socialists forgets that when we had the last vote of confidence in this House every member of my party turned out to vote this government out of office, but only 80 per cent of his party turned up.

An hon. Member: Save the Liberals.

Mr. Deans: No respect for the democratic process.

Mr. Stevens: Mr. Speaker, we can see who really believes in democracy in this country. On the vote tomorrow those who believe in democracy and want to let the Canadian public speak on this budget will have an opportunity to stand up in the House and support our amendment which will result in the defeat of this government. For once they can let the Canadian public decide who should bring in the next budget and govern in Canada.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, the NDP is saying that it is their amendment on which the vote will be taken tomorrow. Well, I hope they vote for their own amendment because sometimes they do get things a little mixed up.

• (2040)

Let me touch on another point in the budget which was rather disturbing. It concerns the minister's proposal to reduce taxation on investment income and interest rates to borrowers. I think it is generally agreed that in the lack of confidence climate in our country some type of stimulus is needed to get the investing public eager to build plants and facilities that we need to give more employment to Canadians. It is unfortunate that what the minister has really done is to introduce into an already confused picture still more confusion. Instead of giving certainty he has in effect said that this is the game plan we feel should win over the next two, three or four years. We have come up with a bright idea to have some type of inflation-indexed term deposit instrument. We are not too sure what form it should take, but we think it would be a good idea to have a so-called blue ribbon committee look over the idea in the next few months and come back to report to us. Having said that, I think the government underestimates the consternation developing in the investment community. As investors are trying to make up their minds whether or not to invest any money in Canada, a new idea is introduced. Investors are asked how they would like some type of indexed-for-inflation instrument of which they have never heard before.

Those who know how businessmen react will tell you that a feeling of dismay abounds. Why do they need to be treated to more guinea pig approaches or more test tube experiments at a time when a more fundamental return to the basics is needed? In short, there will be an attitude on the part of businessmen addressed to the government that had the government come up with a policy to show a smaller, not a bigger deficit, to show less spending than anticipated, and that along with less regulation, less intervention in the energy, mining and manufacturing fields, that would have given Canadians the confidence to get on with the job of creating more employment. People do not want the government to start playing games using Canada as some type of a test tube or an experimental area for a program that apparently has never been put in place before in any country in the world.

When I asked where this kind of indexed-for-inflation instrument had been tried, Denmark was the only country mentioned. Today I checked this out, but no one knew anything about this type of thing being in place in Denmark, and we have to continue checking. However, a departmental official suggested to me today that the only place he knew where this type of thing had been tried was in one or more of the Latin American countries in South America. We are now taking our guidance, if you like, from countries that have had inflation levels as high as 5 per cent or 10 per cent per month. This shows to me the very sad, almost bankrupt, position which the government is in regarding new ideas to solve our problems.

A constituent suggested to me that the only reason Canada can still say it is not a banana republic is the fact that we do not happen to grow bananas in Canada. However, we meet all other tests.

Some hon. Members: Oh, oh!

Mr. Stevens: Mr. Speaker, I would suggest it is time for Canadians to become more concerned about what we are discussing tonight. Forty cents of every dollar earned by Canadians is taken by some government to be respent on his or her behalf. It has often been said that a slave is a person who is taxed 100 per cent. In Canada, we are 40 per cent on the way there. It is time we told our socialist friends to the left and our near socialists opposite that Canadians have had enough of this big spending deficit approach and we should stop doing this. If the Liberals are not willing to stop, let us go back to the Canadian public as soon as possible and find out who they want to govern this country in the future.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I am very happy to have the opportunity to speak in this debate. This debate is very important. We are in a crucial period in Canada's history and it is not an easy time to be in government. It is, however, a challenging time. What we must do is try to discuss what it is necessary to do in this budget. We have to do it in an honest, fair and responsible way.

It was necessary for this budget to spell out Canada's economic problems responsibly, honestly and candidly. It was necessary to spell out the economic problems and not gild the lily. We have to face up to the fact that Canada at the moment is in a recession. There is no getting around that. It is also fair to say that western industrial countries are also in a recession. Canada is a major trading country. We would like to expand our trade with other countries. Canada's economy is intrinsically linked with the economy of other countries, particularly that of the United States. I think it is fair to say also that the tail does not wag the dog.

The other day the chief economist for the Conference Board of Canada said that realistically it is not practical to suggest that Canada by itself and its government could solve all the problems of the western economies. The United States has high interest rates. Canada has high interest rates. Unemployment is high in the United States, and we too have high unemployment in Canada. Fortunately for the Americans, some success has been achieved in reducing inflation. The Americans have had more success than Canadians in this area. If Canada is to pull itself out of the recession, we have to do what is necessary to resolve inflation. We have to bite the bullet. This will not be easy, but that is honesty and responsibility in government, and that is what the Minister of Finance (Mr. MacEachen) did last night.

We cannot escape the fact of our deficit. The minister was most candid about the deficit and the size of it last night. Canada's deficit is $19.5 billion. At present over 20 per cent of federal expenditures go toward debt servicing.

Let us be honest and examine what options the government has before it in terms of trying to pull this country out of a recession. First, can we spend our way out of it? If we are to listen to what the hon. member for York-Peel (Mr. Stevens) said, I guess we cannot spend our way out of it. I do not think we can afford to let the percentage of federal expenditures allocated toward servicing the debt go up indefinitely. Were we to do that and were we to wind up with bigger and bigger deficits, we would find ourselves in a sink hole from which we might never recover.

• (2050)

Now, what would the NDP have us do? I suggest that they are consistent. They would tell us to spend, spend and spend. They would have us create more jobs and if, in the process, we go deeper in debt, the dollar drops lower, the cost of imports were to go up and, if necessary, we would have to put restraint controls there, it would be fine. They seem to be prepared to do that. I do not happen to think that that is a responsible approach to bringing the country out of a recession.

Is it possible for the government to provide everyone in the country who is unemployed with a job? I am sure we would like to be able to do that through direct job creation, but the simple fact of the matter is that we cannot afford it. However, what we can attempt to do is to employ a reasonable program that can try to provide some stimulus to some areas in particular that are hardest hit by unemployment. In the long run, if we wanted to shift the nature of Canadian society to a socialist society, perhaps everyone would have a job, but we may wind up in the position of a country like Poland. I was amused to read an article about the recent economic crisis there in which a worker is reported to have said, "Here we have several myths. The government pretends that everyone gets paid, and everyone in return pretends that they work."

That is not what the Liberal Party is all about. Contrary to what you may believe, if you listen to the hon. member for York-Peel, this is not a socialist party. This is a party and a government which believes in social justice. We believe in social justice within a free enterprise fabric.

Mr. Huntington: That is not so. That used to be so.

Mr. Smith: Let us review some of the other suggested options. What about artificially lowering interest rates? We hear about this day in and day out from the official opposition. If we were to accept what the hon. member for York-Peel just said at face value, we should not be interfering in the laws of supply and demand. We should not be interfering in market forces. But, on the other hand, we hear from some of his colleagues in his caucus on a daily basis that we should artificially lower interest rates. I suggest that we should all recognize that for every person who borrows, someone is lending. The simple fact is that if you can get a higher return for your money in the United States than in Canada, most people will move their money out of the country to the States where they can get a higher return.

Mr. Huntington: What about Switzerland? What about Japan?

Mr. Smith: There are a number of results from an outflow of capital from the country. The value of the dollar drops. The cost of imports rises. This triggers another inflationary spiral which, in turn, results in pushing interest rates. That is not a reasonable and practicable solution to the problem.

We occasionally hear as well that the economy can be stimulated by inflating the money supply, printing more money and combining that with lower interest rates. All of the conditions which I have just mentioned would occur if we took that approach and just abandoned caution with regard to the deficit. This would put us into a very deep sink hole.

However, these approaches are suggested rather glibly by some members opposite—I am not suggesting by all of them—on almost a daily basis. I would suggest that if we took that approach, the cure would be worse than the disease. I would suggest that some members of the opposition do the people of Canada and the political process in Canada a disservice when they suggest that there is, in fact, a quick fix that is available, an easy answer or options to turn to. Those members are heavy on criticism from their side but very light on alternatives.

Mr. MacKay: We noticed that about you also.

Mr. Smith: As I say, at least with the New Democratic Party you get the party line regularly, which is to spend and not worry about the deficit. They want more government hiring and more state control, which is not the route the government wishes to follow or this party wants to follow. However, when it comes to the Tories, you have to put your glasses on to see which ones are wearing a red shirt and which a blue shirt.

Another factor which I believe has contributed to the impression many Canadians have that there are in fact quick fixes and easy answers available has been the role of the

media. While I do not mean to be critical of individual members of the media—

Mr. Munro (Esquimalt-Saanich): You are safe. No one is up there.

Mr. Smith: —I think there are collective impressions which are sometimes left in the minds of Canadians that sudden solutions do exist. You will see a build-up of hype about a certain event which would be taking place. For example, there was the annual cabinet meeting up at Meach Lake a couple of months ago. If you were to listen to the media and political pundits around Ottawa who started reporting on that Meach Lake meeting for about a month before it took place, you would get the impression there was to be a war council there which would receive wisdom from on high, and that they would suddenly come out with a new plan to solve all of Canada's problems. We saw all that hype being built up for that event until it finally occurred. Once the meeting was over we stayed on track, we continued to fight against inflation, and there is a big letdown from the expectations.

Another example concerns the Versailles conference. For several weeks leading up to that conference we got the impression that all the world's economic problems would be resolved at Versailles. I realize that members of the media all have a job to do and some would like to make their stories as dramatic as possible in order to have them circulated. However, the build-up does not reflect the real world. It is Alice in Wonderland.

The same thing happened last week as soon as we heard there would be a budget last night. All this hype took place again. I recently watched a television program on which there was a panel. One member of this panel was a small-business man. He was asked, "Would you like lower interest rates so it would be easier to operate your business?" He said, "Yes, I sure would." Then there was a home owner who was having difficulty meeting his mortgage payments. He was asked, "Would you not like it if your mortgage rates were a little lower so you would be able to carry on with the payments on your house?" He said, "Yes, I sure would." An unemployed person was then interviewed. He was asked, "Would it not be great if you could get a job out of this budget?"

Mr. Epp: And feed your family.

Mr. Kempling: What is wrong with that?

Mr. Smith: Who would not want that? The Minister of Finance is a decent man. He is a man of compassion who cares about Canadians. He has been here since 1953.

Mr. Nickerson: Too long.

Mr. Smith: He has given his life to Parliament and Canadians to try to improve their lifestyle. To listen to members opposite—be fair—you would get the impression that the Minister of Finance eats a bowl of nails for breakfast every morning, perhaps across the table from Mr. Bouey, and says, "What mean things can we do today?"

I ask hon. members opposite to be practical and fair. Do you not think that politicians like to be popular? What politician does not like to be popular? What politician would not like to be responsible for actions which would have everyone come and wave palm branches for him as he walks by. Everyone would like to do that if possible, but it is not responsible politics or responsible government. Do you not think that the Minister of Finance would like to wave a wand so that interest rates would go down? Do you not think that he would like to be able to push a button to decrease unemployment? Do you not think he would like to be able to simply pass a bill which would reduce the deficit?

The minister would like to see businessmen have lower interest rates for the operation of their businesses. He would like to see lower mortgage rates for home owners as well as jobs for the unemployed. However, in order to accomplish all of those goals we have to tackle inflation. We must be prepared to be honest and responsible enough in government to make Canadians aware of the reality that unless inflation is brought under control none of those goals will be obtainable. That is the fact, and everyone sitting in the House who is honest admits it and is aware of it. That fight against inflation is exactly what the minister took on as his major target last night.

The first point the minister made last night was the lowering of expectations of Canadians in terms of their income. He set a good example with respect to Members of Parliament since we will be taking a cut. That is acceptable, and I do not think any of us are complaining about that cut. He also indicated that we have to look at the federal government as a whole and the influence that the pay settlements of those in the federal public service have on the rest of the economy. He said that we will have to have a 6 per cent ceiling for the next 12 months and a 5 per cent ceiling for the following 12 months. We will be urging the provincial governments and the private sector to follow that example. Now that is responsible government. It may not be sugar-coated government, it may not be popular government, but that is responsible government, and that is what this minister, this party and this government are all about. This action is not punitive action; rather, it is necessary. We must all put the bit between our teeth, and we must all bite the bullet.

• (2100)

Mr. Huntington: It's all planned.

Mr. Smith: I suspect that the Tories will support that legislation. I may be wrong, but I suspect that they will support it. I do not expect the NDP members to support it. Why will they not support it? The fact is that they are so wrapped up with big labour that they cannot get out of bed with them even when it is on fire, and that is the fact. The CLC and the NDP; the NDP and the CLC—it is hard to get them out of one's mind. It is one group. I am not really sure who the piper is who is playing the tune. One week it may be one side and the next week it may be the other side in that

dynamic duo. But in any event, they like the Alice in Wonderland approach that everyone can have a bigger slice of an ever-expanding pie and no one ever needs to worry about the long run and the future. That kind of pie in the sky approach does not get anyone anywhere, and it is not responsible. I happen to think that the NDP, because of its influence with big labour and the union movement, could really do this country a service by persuading them that they must show some leadership and responsibility to their own members, rather than inflaming them with rhetoric and stirring them up to storm the barricades, refusing to be responsible about fighting inflation like everyone else in this country. Will they do this? I hope they will, but I think I will be proven wrong. I think we will see the NDP fanning the flames—

Mr. Huntington: Crystal ball.

Mr. Smith: —of labour unrest, not trying to resolve the problem of inflation in this country but, rather, trying to make it worse.

Another aspect of our attack on inflation relates to limiting indexation for Canadians. First, the indexing factor in the income tax system will be limited to 6 per cent in the first 12 months and 5 per cent in the following year. Indexed pensions will be subject to the same ceiling for the next two years, 6 per cent and 5 per cent. If we are really serious, we must do it across the board. All Canadians must make some degree of sacrifice, some perhaps more than others. Those who have the ability to pay will have to make the greater sacrifice. I think all Canadians must seriously respond to this literally in a partriotic way. Therefore, family allowances and old age security payments will be subject to those same limitations. But, following the Liberal tradition, that will not apply to those on the guaranteed income supplement and also those receiving veterans pensions, as we all know. I think that is a reasonable and responsible saw-off in the sort of situation we are in right now.

Mr. Munro (Esquimalt-Saanich): You would!

Mr. Smith: Now they ask, "Who would?"

Mr. Munro (Esquimalt-Saanich): I said, "You would".

Mr. Smith: There is a typical example—

Mr. Epp: He said, "You would", not "Who would?"

Mr. Smith: Oh, I would. Earlier today we heard some objections from hon. members of the Tory party about this policy. I will not get into the question of intent, but I would suggest there was some misleading rhetoric as to old age pensions being cut, and that, of course, is complete, utter nonsense. That is an irresponsible approach because we all know, and anyone who looked at this very thoroughly knows, that old age pensions will continue to go up.

Mr. Nickerson: Now, now, tell the truth.

Mr. Smith: They will not go up at the rate they would otherwise, but they will continue to go up. We have heard speeches from the hon. member for York-Peel, who complains all the time about government spending, but when it comes to the question of what he would cut, we never hear about that. Oh, he is all for cutting government spending, but what will he cut? I would like him to spell that out because that is something he always leaves out in his speeches.

As another part of our attack on inflation, we are considering the entire question involving those areas of the economy in which administered prices fall under federal jurisdiction. Those agencies which regulate those goods and services in the fields of transportation, communications, etc. will adhere to those guidelines, except in the most exceptional circumstances. At the same time we have launched an all-out attack on inflation by setting a good example ourselves, I would suggest, throughout the public sector, and at the federal level we are also taking action to shore up investment and confidence in this country. That is very important. We want to see private investment in this country. This is a party which does believe in incentive and the work ethic.

Some hon. Members: Oh, oh!

Mr. Smith: We want to see people investing in this country and creating jobs. If one looks at page six of the minister's budget address, it really spells it out in no uncertain terms. First of all, we have the new form of term deposit whereby those who invest funds in it will not be taxed on that part of the interest above the rate of inflation. What is that all about? Then we have this point about Canadians investing funds and new plans for the purchase of common shares of Canadian corporations, and the impact on the part of the capital gains tax. That is a typical example of a party and a government which does want to stimulate investment in this country, which does believe in incentives and encouraging people to take risks, take a chance on Canada and invest their dollars out in the country.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Smith: Buyers of new homes will be able to secure mortgages at significantly reduced interest rates, from three to six percentage points lower than the prevailing rates. Small businesses, farmers and fishermen will be able to secure loans for new equipment and investment at similarly reduced interest rates. Canadian corporations will have improved access to risk capital. It is all there.

Mr. Huntington: Where?

Mr. Smith: I do not think the hon. member has read it. Well, I will tell him where it is. It is on page six of the minister's speech last night, right in the middle of the budget address. I can only conclude that they all had cotton batting in their ears last night, because, judging from their comments, they certainly were not listening.

This government has indicated flexibility and responsiveness by making some shifts to encourage investment in this country. That is all spelled out on the top of page seven of the minister's

address last night. There are six points there relating to the November budget. The 12.5 per cent corporate distribution tax applicable to small business will be postponed for one year, to January 1, 1983. Why are we doing that? It is because we believe in small business and we want to help it. That is a reasonable and responsible way to do it. That is not sugar-coated government. That is responsible government.

The proposals related to the deduction of interest expense will be reviewed and their effective date will not be before 1983. Why? It is because we want to encourage investment and confidence in this country. The proposed automobile standby charge has been reduced from 2.5 per cent to 2 per cent. The rules on the restriction of interest expense will not apply to commitments relating to employee share purchase loans undertaken prior to November 12, 1981. We also have the provisions concerning forward averaging and corporate reorganizations. That is responsiveness. That is flexibility. That is responsible government, I would suggest.

There are also the aspects relating to foreign investment, relaxing the process in less than major acquisitions so as to encourage investment in this country. In addition to an all-out attack on inflation and an attempt to put investor confidence into this country, we are also taking a reasonable approach to create jobs and sustain growth in employment.

I turn to page eight of the budget speech. I would encourage hon. members opposite to do that. I am sure they have not yet read it. If one considers it long enough, some of the good things in it may sink in. There is a $200 million allocation to direct employment programs. Why are we doing that? It is because we want to stimulate growth in this country. But we are doing it in a reasonable amount. I am sure it will not be enough to satisfy the red Tories opposite, but of course the blue Tories think that we are spending too much money. It is too bad that they cannot get their act together and decide which side of the fence they are on. At least I know what side of the fence the NDP members are on. I do not agree with that side of the fence, but I know what side of the fence they are on.

Mr. Deans: Leave us alone.

Mr. Smith: I certainly cannot say that about the hon. members opposite.

• (2110)

Also, there is $150 million for increased spending on localized, employment-intensive projects under existing government construction and other programs. Together with more than $100 million available from existing employment and immigration allocations, this will provide more than $450 million for direct job creation. Combined with the $300 million for economic development programs that create permanent private sector jobs through levered investment incentives, there is a $750 million program. I suggest that is a very serious, responsible manageable commitment to stimulate jobs in this country.

Then we have the program which the minister responsible for housing talks about. I do not think I have to repeat what I said. What we have in this budget is a responsible approach, not a candy approach, but a candid honest analysis of what the immediate problems are and a responsible way in which to deal with them.

With regard to the Tories, we knew they did not like it even before they saw it. Perhaps that is a natural outcome of the parliamentary process which is by nature adversarial. However, I would find it easy to deal with the Tories if I knew whether they were taking the approach which we heard from the hon. member for York-Peel or the approach we heard from the hon. member for Yellowhead (Mr. Clark), or the hon. member for Rosedale (Mr. Crombie) and the hon. member for Kingston and The Islands (Miss MacDonald). One really does not know. You need a score card to tell whether they are wearing blue shirts or red shirts.

In conclusion, this is a responsible budget. It is an honest budget. It tells it like it is. What does it do? It points to a tunnel. However, there is a light at the end of the tunnel. If we stick to it and lick inflation, we will also lick the problems of unemployment, interest rates and the deficit. However, we will not do all those things unless we are serious, single-minded, supportive and try to make it work. That is why I believe we have a responsible minister bringing in a responsible and honest budget. I am happy to stand up in this House and speak in support of him and the budget he presented last night.

Hon. Jake Epp (Provencher): Mr. Speaker, in speaking to the budget that was presented by the Minister of Finance (Mr. MacEachen) last night, a number of thoughts come to mind. One has to decide which one best reflects one's own inner attitude regarding the economy and the performance of the minister.

What is more important is, what are Canadians feeling like today? Do they have hope? Do they see the economy growing? Do they see the possibility of attaining the goals they set for themselves as individuals, heads of families, business people, farmers, ordinary tax-paying Canadians? Do they feel that the country and the government is more responsive to their needs than prior to the budget last night before it was announced?

I must say that I am a sad Member of Parliament in this House tonight. I am sad because I believe that this country is the best country in the world but it is not getting the government it so rightly deserves.

In 1981, Goldwin Smith, an observer of Canadian life, after having taken a look at our society at that time, some 90 years ago, said that if he had to put a salutation over Canada's door, it would be this epitaph: "Canada is a country that is resource-rich, policy-poor."

Possibly at no other stage has that attitude been more prevalent among Canadians. They believe this country is resource-rich, be they natural resources or human resources. At no other time have they felt that policies to meet and reach that potential have fallen so short of the potential that could be Canada's.

The hon. member for Don Valley East (Mr. Smith) is a good apologist for the government. He has a role to play. I accept that. However, for the first time from his mouth today and for the first time last night from the mouth of the Minister of Finance was there even a slight concession that Canada is in a recession.

Some Canadians may go further. Because of the lack of a job, loss of business or loss of opportunity, some Canadians are facing a personal depression. That is a strong word. However, all one has to do is to look today at the reaction of ordinary Canadians to the budget of yesterday to see that that is true.

Throughout the speech of the hon. member for Don Valley East or the budget that was presented last night, the reasons for the trouble in Canada were not laid at the doorstep of this government. What are the reasons? Their first reason was the United States and the policies in that country. When times were good, how many times did we hear members opposite railing against our neighbour to the south? Now, because the shoe is on the other foot, they use the argument that once the United States recovers, things will be better in Canada. They say there is a world recession. For example, base metal prices are low. When one looks at our mining industry and international markets, one sees that that is a fact.

A former minister of finance, in defending the performance of the Liberal government of that day, had the gall to say that the anchovy crop off the coast of Peru was causing difficulties in our economy. At no time do they say that largely because of government promises, government action or government decisions problems are created here in Canada by this government on the floor of this House. They will not accept that responsibility. They like to accept the perks of government, the power that comes with government, but how often do we see them taking the responsibility that comes with government?

The question for us tonight, is do you, can you, should you believe the Prime Minister (Mr. Trudeau) and the Minister of Finance? We have all heard the Prime Minister say that he was going to wrestle inflation to the ground. Unfortunately, many Canadians believed him. As of yesterday's budget, we are once again to believe that despite the National Energy Program, the November 12 budget and the changes of December 18, if we follow this drummer, we will move out of the recession, have a maximum 6 per cent inflation and good times will be back in Canada.

The government must face the reality of the little boy who cried wolf once too often. Today we have a crisis of confidence. The resources are still there and the potential is still there, but today people do not have confidence in their government. But today people do not have confidence in their government. They do not believe you, gentlemen and ladies, they do not believe you any more. They have heard that once too often.

• (2120)

While it may be tragic for you in an electoral sense—and only time will tell that—that is not the important issue today. The important issue is that because of this government's leadership Canadians today are unemployed. Because of its leadership Canadians are losing their homes. Because of its leadership people are losing their businesses. Because of its leadership people with 30 and 35 years of experience, who are 50 and 55 years of age and were hoping that in another five or ten years of employment they could take retirement, now, suddenly, ten years early, find themselves out of work. They go on the labour market and they say, "Can you give me a job?", and they are told they are too old.

That is the government's legacy, and no matter what rhetoric they use, no matter what they say, that remains, and Canadians will not forget it.

I was not here last night, Mr. Speaker, but I would have liked to have been here. I had given a commitment to a small community in my riding. I spoke at a high school graduation, a small graduation, there were 19 grade 12 graduates. That is not large by most high school standards anymore. At the banquet, I asked a number of those graduates, "What is your plan now that you are stepping forth, so to speak, into the adult world?" And what they said invariably was, "Give us a chance, give us work, show us the opportunities and we will go and get it and we will build this country." The spirit that developed this country is there with our young people. The tragedy of this government's economic leadership today is that young people who are looking for work cannot find it. At what stage do they say that the opportunities they hear us speaking about, the opportunities that they innately and inherently feel are in Canada, they cannot realize? What happens to those young people, in terms of their attitude to the country, to the institutions of the country—and yes, Mr. Speaker, in terms of their attitude to this institution and the democratic process? Those are serious words but I mean them tonight. It is a question all members, but especially the government members opposite, should answer.

We hear as well now that we can lick inflation, that we can beat inflation if we lower our expectations. Lower our expectations! Just think of that statement for a bit, Mr. Speaker. We are telling Canadians to lower their expectations—for Canada! Do you believe that in the period of John A. Macdonald, Cartier and Brown, they told Canadians that lowering their expectations would build the country? Do you think that Laurier and Sifton told people who were immigrants without anything, immigrants who came to western Canada and all they had was 160 acres, to till their soil, grow their own food, build their own homes, build the barn, did they tell them to lower their expectations? Surely this country has gone away beyond the vision of those people. Today we hear the government say, "Lower your expectations, and things will be better."

No, it should be the other way, Mr. Speaker. They should be able as a government to say: "Canadians, young people, middle aged, older people, this country is great, here are the opportunities, here is the climate, go out and get it." Surely that should be the policy.

Some hon. Members: Hear, hear!

Mr. Epp: On the Peace Tower in this building, engraved in stone, is the statement: "Without vision the people perish." Without the vision of government, without the leadership, do not talk to me about the fact that you like government, that you are comfortable in the government benches. Talk to me about how you will lead Canadians, how you will give them vision once again. Because only as we are going to have economic development, economic success, will the matters of social justice again become valid in this House and in this country.

Some hon. Members: Hear, hear!

Mr. Epp: Only then. You cannot talk about social justice until such a moment as you give economic opportunity. Too many of us have people back in the Soviet Union. They hear a lot about social justice; they see very little of economic development as individuals, and so it becomes empty.

So, the first thing that has to happen, Mr. Speaker, is for this government to understand that it, and it first—not others, it—holds first responsibility to the economic crisis that we find ourselves in as Canadians. Should that happen, I think we would then be able to start on the road to recovery.

Canadians today are afraid. I said that today I was sad. Possibly people hearing me would say I am more angry than sad. I am both. But there is a myth that has gone through the Canadian public consciousness. I did not live in that period of time, but coming out of the 1930s there was an apology that "Tory times are tough times."

Mr. Breau: They still are.

Mr. Epp: And the hon. member for Gloucester (Mr. Breau) still believes that. There was the mythology, though, on the other side of that coin, that no matter what the Liberal Party did to you, they were good economic managers. Take a look at them now, Mr. Speaker. Any management expertise they might have had, any management reputation they might have developed at some time, surely has broken like shards at their feet. And the people who are most disappointed are Canadians.

We hear about the deficit. Jocularly, almost, they say: "We must do something about the deficit, it is serious, we have to do something." Let us look at the deficit. I remember a few weeks ago when there were rumours that the deficit was going to be substantially higher than the $10.9 billion projected in the November 12 budget. There were members in the House and commentators who were saying that the budget could almost go all the way up to $15 billion, maybe to $16 billion, and in some quarters some members were saying: "Oh, do you think it could go that high, do you think it could any higher?" None of us dared believe that the deficit could approach $20 billion. That $20 billion—or $19.6 billion—is projected on two other matters which the government does not want to talk about, and that is this: one, what will be the shortfall in the unemployment insurance fund—which we will know at the end of the third quarter, that will be January 1983. It could be, most likely, another $2 billion. Plus, the minister is banking that the deficit will not go any higher because he is planning that there will be growth in the next two quarters. Does any Canadian who has looked at the situation today believe that we will have that kind of growth in the next quarter? Can you show me one reputable economist or investor who believes that? And this is the smoke and mirrors that the minister likes to play with. Somehow he feels that the light of truth will simply not sear away those words that he is so quick to use.

• (2130)

With respect to the deficit of $20 billion plus, there is no other single factor which will more quickly, more dramatically or more deeply erode confidence in our country than that deficit. If hon. members opposite individually were spending 33 per cent annually more than they earned, how long would their families survive? How long would they sit around their breakfast tables as families and make plans for the future? Is that the legacy they are leaving to Canadians?

I know there are many Canadians who have invested in Canada savings bonds. Last September the bond issue came out at 19 per cent plus. In my mind, at least, the setting of that rate set a target for interest rates for the next year. Why should a Canadian invest in Canadian business if he is guaranteed 19 per cent plus without risk?

Mr. Peterson: How much did you pay?

Mr. Epp: The hon. member opposite wants to be personal. He can do that, but I point out that the only way we are going to get our economy back in line is by rewarding risk-takers to a greater extent than we reward bond holders. What will be the rate for the bond issue this year? Is that a factor in the deficit? The government has to get into the bond market. It has to get $20 billion, and the more it can find domestically the better.

Mr. Huntington: They need $60 billion.

Mr. Epp: With the rollovers the government needs $60 billion, but to get that what offer does the government have to make to Canadians, with inflation running at the rate it is today? What offer does the government have to make to Canadians, and what will be the cost? That is the legacy of hon. members opposite.

An interesting exchange took place in the House of Commons today during the question period. It was a rather sad exchange about old age security. The government was hanging on to the fact that old age security payments for next year would go up—not down—and from a strictly dollar point of view, that is correct. If OAS is to be inflated by 6 per cent, obviously the payments will be higher than they are this year. That is fair enough argument for the government to make. However, at no point was the government willing to concede that the amount pensioners will receive will be less than what they expected in terms of meeting inflation and the erosion of their buying power next year.

Mr. Paproski: A heartless government.

Mr. Epp: The Minister of National Health and Welfare (Miss Bégin) likes to champion causes and create the image that she is always there working for the less fortunate in our society. She said the government would give pensioners $10 per month more. They will get $239 this year and $249 next year. Let us examine that for a moment. These are the people who were our pioneers. These are the people whose salaries almost invariably were substantially lower than salaries earned today—by those of us who have work. They are the people who saved for that time when they would be senior citizens. Is it valid to give them that kind of sleight of hand argument? Is it valid to give them smoke and mirrors and to say that, because it is more, they therefore should not ask for an explanation as to why it would otherwise be less?

The government is asking for confidence. The government wants the economy to start rolling. If that is the goal and that is the sincere aim, I say in all sincerity that the government should tell Canadians the whole story and not hold back that which might not be favourable. Only then will the government gain some credibility.

I also found it interesting that the hon. member for Don Valley East (Mr. Smith) blamed the media for the government's problems. He said the media had created a hype. At the time of the Meach Lake experience the government went to the mountain top. I suppose the members of the government wanted to get some revelation—perhaps not equal to the Ten Commandments, but some revelation nonetheless.

An hon. Member: Water.

Mr. Epp: If they went for water, that would have been better. After Meach Lake the response of members of the government to any questions in the House was, "Wait for Versailles, wait for Versailles." The response was that when the minister returned from Versailles—

Mr. Smith: We never said that.

Mr. Peterson: Nonsense.

Mr. Epp: Was that not said?

Mr. Peterson: No. Name one who did.

Mr. Epp: I will name one: the Minister of Finance.

Mr. Paproski: Pierre Trudeau.

Mr. Epp: Or the Prime Minsiter.

Mr. Peterson: What did he say?

Mr. Epp: Then after Versailles the response was, "Wait for the economic statement", which became a budget. Hon. members opposite can blame the media all they want. Some days I take a certain jaundiced view of the media myself, but let hon. members be honest; they used every one of those events to hold off the inevitable, which came last night in the budget.

How can we turn the economy around? Is it possible? I believe it is because of our potential as a country. Tomorrow there will be what I suppose I can call a federal-provincial conference. There will be a meeting of the Prime Minister with the ten premiers of the country. The Prime Minister has told them, "We must co-operate." That is true, but when we look at the events of the past 18 months, can we say that the Prime Minsiter is the best person to preach co-operation in Canadian federalism?

Mr. Huntington: He said co-operative federalism is dead.

Mr. Epp: I believe in co-operative federalism.

Mr. Rossi: You are not the judge of that.

Mr. Epp: Fair enough, but the Prime Minister said co-operative federalism is dead.

Mr. Rossi: Who are you to judge that?

Mr. Epp: I am telling the hon. member what the Prime Minister said. What happened with the EPF? What happened in the constitutional debate? The Prime Minister said co-operative federalism is dead. How can he expect, after one short post-budget meeting tomorrow, that suddenly co-operation will be natural? The Prime Minister himself said today that the energy agreement with Alberta and Saskatchewan took 18 months to achieve. What about the Atlantic offshore problem?

Mr. Peterson: What about the budget?

Mr. Epp: These are all factors in tomorrow's meeting. Granted, we are in very difficult times and need co-operative federalism, but this Prime Minister is the only Prime Minister in the history of the country who has had such an abysmal record in dealing with the provinces.

Mr. Rossi: On account of you guys. On account of you, trouble-makers.

Mr. Epp: I note the hon. member for Gloucester (Mr. Breau), who was the chairman of a committee which made a report which was totally annihilated and destroyed by the Minister of Finance, is in the House.

Mr. Breau: You haven't read the report.

Mr. Epp: If the hon. member for Gloucester wants to speak, he can ask his whip. His whip might even let him speak next year.

Mr. Breau: Tomorrow at five o'clock.

Mr. Epp: Is there any other factor? I believe that if we return to co-operative federalism, in time confidence can be restored. However, the federal government will have to recognize that the provinces are partners in federalism and that they have a role to play. That role should not simply be to answer a call by the Prime Minister to come to Ottawa 48 hours after the budget to be told, "That is what you will do, or else." The Prime Minister has taken that approach too often.

• (2140)

There are other aspects of the budget that I should like to touch upon. The Minister of Public Works (Mr. Cosgrove) spoke about the housing program, but, Mr. Speaker, to date every program he has brought forward has fallen well short of his projections. Now we hear about a $3,000 grant for first time home buyers and, on the face of it, it is a step in the right direction. It could increase house building, construction jobs and jobs in the subtrades. But let us analyse this, Mr. Speaker.

A family in Winnipeg buying a basic house at a cost of approximately $60,000 would have to put 10 per cent down under this plan. With their $7,000 and the $3,000 grant, they are left with a mortgage of $50,000. It does not take long to figure how much interest that young couple must pay, at 18 per cent. In the first twelve months, when they receive the $3,000, their interest payment, taxes and upkeep will amount to $9,000.

The government is in charge of one of the richest countries in the world, Mr. Speaker. We can turn this country around but, first of all, the government must come clean with the people. It has perpetrated a disaster on the country. The next election will put it back in its place and that is, out of office. Unfortunately, future generations will have to shoulder the deficit it has created.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Jean-Claude Malépart (Montreal-Sainte-Marie): Mr. Speaker, it is a pleasure to take part in the debate on the budget brought down yesterday by the Minister of Finance (Mr. MacEachen). Mr. Speaker, I sincerely believe, considering the difficult economic situation facing all industrialized countries, that the budget tabled by the Minister of Finance is a good budget and a realistic one, because it pursues two important objectives, namely to fight unemployment and inflation. The opposition parties, both the Progressive Conservative and the New Democratic Party, will say that it is not enough or that it is too little, too late, but if we look at this budget, still bearing in mind the economic situation and from a realistic rather than a political point of view, we must admit that it is a realistic budget, and I am confident that the measures announced in this budget will make a positive contribution towards helping Canadians who are facing problems at the present time.

Mr. Speaker, looking at the measures announced in the budget that will provide assistance to the unemployed, homeowners who are being squeezed by high mortgage rates, farmers, fishermen and small businesses, we shall see that the programs have met the expectations of Canadians. In fact, the government will spend $1.4 billion on financial assistance for these groups and on job creation.

And just how, Mr. Speaker, does the government intend to fight unemployment? First of all, the government will inject $200 million into local development programs which are extremely important, not only for job creation but also for the kind of services they set up for Canadians in ridings across the country. In addition, the government will spend $300 million on economic development programs in the private sector for the creation of permanent jobs. Both types of programs will ensure that additional jobs are created quickly and targeted especially to areas which have been particularly hard hit by the recession. Mr. Speaker, the government has decided to fight unemployment by creating jobs through housing assistance programs. The minister has announced five major measures to respond to the needs of the housing sector, while at the same time creating employment. The following is a passage related to the first program, and I quote:

> The government will provide grants of $3,000 to all purchasers of new houses on which construction starts before December 31, 1982, and to first-time buyers who purchase an existing house before that date. It is estimated that 100,000 purchasers will be eligible for this grant. The total cost of this new program is $300 million.

Under the second program, the government will add an additional $30 million allocation to the home renovation plan, thus increasing it to $60 million. Mr. Speaker, last Wednesday I had an opportunity to meet with Montreal representatives of the Canada Mortgage and Housing Corporation and city of Montreal officials, and I can assure the House that the program is greatly appreciated by the people of Montreal and that there are many applications, and I congratulate the minister on having given this program his special attention.

The third program also recognizes the needs of low-income Canadians. Under the program, the number of co-operative housing units will be increased by 2,500, thus raising the total number from 25,000 to 27,500 in 1982, in recognition of the housing needs of low-income groups. To demonstrate the importance of co-operative housing programs, Mr. Speaker, I would like to quote a letter from a member of a co-operative in my riding. I must say that in 1981 I saw 843 housing units under construction and, recently, I had the opportunity to attend the opening ceremonies of a co-operative which has managed to recycle or use an abandoned school and convert it into housing units. I can assure the House that the 31 families now living in those units built under the Canada Mortgage and Housing Corporation assistance program have nothing but praise for the minister's decision. I should like to quote a letter from someone in my riding who belongs to the co-operative movement:

Sir:

> As a voter in the Sainte-Marie riding, Mr. Malépart, I want to congratulate you for supporting the co-operative formula. I should think that you will gain more support if additional units are built. Having lived through that experiment in the past two years, I can assure you that the formula ought to be put forward. Unlike the low rental housing alternative, it gives tenants a sense of autonomy; people residing in co-operative units talk to each other, contribute to the chores to be done, which promotes dialogue and security. The units are very well maintained and the rent is reasonable, which is why I joined the movement because I have a small income and I could hardly make ends meet. This housing unit formula was just what I needed and I am sure I was not the only one in that predicament. I am a member of a Quebec association for the protection of the

rights of people who are retired or about to be and I want to assure you that I am interested in anything that has to do with housing and I follow all programs very closely. Keep up the good work.

Yours truly,

Marie-Paule Langlois,
President
Rosemont Boulevard Co-operative Housing

Mr. Speaker, when people write letters like that, I think that one should stop criticizing—naturally, being permanently in the official opposition does account for a negative approach—and that after a series of programs such as that one, the Minister of Finance is to be congratulated. The programs which I have just mentioned should provide some 65,000 jobs during the next two years. I think that it is important. Moreover, the government is prepared to show some flexibility about the rental support plan which provides interest-free loans of $7,500. The government is prepared to increase that amount in some areas. It should be remembered that last March that plan was increased to 30,000 rental units and the creation of 50,000 additional jobs is anticipated. And I should add that this is another program of which the representatives from Montreal are proud and wish to make extensive use. Mr. Speaker, the Minister announced that the Canada Mortgage Renewal Plan introduced last November will be extended to December 31, 1983. Thus all home owners having to spend more than 30 per cent of their gross income on their mortgage payment, as a result of a renewal taking place after last evening, will be eligible for a grant of up to $3,000. It will no longer be necessary to defer interest before becoming eligible for a grant.

• (2150)

Mr. Speaker, I am convinced that the constituents of Montreal-Sainte-Marie will be pleased to take advantage of those housing and job-creation programs. I should like to mention that after consultation with my nine other colleagues from eastern Montreal, we asked for job-creation programs through housing construction and direct assistance to business. This was done after consultation with the people of eastern Montreal during a four-day tour on economic issues. Mr. Speaker, the minister also announced the injection of $500 million for interest assistance to small businesses, farmers and fishermen. This will reduce plant closures and job losses. Those are, Mr. Speaker, important steps to fight unemployment.

Now let us see the steps taken by the government to bring down inflation, an evil affecting everyone but especially small and middle-income Canadians. We must remember that the minister has asked all Canadians to work together to bring down inflation, but that he insisted on protecting low-income Canadians, including middle-income families receiving family allowances and the child tax credit and senior citizens who receive the guaranteed income supplement. As its first anti-inflation measure, the government has decided to cut pay increases to 6 per cent for the next year and to 5 per cent the year after for employees in the federal public sector.

The first affected will be members of the House of Commons, ministers of the Crown and senators. In addition to restricting salary increases to 6 per cent next year and to 5 per cent the following year, the minister has announced that our salaries will be reduced this year. In addition, pay increases for public servants and Crown corporation employees will be limited to the same targets of 6 per cent and 5 per cent for the next two years. Moreover, the government will limit the indexation of personal exemptions and tax brackets to 6 per cent for the 1983 taxation year and to 5 per cent for the 1984 taxation year. Effective January 1, 1983, indexation of the pensions paid to former Members of Parliament and public servants will be limited to 6 per cent for 12 months and to 5 per cent for the following 12 months. Effective the same dates, the indexing factor applicable to family allowances and old age security pensions will also be limited to 6 per cent and 5 per cent for the next 2 years.

However, Mr. Speaker, I am glad to note that the Minister of Finance has protected low income families by increasing by $50 the child tax credit for the 1982 taxation year which will continue to be fully indexed. This increase will raise the credit from $293 to $343 for each child. I believe that this decision is much fairer than that made by the Parti Québecois government in Quebec on January 1, which was to grant no increase in family allowances, and I would like to remind my Progressive Conservative friends in this regard that when they were in power, they had created a committee to remove the universality principle from the family allowance program. Mr. Speaker, I would like to congratulate the minister for protecting senior citizens receiving the guaranteed income supplement in part or in full, which will continue to be fully indexed. Then again the Minister of Finance did not follow the example set by the Lévesque government when they decided, on January 1, to index social benefits at 8 per cent rather than the amount of indexing, and in the case of mothers with children to index at 6 per cent only. He provided instead for increases in the federal family allowances and tax credit. I would also tell my Progressive Conservative friends that as far as the basic pension is concerned, they themselves had a committee looking into the abolition of universal pensions, let alone limiting indexation to 6 per cent. They should be honest in their comments today. Also, veterans' pensions will remain fully indexed.

Mr. Speaker, in order to fight inflation, the Canadian government is not content with limiting salary increases. It is also asking federal agencies that regulate the cost of essential goods and services, such as public transportation, public communications and food, to endorse the objects of this budget and to limit price increases. In addition, the Prime Minister will meet tomorrow with provincial premiers. He will ask them to limit price increases as well within their jurisdiction, and I hope they will agree to that.

Mr. Speaker, the budget also includes a new interesting proposal to consider implementing a special program of interest rates lowered by 3 to 6 per cent for buyers of new homes. Mr. Speaker, in conclusion, this budget puts foward significant proposals to fight unemployment and inflation, and I am convinced that all my constituents in my Montréal-Sainte-Marie riding will make maximum use of these new assistance programs. I will make it a duty to help them get more, because I am convinced that Canadians across the country will use the programs made available by the Canadian government, despite the criticism voiced by the Progressive Conservatives and the New Democrats.

[*English*]

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I am certainly pleased to have an opportunity to speak on this budget. I will not begin the major part of my speech now since there is only a minute or two left. I wonder if it might be considered ten o'clock in order that I could commence fresh tomorrow.

Some hon. Members: No.

Mr. Deans: Fine. Then let me deal very briefly with the remarks of the hon. member for York-Peel (Mr. Stevens) who devoted much of his time to putting on the record matters which were blatantly unsupportable by the facts. I want to make it quite clear that his comments were not only unkind and unjustified, they were untrue. I would suggest that if the hon. member were to be as honourable as he claims to be, he would be prepared to come into the House and retract many of the statements he made. However, knowing the calibre and quality of much of the comment made by the official opposition, I am quite sure he would not want to do that.

I want to put very quickly, sir, one matter on the record. A lot has been said about the deficit, and it is true the deficit has reached a level which must surely be causing every single member of the House of Commons great alarm. However, if we continue with the policies set out in the budget document presented to us by the Minister of Finance (Mr. MacEachen) on Monday evening, there is no doubt in my mind that the deficit we have today is but a pittance compared to the deficit we are going to have within the next year.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

[*English*]

OFFICIAL LANGUAGES—PUBLICITY ISSUED BY MONTREAL FESTIVAL

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Mr. Speaker, on June 21 I put a question to the Minister of Public Works (Mr. Cosgrove) with respect to an ad which appeared in the Montreal *Gazette* on June 19. This was an ad published by the Festival du Vieux Port de Montréal, a federal Crown corporation which reports to parliament through the Minister of Public Works. This ad which was completely in the French language was published in an English-language newspaper, namely *The Gazette*, in a city where 20 per cent of the population is English speaking.

In my question I asked the minister why this ad was published in French in violation and in contradiction of the Federal Officials Languages Act and in violation of the provisions of the Charter of Rights and Freedoms in those sections dealing with language rights. I asked the minister to investigate why this ad had been published in such contravention and in such an insensitive way. I asked the minister what he would do to correct this situation. He responded that he had not been aware of the situation but he felt that it was an insensitive act on the part of those who did it and that he would look into the matter.

Following that answer in the House I learned through the press, not directly through my office, that the reason the ad was published only in French is that an English version had not yet been prepared. I do not think that is an acceptable reason. I might point out as well that all other publicity materials published by the federal Crown corporation Festival du Vieux Port de Montréal were also published solely and completely in the French language. I have here an invitation to a reception to announce the summer program of the festival. It is in French only. I have another invitation from Mr. Paul Gerin-Lajoie, president of the Crown corporation, with respect to another opening ceremony, which is completely in French. When the ad was finally put in the Montreal *Gazette* in English on June 26 a so-called translated ad was printed with some terrible mistakes in the English language. For example they translated the French which read: "Programmation à diviser et à conserver" as "unscrew and save". In other words I was to unscrew this from the Montreal *Gazette* and save it. I do not believe there is any excuse to violate the federal Official Languages Act in English or in French anywhere in this country.

This is not the first time I have complained about the federal public service in Quebec operating solely in French. I have done so before, and I have complained with respect to billboard programs only in French in parts of Montreal where the population is 80 per cent English-speaking. I have complained about places where federal public servants in Quebec refuse to speak English to English-speaking clients in the city of Montreal. It is my belief that the federal government through its ministers must make clear to the public service in Quebec that we operate in both official languages and that we serve the public in the official language of their choice.

In 1977 the federal government made it clear in a published statement that the federal government does not come under the provisions of Bill 101 in Quebec. Bill 101 is a provincial law covering provincial matters and a provincial responsibility. All matters in Quebec that come under federal responsibility are subject to the bilingual provision of the federal law on that subject matter.

I might say that since my question was raised in the House the federal government has published a full page ad in the Montreal *Gazette* about which I was extremely pleased. This confirmed the federal government's policy on official languages. This ad is titled, "The Government of Canada Serving You in Both Official Languages in Your Area". It sets out all the departments in Montreal and where you can complain if there is any violation of language rights in the Montreal area. That is the sort of policy I want to see but it must be maintained in every area of the public service in Quebec and throughout Canada.

• (2205)

I also want to make it clear that I am not opposed to any measure which will fully protect and help the French language in Quebec flourish. However, one language is not helped by bringing punitive measures against another language, especially a minority language. I might also add that actions such as these by federal civil servants in Quebec are occurring at a time when there is a provincial government which is continually eroding minority rights of English speaking people in the province of Quebec. Therefore, this action, when added to the sins of the other government, are not well received.

I am pleased with this follow-up ad which was put in *The Gazette* on June 23 setting out our policy on official languages, but I want to urge very strongly that the government ensure that all their directors and top civil servants in Quebec are made fully aware of our policy on official languages in Quebec, and to ensure that the population of that province is served in the official language of choice, be it English or French, and that the same policy be pursued throughout the country with respect to the French language minorities in other provinces.

[*Translation*]

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I am pleased to be able to reply tonight to the question the hon. member raised in the House on June 21. The minister had promised then to look into the matter. I understand that the minister has asked the officials of the Festival du Vieux Port de Montréal to provide him with detailed information concerning the publication of an ad completely in French in the English-speaking Montreal *Gazette*. The Festival du Vieux Port de Montréal is a federal Crown corporation which is listed in Schedule C of the Financial Administration Act and which reports to Parliament through the Minister of Public Works (Mr. Cosgrove). It was established in 1981 to update the waterfront in old Montreal. Its purpose is to promote, administer and develop the waterfront. It must comply with the Government of Canada's official language policy and, as a matter of fact, has always complied with them. It is unfortunate that the ad which was published in *The Gazette* of June 19 was in French only. This ad was designed to promote the Festival du Vieux Port this summer which was scheduled to begin on June 20. In view of the tight publicity schedule and last-minute changes to the French version, it was decided to publish the ad anyway to make sure that *The Gazette* readership would be aware of the event. On June 26, as the hon. member has just mentioned the ad was published again, in English this time, in *The Gazette* and the Ottawa *Citizen*.

Of course, errors will happen as they often do in French translation. I would also emphasize, Mr. Speaker, that this is an exceptional case, even a unique one. I want to assure hon. members that every effort will be made to ensure that the Canadian government's policy on official languages is strictly adhered to by the corporation of the Vieux Port de Montreal. In conclusion, Mr. Speaker, I would take this opportunity to commend the hon. member for Notre-Dame-de-Grâce—Lachine East (Mr. Allmand) for his perceptiveness and pay tribute to his continuing vigilance, either in this House or outside. He never hesitates to defend our policy on official languages. I hope he is satisfied with this information.

[*English*]

CANADIAN NATIONAL RAILWAYS—ANNOUNCEMENT OF LAY-OFFS. (B) REQUEST THAT MINISTER MAKE REPRESENTATIONS TO CABINET

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, a few days ago I rose in the House of Commons and asked the Minister of Transport (Mr. Pepin) to assure the 3,000 CN workers who were being laid off that they will indeed be rehired, and that the lay-offs are only temporary. I asked him to advise these workers when they will be rehired. At that time the minister advised that the lay-offs were until October 15, 1982. However, he did not say if they would all be rehired. This only leads to scared speculation, not reassurance.

• (2210)

I would like to ask the minister a question: if not all of these 3,000 CN employees, 750 of whom live in the Moncton area, are not rehired, where does the minister expect them to find alternative employment? In the Moncton area there is little hope they would find suitable employment because there are no jobs available. Much of the credit for this must go to the federal government.

Many of the actions initiated by this government and by the minister himself have cost the maritimes and the Moncton area thousands of jobs, jobs that are desperately needed and that simply cannot be found. In the past year the government is responsible for terminating the Atlantic Limited with the loss of hundreds of jobs and millions in revenues. This decision was taken on one of Canada's most popular and best used

passenger trains. It is responsible for transferring the water quality control out of Moncton to Brampton, Ontario, thereby terminating several more jobs. It is undoubtedly responsible for the odious and questionable decision to close down CFB Chatham. This closure will cost the community 1,500 jobs and $30 million annually in lost revenues. CFB Chatham contributes over 40 per cent of basic employment in the Miramichi region. This is a move that will reverberate all the way to Moncton. This government is also responsible for postponing the multi-million dollar Mitel project.

Now, any hope that had been held to improve the Atlantic economy and relieve the massive unemployment of this region has been shattered by a budget that has completely ignored this rampant problem. The finance minister failed again to find an answer to the severe economic retardation and spiralling unemployment that afflicts Atlantic Canada. This region has the highest unemployment of any region in Canada—14.5 per cent—and it promises to get worse. In fact, all indicators suggest that the recent budget could very well aggravate the unemployment problem.

There is an alternative to these lay-offs; a very feasible and constructive alternative to these unwanted and apparently unnecessarily long lay-offs. The CN employees who are being laid off could well be kept on to maintain and repair the rail equipment and prepare it for the time when business is better. This is a policy supported and advocated by the CN employees who are eager and anxious to work.

A great deal of CN equipment is not being properly maintained and a slow period such as we are in would be an ideal time to repair and maintain the rolling stock as well as the tracks, bridges etc. Three bad derailments have occurred in the past eight months in the maritime region that are directly attributable to the poor condition of either the rolling stock or the beds. Human error was not responsible. These derailments cost millions of dollars in clean-up operations, lost cargo and lost equipment. Those same dollars could better and more safely be used to keep men working to maintain this equipment at peak condition.

If the men were kept working to maintain this equipment CN would be in a better position to handle increased goods when business improves. I trust they will not allow themselves to be caught in a position of having to turn away business because they do not have the equipment needed to handle the job. That is simply bad management.

I have a telegram I received from the New Brunswick Federation of Labour advising me of a motion passed by its brotherhood unanimously condemning plans by CN and CP railways to further extend the length of the earlier announced closure of the main shops. In the telegram the Federation says:

> These lay-offs will cause thousands of railway workers across Canada to be unemployed, further compounding an already disastrous unemployment situation. Federal Liberal government support of this action demonstrates a total disregard for the dignity of those workers affected who want to be a productive part of society.

The effects of these lay-offs will undoubtedly compound the problems afflicting the economy. These CN employees are being told they will be laid off for 13 weeks. That is 3 months and one week. We are talking about three months and one week during which families are required to tighten their belts and live without incomes, whereby additional dollars would be forever lost to the business community. These people want to work; they are proud and independent. They want the 13 weeks of work and the assurance they will all have jobs. I am hoping that the callous and insensitive attitudes offered the Canadian public are not perpetuated in this situation too.

Last night the Minister of Finance (Mr. MacEachen) stole the last hope a great many Canadians had for economic recovery and for new jobs. Economists predict the situation will get worse before it gets better. The nonproductive and avoidable lay-off of 3,000 employees will not help this situation. It will only worsen the predicament.

The Minister of Transport has an opportunity here to aid 750 people in the Moncton area and another 2,300 across Canada in maintaining their jobs, and preserving their pride and dignity, and to keep the economy of these affected regions from becoming worse. I recommend that the Minister of Transport urge CN and CP to put these workers to work this summer maintaining the rail equipment. It is a job that has to be done, one these workers have the expertise to do and one that will allow rail employees the dignity of working and earning a living.

• (2215)

This government also has a responsibility to Canadians to ensure a prosperous economic environment. To borrow the words of the Minister of Finance:

> Canadians want to know how we can get our economy growing again, how we can get industry to invest, expand and provide the jobs our people need. There are 1,250,000 among us who are unemployed. Still more are struggling to make ends meet in the face of high inflation and interest rates. We are all suffering one way or another from the recession that is battering our economy. We are all searching for a way out of it.

The minister continued to say that the purpose of his budget was to offer Canadians a way to end the recession and to speed our progress toward recovery through immediate action. As the government elected by Canadians to do the job, the ball is in their court. I suggest they get on with it. Recovery cannot be aided by laying off 3,000 rail employees.

It seems that this government is determined to ride to glory on the backs of pensioners, the armed services, and those productively employed. My position as a Member of Parliament requires that, despite the deaf ears and petrified minds I am attempting to appeal to, I must continue to appeal to those minds on behalf of the people of the Atlantic region of Canada.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I compliment the hon. member for Fundy-Royal (Mr. Corbett) for speaking so strongly on behalf of the constituents in that part of the country. However, I would remind the hon. member that Canadian National must compete in the marketplace the same as any private industry.

It is faced with the same financial pressures in times of declining business activity as other Canadian companies, whether publicly or privately owned. If, as a Crown corporation, CN is asked to isolate itself from the marketplace, the government would be expected to provide financial assistance, and on a very large scale.

In response to last night's budget, the hon. member's party criticized this government viciously for the deplorable deficits, yet he did not recommend tonight how the government will pay CN to cover these workers. Let us have some constructive suggestions, not just willy-nilly criticisms.

The hon. member is aware, because the minister has pointed out in this House and I have pointed out previously in this chamber, that CN lost $67 million in the first quarter compared to a $70 million gain last year. Revenue tonne miles for the first five and a half months of 1982 were down almost 15 per cent. Carloadings were down 16 per cent at the end of May and 9,500 cars are sitting idle.

It is in this context that CN was forced to take the difficult decision of extending the regular close-down of maintenance shops. I emphasize that it is a close-down. The planned recall date is October 15.

In conclusion, I want to repeat what I and the minister have said, that most workers will be receiving up to 80 per cent of their salaries during the close-down period. I hope the hon. member will look at this particular situation in the context of what the Minister of Finance said last night. Only through the spirit of solidarity and sharing are we going to improve the situation and get these employees back to work.

When the hon. member tries to shoulder the blame on the government, I remind him that in a democratic system of government the opposition is part of that government. The opposition has a role to play, to remind Canadians that we have to put our shoulders together, and work together to bring down this 12 per cent recession to a 6 per cent recovery.

• (2220)

INDIAN AFFAIRS—DELAY IN ON-RESERVE HOUSING PROGRAM. (B) CONSTRUCTION OF SCHOOL AT DILLON, SASKATCHEWAN

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, the circumstances I want to bring up this evening have to do with questions I put to the Minister of Indian Affairs and Northern Development (Mr. Munro) on June 16 during question period. As yet I have heard nothing in reply from the minister. I am very concerned. If I cannot get answers to these questions this evening from the hon. parliamentary secretary, I would like him to at least take time to prepare a response very soon on this pressing problem.

The Buffalo River Indian Band in Dillon, Saskatchewan is very concerned about a school which is soon to be built in their community. The band is located in a remote area of northern Saskatchewan. Because of their situation they appealed to the Minister of Indian Affairs and Northern Development, asking that their school be built in accordance with provincial standards. Although it is not the case in all areas of Canada, it is a fact that in Saskatchewan standards set for building schools are far superior to the federal standard set by the Department of Indian Affairs and Northern Development.

After pressing the minister the band received a commitment that the school would be built according to provincial standards, and as a result these would be a much better facility to meet the needs of the local citizens.

Now that the time for the construction of the new school has come upon us, it is suspected that the minister is being pressured by some department officials to back out of his commitment. Some questions need to be answered and I respectfully ask that they be answered now or fairly soon.

First, will the minister keep his commitment and see that the school for the Buffalo River Band will be built to provincial standards, or at least an updated federal equivalent, which could be the case? This would help many other Indian bands in Saskatchewan as well.

Second, I would like to know when this information will be communicated to the band officials.

Third, if there are any problems, will the minister meet with the band to solve them?

Finally, when will construction of the new school actually commence?

These questions need to be answered, and answered soon, so that the children at Dillon will not have to face another year of going to school in a building in such decrepit condition. Part of the national media last year covered the situation of the parents at Dillon, members of the Buffalo River Band, pulling their students out of school and not allowing them to go back until the government made a commitment to build a school for them. The conditions are very bad in the present school.

I see that my time is quickly passing, so I would like to pose a second question. It is a question dealing with the on-reserve housing program in the province of Saskatchewan. I imagine this not only applies to Saskatchewan but extends throughout Canada. I am familiar with the Saskatchewan situation and this particular case. Of 505 units allocated to Saskatchewan this year, none has been started as of yet. The reason is that circular "J-1" was introduced and is being very strictly enforced, at least to this point in time. I would like to ask the minister, to have the "J-1" circular withdrawn, or at least have the rules relaxed, so that many bands—some of the bands, or all of them—can meet the criteria that will allow them to begin their housing projects now. It is very unpleasant for anyone with experience in trying to build a house during the winter months, to meet the very stringent budget the Department of Indian Affairs and Northern Development sets for the Indian bands.

I would like to point out in respect of the school situation for the Buffalo River Band, that the province of Saskatchewan set up the Department of Northern Saskatchewan a number of years ago, in the early 1970s. As a result, communities of similar size and structure, not on reservation land, were built to great standards by the Department of Northern Saskatchewan. They have never at any time had better educational

facilities. They have sewer and water in almost all of their housing projects. They are modern communities in which people are very proud to live.

• (2225)

That is not so on Indian reserves in northern Saskatchewan, in particular, and in the entire province in general, and we would like to see the standards of reserves raised significantly above what they have been to this point. It seems that the department is getting more and more heavily structured and leaning away from allowing Indian people to control their own destiny. It seems they have become dependent on the federal government and dependent upon a welfare handout sytem. They have little hope of building their economies or the economic bases on reserves so that they can seek some kind of self determination and be responsible for their own affairs. I believe the present ratio is about 33 to one; there is one federal government employee for every 33 treaty Indians in Canada. That number is growing all the time. We must start moving away from that and begin putting more control of what happens to treaty Indian people on their lands into their own hands.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, in the absence of the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development (Mr. Chénier), let me say that I will not have time in the three minutes allotted to me to respond to all the hon. member's concerns, but I will address his last concern first, that is, his concern about "J" circulars.

The Minister of Indian Affairs and Northern Development (Mr. Munro) has been asked to suspend his department's "J" circulars which relate to the Indian on-reserve housing program. The reason given for this request is to allow the housing program on Indian reserves in Saskatchewan to begin. First let me say there is nothing in the "J" circulars themselves which prevents the housing program from beginning in Saskatchewan or, for that matter, in any other region of this department.

Until very recently, the departmental guidelines concerning the Indian on-reserve housing program were contained in the department's circular No. 57. That circular has been updated and included in a series of departmental circulars with alphabetical designations. The designation for community services and housing is "J". This circular reflects the government's concern about Indian on-reserve housing and that the performance of the housing program on Indian reserves meets its targets.

In these circulars Indian bands are asked to identify all the funding sources to complete a housing project before appropriated capital is released to the band. This will avoid the situation where housing projects end up underfunded, resulting in incompleted houses. This identification of sources has been a requirement of the program for some time. This position was discussed with Indian leaders from Saskatchewan during the week of June 14. Meetings are being held now, and will continue in the near future, to familiarize departmental staff and Indian bands with these new program guidelines.

I recommend that the hon. member write directly to the minister about the particular band he was discussing tonight.

Mr. Deputy Speaker: Order. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock in the afternoon.

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

HOUSE OF COMMONS

Wednesday, June 30, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

CAPITAL PUNISHMENT

REQUEST THAT NEW DEMOCRATIC PARTY REFLECT ON POLICY—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, with reference to the invitation of the hon. member for Mission-Port Moody (Mr. Rose) to reflect on my position regarding the reinstatement of capital punishment, the facts are that Donald Marshall pleaded innocent from the beginning, and alternately Clifford Olson boasted that he had deliberately planned and murdered a number of young people. These facts strengthen my belief that anyone who deliberately plans and murders another human being, and this is proven beyond a shadow of a doubt, should be put to death. Therefore I move, seconded by the hon. member for Peace River (Mr. Cooper):

That this House requests the NDP to reflect on its policies which permit a murderer like Olson to continue to live, while at the same time supporting abortion which is in reality the murder of unborn children.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

THE BUDGET—POSITION OF FORMER FINANCE MINISTER—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, according to confirmed reports in this morning's national press, former Liberal minister of finance John Turner consulted on several occasions with the present Minister of Finance (Mr. MacEachen) on the totally inadequate budget which was presented here last Monday. It appears, therefore, that indexation of income, pensions and family allowances which was originally proposed by the Progressive Conservative Party of Canada, is now being disposed of by the Turner/MacEachen team on the hopeful assumption that the inflation rate will fall to a mere 6 per cent within only six months. I therefore move, seconded by the hon. member for Scarborough East (Mr. Gilchrist):

That if former finance minister John Turner supports the removal of this plan, he should run once again for Parliament and he should therefore urge the Prime Minister to call the long overdue by-elections in three outstanding federal ridings so that the people of Canada will be able to express their clear opinion on his latest removal of full indexation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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VETERANS AFFAIRS

SUGGESTED INCREASE IN ALLOWABLE INCOMES—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, Canadian veterans managed to survive a number of wars, but now find they cannot survive life in Canada due to these tough economic times and an uncaring Liberal government. It is ironic that tomorrow we will be celebrating Dominion Day in Canada, and yet the very people who fought to keep this country free are being forgotten in their time of need. Therefore I move, seconded by the hon. member for Fundy-Royal (Mr. Corbett):

That this House instruct the Minister of Veterans Affairs to take immediate steps to raise substantially the annual allowable incomes in respect of the war veterans allowance from their current unacceptable and unrealistic levels.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

TAXATION OF HEALTH AND NORTHERN BENEFITS—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, in light of the fact that Monday's budget failed to retract the government's policy of taxing dental, medical and northern benefits received by many employees, and in view of the fact that the taxation of medical and dental benefits represents a tax on those very benefits the government should be encouraging, and

S.O. 43

since the taxation of northern benefits is in reality a tax on the extra work-related expenses incurred as a result of higher costs in remote and northern areas and should not be the subject of taxation, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this government which retreated on so many other tax measures on Monday evening should announce immediately an extension of non-taxation for medical, dental and northern benefits until it has a comprehensive government policy on these issues.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1410)

IMMIGRATION

ELIGIBILITY OF LEBANESE VISITORS FOR MEDICAL CARE—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, I seek unanimous consent of the House on a matter of extreme urgency. The Minister of Employment and Immigration has recently taken action to allow Lebanese visitors to Canada to remain in Canada for an additional year, with a minister's permit to work. Further, Lebanese visitors who have eligible Canadian relatives who can sponsor them, or are able to offer a guarantee of assistance, may also apply for permanent residence without leaving Canada.

While the minister is to be commended for his actions in this regard, many Lebanese visitors to Canada will require normal medical care over the next year. The cost to their families will be prohibitive, because their present status does not allow these people to enrol in medicare. Therefore I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That this House direct the Minister of Employment and Immigration and the Minister of Health and Welfare to enact the necessary changes in the regulations to allow these people coverage under medicare so that when the need arises for medical attention the Lebanese people visiting Canada will not be unfairly treated.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: No.

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SOCIAL SECURITY

IMPACT OF BUDGET ON OLD AGE PENSIONS—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, tomorrow we celebrate Canada's 115th birthday and pay our tribute and respect to the thousands of elderly citizens whose effort and dedication in past years helped provide a better future for us all. Yet in Monday night's budget, grabbing even more of the taxpayers' money to throw away on its disastrous economic policies, the government ignored the financial plight of many of our senior citizens who do not receive the Guaranteed Income Supplement, and announced plans to raise the personal income taxes of this group. These people who, while working hard for our future comfort, set aside a meagre amount of money for their own, should not be so shabbily punished. Therefore I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Minister of Finance, in tribute to this group of very special Canadians on the eve of Dominion Day, immediately announce his intention to rescind the tax penalty on all Canadians receiving the old age security pension.

They worked hard for our security. We should protect theirs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: No.

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FINANCE

POSITION OF FORMER FINANCE MINISTER—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise—with regard to press reports that the Hon. John Turner, a former minister of finance, met to discuss the current budget with the present Minister of Finance—to establish whether force or coercion was used on Mr. Turner to effect this meeting. Was he tricked into meeting with the leading member of the gang that cannot shoot straight? Was "Old Blue Eyes" bleary-eyed over the budget proposals, or did he concur in this latest canoe trip to Dunkirk? I therefore, move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the Minister of Finance explain to this House just how this seemingly impossible meeting was arranged and whether or not the Canadian people have John Turner to blame for the budget mess.

Did Mr. Turner indicate that the Canadian people and the press will have John Turner to kick around again soon, or was the present Minister of Finance seeking ways to vacate the sinking ship?

Some hon. Members: Oh, oh!

Madam Speaker: The hon. member for Yorkton-Melville.

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RAILWAYS

CROWSNEST PASS RATES—SUGGESTED REFERENDUM—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, on Monday last the Gilson report on the Crow rate was made public in Winnipeg. Since the major impact of any change to the Crow rate will be felt by prairie grain producers, I move, seconded by the hon. member for Regina East (Mr. de Jong):

That the federal government conduct a referendum among Canadian Wheat Board permit holders so that grain producers themselves can choose between the recommendations of the Hall Commission and those of the Gilson report, and furthermore that a democratic referendum be conducted before any legislation affecting western grain transportation is introduced before the House of Commons in the fall.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: No.

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CROWN CORPORATIONS

SPEECH BY DEVCO PRESIDENT AT LIBERAL PARTY DINNER—MOTION UNDER S.O. 43

Mr. Bill Wright (Calgary North): Madam Speaker, given that the President of the Treasury Board fired Neil Fraser for voicing his opinion about government policy, and given that the Prime Minister has limited free speech by stating that public service personnel may only philosophize about public policy, and given that Steve Rankin, President of Devco, a Crown corporation, spoke at a Liberal dinner last week in West Bay, Nova Scotia, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the President of the Treasury Board make a statement as to whether there are two classes of Public Service personnel where free speech is concerned, especially depending on their policital affiliation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

EMPLOYMENT

THE BUDGET—ALLOCATION OF FUNDS FOR DIRECT JOB CREATION

Hon. David Crombie (Rosedale): Madam Speaker, my question is directed to the Minister of Employment and Immigration. The minister will obviously know that on Monday night in the budget speech the Minister of Finance indicated or left the impression that there was to be $750 million allocated for job creation. Indeed, in his own speech on the budget yesterday, the Minister of Employment and Immigration said the following about job creation:

It is for that reason that the budget of this government has put $2.3 billion on the table which will create in immediate, direct term 200,000 jobs.

He also said:

There is an increase of $450 million for direct job creation; that was put in the budget last night.

Those statements and those numbers are clearly misleading and, in my view, intentionally confusing. I would like the Minister of Employment and Immigration to stand now and confirm to this House that his department received $100 million for direct job allocation for this year and not $2.3 billion, not $750 million, and not $450 million. Will he do that now?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): To be frank, Madam Speaker, I do not know what the hon. member for Rosedale is talking about. His figures are totally and completely confused, because the budget statement was very clear in its allocation of the funds. I would like to point out that with the additional money allocated in the budget this government will be spending more this year than ever in its history on direct job creation. It will be creating close to 60,000 or 70,000 new jobs on top of the over 115,000 or 120,000 employment opportunities provided in this year's estimates for job creation. The total amount we are allocating for direct job creation has nothing to do with the money in housing or the money in economic development. The amount allocated to my department for direct job creation is well over $650 million this year.

FIGURE GIVEN IN BUDGET PAPERS

Hon. David Crombie (Rosedale): Madam Speaker, there the minister goes with his number nonsense and word magic. If he looks at page 13 of the budget papers, he will see new expenditure measures. The first one is direct employment measures. It is not $450 million, not $250 million, not $750 million, and certainly not $2.3 billion, but $100 million. That is at page 13 of the budget papers. Why will the minister not admit it?

Some hon. Members: Hear, hear!

Mr. McGrath: Instead of trying to mislead the people.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, there is only one group in this House trying to mislead the people, and that is the group across the aisle from us.

Some hon. Members: Hear, hear!

Mr. Axworthy: At a time when this country needs some degree of hope and inspiration—

Some hon. Members: Oh, oh!

Mr. Axworthy: —the opposition is irresponsibly distorting the facts and creating confusion. That has a serious detrimental effect on the economic growth of the country. We are looking at the biggest problem in the economy right across from us.

Some hon. Members: Hear, hear!

Oral Questions

ACCURACY OF FUNDING COMMITMENT

Hon. David Crombie (Rosedale): Madam Speaker, the figures I used come from the budget papers of the Minister of Finance. Page 13 allocates $100 million for direct job creation this year. There is not any other figure. At a time when the Minister of Finance is asking the people of the country to share the burdens and benefits, what Canadians really want to know is why the Minister of Employment and Immigration and, indeed, the government are not willing to share the truth. The fact of the matter is not in the speeches of the Minister of Employment and Immigration and not in the speeches of the Minister of Finance but in the budget papers themselves. Page 13 tells the truth. Why won't the government?

Some hon. Members: Hear, hear!

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, let me try to help the hon. member for Rosedale in his addition, because obviously his ability in mathematics is sorely lacking. The fact of the matter is that the budget clearly stated an additional $200 million will go into the new CCDP round of employment opportunities. In addition, there are $150 million for special employment initiatives which are construction related. In addition, $300 million are allocated to the economic development reserve for long-term permament job creation. That adds up, in anybody's language, to $650 million. The hon. member for Rosedale has a problem. We have a new training bill which provides opportunities for retraining, and I suggest the hon. member take it.

Some hon. Members: Hear, hear!

* * *

• (1420)

FINANCE

THE BUDGET—CONSULTATION WITH FORMER FINANCE MINISTER

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I have a question for the Minister of Finance on the subject of the budget. *The Toronto Star* reported today that the Hon. John Turner consulted with the Minister of Finance on "several occasions" about the contents of the budget. This is very appropriate, since the period when Mr. Turner was minister of finance was the last time that government spending got totally out of whack. I would remind the House that government spending over the four years that he was in office increased by 108 per cent.

Some hon. Members: Oh, oh!

Mr. Wilson: Hon. members opposite do not like the truth, Madam Speaker. I repeat, government spending increased by 108 per cent over four years. What did the minister discuss with Mr. Turner? Was it the proposal to remove indexation from senior citizens, or was it some ideas on how to contain the government's budget deficit?

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. The question has been asked.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I must say that I am surprised that the hon. member would expect me to advise the House on conversations I have with private citizens, no matter from what source they may come. That is an extraordinarily new idea that is proposed by the hon. member.

Mr. Wilson: Madam Speaker, I am very interested that the minister does not deny that he took a great deal of advice from the former minister of finance on the contents of the budget. That certainly shows in the budget.

POSSIBILITY OF MANDATORY WAGE AND PRICE CONTROLS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I have a supplementary question. A number of Liberal members of Parliament are referring to this budget as a three-month budget. It has fallen well short of their expectations, and some parliamentary secretaries are saying that there will be mandatory controls in the fall.

Some hon. Members: Oh, oh!

An hon. Member: Who?

Mr. Wilson: I believe it was the member from Willowdale and the member from Sudbury.

Some hon. Members: Oh, oh!

Mr. Wilson: It is very difficult to put questions today, Madam Speaker.

When does the minister propose to bring forward his next budget, and under what circumstances will he do so? What economic circumstances might involve the mandatory controls referred to on page 11 of the budget document where there is mention that one of the options is a controlled society? What conditions would lead to that controlled society?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in the budget statement I made it very clear that the government is not proposing to the House of Commons the implementation of a system of price controls. That is why, in the final part of my speech to which the hon. member made reference, I rejected that possibility again. I want to assure the hon. member that we are proceeding with the implementation of the wage restraint in the public sector and we are confident that the private sector will see the validity of that approach as well. Comprehensive wage and price controls are not in the cards.

• (1425)

PUBLIC SERVICE

IMPOSITION OF WAGE CONTROLS—EFFECT ON CONTRACTS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is for the President of the Treasury Board. Yesterday federal civil servants learned that not only have they been chosen as the principal victims of the government's wage control policy, but that contracts they have signed which afford them increases in excess of the 6 per cent guideline will be broken by the government by force of law. Yesterday the Prime Minister indicated that the federal government could not go back on its contractual agreements with the oil producing provinces with regard to oil price increases this coming month which will add at least one percentage point to inflation.

Can the President of the Treasury Board explain to me, this House, and the Canadian public, why the double standard? How can the minister expect civil servants to continue doing the job required of them when, on the one hand, the government is prepared to break contracts with them, while on the other hand it is not prepared to interfere in the inflationary rise in the price of oil?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, first I would like to point out that the principal victims, as the hon. member refers to them, are the members of this House of Commons and I think we should all be grateful for that. The questioner himself is one of the principal victims. Members of Parliament are taking a cut in wages, as are ministers.

The Minister of Finance, when he delivered his budget, indicated that the exceptional circumstances of our economy today require exceptional action, action which obviously most of us would not like to take were it not for the very serious economic circumstances with which we are confronted, but of which the hon. member does not seem to be conscious. Therefore, the program has been designed to provide a maximum degree of equity to all parts of the public sector which are afffected.

ROLL BACK OF WAGES FOR CLERKS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I note the minister failed to answer the question. He talks about a maximum degree of equity. How does he explain equity in a situation where, two years ago, when 800 clerks employed by the Government of Canada and earning just slightly over $11,000 a year, had to go on strike to get a 13 per cent increase, and will now have it rolled back to the point where they will lose something in the order of $600 a year? Their wages will go to $12,000-plus a year, which is below the poverty line for a family in Canada. Let me ask the minister: where the hell is the equity in that?

Some hon. Members: Hear, hear!

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, let me point out that the clerks in the last round of negotiations did not go on strike. They have a contract with a particular incremental increase at the present time, and when that contract comes up for a further increase they will go under the program. As a result of that they will also get out of the program sooner than they would have had they gone in after the second year of the contract. That is the way the program is designed to operate.

APPLICATION OF GUIDELINES TO ALL SALARY LEVELS

Mr. Ian Deans (Hamilton Mountain): Let me ask the minister again where is the equity in denying people earning $12,000 a year a decent wage increase in order that they can live with their families in some kind of dignity, while at the same time applying exactly the same kind of guidelines to people earning $79,000, $80,000 and $100,000 a year? That is absolutely unacceptable.

Mr. Nystrom: Like Bouey.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the hon. member does not seem to recognize that what is at stake here is a war, a battle, a national battle—

Some hon. Members: Oh, oh!

Mr. Johnston: —against inflation. Madam Speaker, if we are successful in this crusade then no one will suffer because inflation will be at 6 per cent and 5 per cent. Six and five is where we intend to take inflation in this country, and we can do it with some help from our friends in the NDP, and the constituencies they represent.

* * *

• (1430)

HOUSE OF COMMONS

PRESENCE IN GALLERY OF THE HONOURABLE HAMISH GRAY, MINISTER OF STATE FOR ENERGY, OF GREAT BRITAIN

Madam Speaker: May I draw the attention of the House to the distinguished presence in our gallery of the Hon. Hamish Gray, Minister of State for Energy, of Great Britain.

Some hon. Members: Hear, hear!

* * *

FINANCE

INCREASE IN GOVERNMENT DEFICIT

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Minister of Finance. In the seven-month budget of November 12, 1981, you stated that the

government's fundamental response to the interest rate problem was deficit reduction which would bring down inflation and interest rates. You said you had a deficit then of $10.5 billion and that you were going to borrow $6.6 billion.

On May 20 you told this House that you were urging the Americans, and I quote, "to reduce their deficit so there could be a drop in interest rates". My question to the minister is this. You have now revealed a deficit—

Some hon. Members: Order.

Madam Speaker: Order, please. The hon. member is a senior enough member in the House to know that he must address the Chair.

Mr. Crosbie: Madam Speaker, my question to the minister is this: on Monday the minister admitted to a deficit of $20 billion and that his financing requirements were $17 billion. What is your strategy now that the deficit reduction strategy is in ruins?

Some hon. Members: Order.

Mr. Crosbie: How are you now going to bring down interest rates since you can no longer reduce the deficit?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member knows perfectly well that the principal cause of the increased deficit and the increased financial requirements is due to the recession and that, as recovery takes place in Canada, that increase in the deficit will be automatically reversed. The increase in the deficit is the automatic response to the recession. It is a large deficit. It is the result of the recession, and it was not my view that we ought at this time to weaken the economy further by an effort to reduce the deficit below its present level. That is the reason for carrying the deficit which, as I have stated, and I will repeat, will automatically be reversed as a result of a recovery in the economy.

Mr. Crosbie: Madam Speaker, the economy is in a shambles because everyone has lost faith in this government which will not answer questions put to its ministers.

MONETARY POLICY

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary question to the minister is this: your deficit reduction strategy has now gone. There is no longer a deficit. You have to borrow $17 million—

Madam Speaker: Order, please. May I remind the hon. member that the correct form is "the minister's deficit . . . " and then whatever follows.

Mr. Crosbie: Madam Speaker, my question to the minister is this: his deficit is now $17 billion. He has to go to the markets and compete with provinces, municipalities and private individuals to borrow that amount. My question to the minister in the third person is this: is the government still going to continue to support the tight money policy of the Bank of Canada, which will mean that with the government's huge demands interest rates must go up? Or is the government going to direct the Bank of Canada to change its monetary policy to print more money so that the minister can borrow this huge amount, more than the whole expenditure of the government in 1968, without interest rates going up? Which is the government going to do? Are we now doomed to high interest rates with no hope whatsoever as a result of your huge deficit?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker. I want to assure the hon. member that will not be the outcome. If the economy were in a very buoyant situation, this current deficit would undoubtedly put upward pressure on interest rates and on inflation. But the economy is not in a buoyant situation. It is in a period of recession and weakness.

Mr. Blackburn: Why are you raising taxes then?

Mr. MacEachen: With that situation, Madam Speaker, and with savings rates in this country at 13 per cent at the present time, financing of this deficit will not have the effect on interest rates and inflation which the hon. member fears. I want to give him my view that his fears will not be realized.

Mr. Crosbie: That is assurance, is it?

FINANCING OF DEBT

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is for the Minister of Finance. I want to point out to the minister that in the next 12 months either he has to borrow or refinance very close to $60 billion in government debt. All last year the minister and the government were price leaders in the marketplace, as witness the 19.5 per cent savings bond rate. What kind of rates of interest does the minister contemplate paying in order to finance, in the markets of Canada, this $60 billion that it has to look after within the next 12 months?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have already explained to the hon. member for St. John's West—

Mr. Crosbie: You did not satisfy me.

Mr. MacEachen: —that, in my opinion, because of the current recession in the economy, because of the weakness in the economy, because of the reduced demand of private borrowers in the market as a result of that weakness, because of the high level of savings in this country, that it will be possible to finance the requirements of the government in the market without putting undue pressure on interest rates and without crowding private borrowers out of the market.

Mr. Andre: Nonsense.

Mr. MacEachen: That is my view, Madam Speaker, which I gave to the hon. member in reply to his question.

Mr. Andre: That is as accurate as your November 12 view.

LEVEL OF GOVERNMENT EXPENDITURES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the market has indicated pretty clearly that it does not have any confidence in the minister's figures. The minister came to this House and said he had a 6 per cent solution for Canada, but he went ahead and increased the government's expense by 20 per cent. Would he explain to this House how he can expect the country to have any confidence in the management of the country's affairs when he asks everybody to reduce their expectations to 6 per cent and he increases his government expense by 20 per cent?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, that is another false statement that is made by the hon. member.

Mr. Andre: It is on page 12 of your documents.

Mr. MacEachen: If the hon. member refers to the Public Accounts, which are the traditional way of looking at total outlays—

Mr. Wilson: You did not say that last year.

Mr. MacEachen: —he will find that the increase in expenditures year to year is significantly less than 20 per cent. I would remind the hon. member, in making these comparisons, that when he uses the national accounts he is bringing into the total expenditures items such as the oil compensation charge which is then offset by compensation payments. When netted out, the total outlays are reduced, as they ought to be.

BUDGET'S CAPITAL COST ALLOWANCE PROVISIONS

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is for the Minister of Finance. We on this side of the House welcome any measure that will assist small businesses in terms of development. But I point out to the minister that on November 12 last year he brought in a provision with respect to capital cost allowance which has done more to prevent retooling and has dried up cash flow. If the minister is serious about resuscitating small business and if he wants to give a signal to the business community, will he consider repealing—which he did not the other night—the capital cost allowance provision in his budget of November 12, 1981?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, I could not possibly repeal overall the capital cost allowance.

Mr. Crosbie: Why not? You have repealed everyting else.

Mr. MacEachen: If accepted, that would be a further large addition to the deficit which hon. members opposite have been complaining about in their last several questions.

Mr. Crosbie: Cut government advertising and the Minister of Justice.

Mr. MacEachen: The new regime that has been put in place under the November budget does not increase the tax liabilities of firms or corporations; it advances these payments more rapidly than otherwise would take place.

Mr. Crosbie: Cut out the lies and deceit.

Mr. MacEachen: I would remind the hon. member as well that the treatment of the capital cost allowance made under the income tax law in Canada is more favourable than the one currently in place in the United States, our neighbour to the south.

Mr. Speyer: Madam Speaker, I point out to the minister that when businessmen and women of Canada are going broke it is very difficult for them to expand and develop.

SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Mr. Chris Speyer (Cambridge): Madam Speaker, my supplementary question is for the Minister of Finance. I think the minister will admit, as he did to my colleague, the hon. member for Bruce-Grey, that when there is no tax room banks are not lending money under the Small Business Development Bond Program. Will the minister tell the thousands of Canadians who have made applications at their banks what proposals he has to make the small business bond effective?

• (1440)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the small business bond is in effect and is available from financial institutions which still have tax room available. Their ability to finance these loans will increase as repayments on previously granted loans take place as well.

* * *

RAILWAYS

EFFECT OF WAGE CONTROLS ON CANADIAN NATIONAL AND CANADIAN PACIFIC AGREEMENTS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, my question is directed to the President of the Treasury Board. He will know that Canadian National Railways and Canadian Pacific Railways bargain as a unit with railway unions. My question is this: how will the government's policy of 6 per cent and 5 per cent wage controls in 1982 and 1983 respectively for Crown corporations affect collective agreements recently signed by CN and CP with railway unions? Will the completed bargaining on behalf of CN workers be respected by the government, or will we have a situation in which CN workers

will be getting only a 6 per cent increase in 1982, that is to say, half the increase received by Canadian Pacific workers in 1982, or will it affect 1982 at all? I wonder whether the minister could clarify this question for us. There is a great deal of confusion as to how the new policy will affect existing agreements.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, upon the tabling of the bill of course we will be able to have a complete exchange and discussion on the full details of transitional provisions under the application of the bill. As I have already said, here and outside the House, the first year of application of the new program comes into effect either at the expiration of an existing collective agreement or at the first wage rate increase under that agreement. Clearly an agreement which is in existence will be respected.

As to the additional consideration which is raised with respect to joint bargaining, that is a legal question which will have to be addressed in another forum.

TIMING OF IMPOSITION

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, is the minister saying that agreements signed at any time in 1982 prior to the coming down of the budget which would be retroactive to January 1, 1982, i.e. that those increases which have been provided for in 1982 will be respected? Is that what the minister is saying, and that only increases provided for within the same agreement in 1983 will be affected by this policy, or has the government bothered to think this through?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, indeed the government has spent a great deal of time thinking it through. All circumstances will be covered in the proposed legislation. I think I explained in answer to the first question that, where an agreement is signed and is in effect, the program comes into effect either at the termination of that agreement or at the next wage rate increase under that agreement.

* * *

PUBLIC SERVICE

SALARIES OF MINISTERS' STAFFS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the President of the Treasury Board. It concerns a story which appeared in *The Toronto Star* saying that on June 17, just prior to the budget, the federal government, under the direction of the President of the Treasury Board, raised the salaries for cabinet ministers' personal staffs, special assistants, and other political appointees in their offices by at least 10 per cent. This was just prior to a budget which imposed restrictions of 6 per cent on the Public Service of Canada. Now, is that story true?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, perhaps I did not get the full gist of the question.

Some hon. Members: Oh, oh!

Mr. Johnston: If the hon. member is saying, "Have there been increases in the public service, in ministers' offices or elsewhere, exempt staff or whatever", prior to the budget earlier this year, of course the answer is yes.

Mr. Baker (Nepean-Carleton): No. You heard the question.

Mr. Johnston: The program will then come into effect at the expiration of that contract period as it does with respect to other groups. The same six and five rule will apply to everybody if, as, and when they come into effect under the program.

Mr. Baker (Nepean-Carleton): I have never known that the hon. gentleman was so hard of hearing.

TERMS OF REPORTED DIRECTIVE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question was: did the minister, in a directive dated June 17 this year, just prior to the bringing down of a budget on which we are told the cabinet consulted, permit or allow an increase before the budget of ministerial aides' salaries, their office staff, executive assistants and special assistants, by an amount equal to 10 per cent? It is a simple question. Yes or no will do.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, as I explained, any contract or any pay period which came up prior to the budget date will be respected, whether it is in ministerial staff or in departments. Collective agreements have been approved as recently as last week in the public service. It goes without saying.

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ENERGY

COLD LAKE PROJECT—LOAN MADE TO IMPERIAL OIL

Mr. Jack Shields (Athabasca): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. A year ago the minister arranged a government loan of some $40 million to Imperial Oil in an attempt to salvage the Cold Lake project. What is the state of that loan today? Will it be repaid, or is it now lost forever?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the condition of the loan was that it would be repaid if the project proceeded before the end of June this year. Obviously the project is not proceeding at the present time and, therefore, the loan will not be repaid because the money has been used to employ engineers and staff who have proceeded with further engineering work on the project. But under the agreement which was arrived at, there was no obligation to repay after July 1.

Mr. Shields: When an incompetent minister blows $40 million of taxpayers' money, the honourable thing to do is to resign. If he does not believe that, perhaps he could consult with his visiting colleague from Great Britain.

* * *

NATIONAL ENERGY PROGRAM

REQUEST FOR WITHDRAWAL

Mr. Jack Shields (Athabasca): Madam Speaker, my supplementary question is directed to the same minister. Is he prepared to withdraw the national energy policy which is now acknowledged across Canada to be the one single instrument that has deterred investment to get our economy going? It has deterred investment from across Canada and from foreign sources. Will the minister withdraw his national energy policy?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, indeed I will have great pleasure in meeting with my British colleague in a few minutes. I will certainly be listening with great interest to the advice he will provide me, but I expect that the advice he will provide me will not be of the type which my hon. friend is suggesting.

If my hon. friend believes that money paid to Canadian workers, engineers and professionals to develop plans that may be useful in terms of building a plant, or a similar plant, at a later stage, is a waste of money, he has his facts wrong. That money was not blown. It was used in developing plans which may be very useful in the future. The money was used to employ a number of Canadians, including some in the hon. member's own riding. As far as the last question which he raised is concerned, he is talking the same nonsense which he usually puts forward.

* * *

INDIAN AFFAIRS

DELAY IN FINALIZING CONTRACT

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. One of the reasons for mass unemployment and business failures is the way the government treats contracts and contractors. On the minister's desk is a letter from a samll contractor which reads in part:

> Our construction company is at a standstill, our men have all received their records of employment and so we are becoming a statistic. All happening because a contract that was being organized last August, signed by us and the Fountain Indian Band in January and left to collect dust in the Vancouver DIA office till now it is at this point such a mix-up that we have been informed that the job is not forthcoming.

Is the minister determined to discourage and destroy both the companies and the Indian bands in question in these agreements?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, what wide-sweeping, ridiculous conclusions the hon. member has come to; they are beyond any reason. If he cared to indicate the name of the firm which says that it submitted a bid for a contract which was not given to it, I would be pleased to look into it. If he would care to indentify the letter, I will try to find where it is on my "desk".

POSITION OF MINISTER

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my supplementary question is directed to the same minister. The company is Varian Construction; the minister can find it on his desk. The letter continues:

• (1450)

> Some of the people at the Vancouver branch DIA have done more damage than good and we feel this is not only detrimental to our company but very much so to our native Indian people.

In the interests of protecting the officials of the Department of Indian Affairs in Vancouver, will the minister sacrifice the companies in question?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I do know that there are many hundreds and, indeed, thousands of relationships between small business contractors, chiefs and band councils, as well as my officials, from coast to coast. I have very seldom heard of any type of bitter complaint of contractors. They are doing business on an ongoing basis with Indian bands and my department, year in and year out.

If there is anything particularly irregular about this matter, or if there have been delays, I will check into it and advise the hon. member. But I am certainly not prepared to come to conclusions of his kind, which attack public servants who cannot speak for themselves, without at least having an opportunity to check the facts, and that is what I propose to do.

* * *

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

RATE INCREASES GRANTED TO BRITISH COLUMBIA TELEPHONE COMPANY

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, in the absence of the Minister of Communications I will address my question to the Deputy Prime Minister who may know that the latest B.C. Tel rate increase was approved by the CRTC, as were all earlier rate increases, on the condition that the company, B.C. Tel, improve its services to the customers. This has not happened. Indeed, service has worsened. Now B.C. Tel is planning to lay off 2,200 employees throughout British Columbia, which will result in a further deterioration of service to customers. Will the government instruct the CRTC to withdraw a substantial portion of the

rate increases granted to B.C. Tel over the past two years in light of the company's continuing contempt for the CRTC instructions to improve its service?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I cannot answer that question at the moment, but I will discuss the matter with the Minister of Communications and provide the hon. member with a reply as early as possible.

Miss Jewett: I would like to thank the Deputy Prime Minister for that reply.

EFFECT OF COMPANY LAY-OFFS ON UNEMPLOYMENT INSURANCE FUND

Miss Pauline Jewett (New Westminster-Coquitlam): I now turn to the Minister of Employment and Immigration who may know that at the same time B.C. Tel is planning this very large lay-off of 2,200 people, the company will tomorrow issue a quarterly dividend of 40 cents a share, amounting to $13.4 million, going to its shareholders and to its parent company in the United States. Therefore, B.C. Tel is clearly taking advantage of bad economic times to generate even more profits at the expense of 2,200 working people.

Since the government will have to pick up the tab in unemployment insurance benefits, will the minister look into this exploitation of both the Canadian taxpayer and of his program? It is flagrant abuse of the UIC program.

Some hon. Members: Hear, hear!

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, just to repeat the answer given by the Deputy Prime Minister, it is a situation we will have to consider in order to see what responsibilities there may be for the federal government, although—

Miss Jewett: UIC.

Mr. Axworthy: —the fact is that when one comes to the matter of paying for the unemployment insurance program, one finds that it is a premium program donated by both the employees and the employers. Therefore, they both share in the contribution toward those funds so that no one is getting a free ride in that case. Everyone must pay their fair share which, after all, is the principle we are trying to discuss—

Miss Jewett: What about the government?

Mr. Axworthy: —that everyone in this country should be paying their fair share.

Miss Jewett: He missed the whole question. Why do you not listen, Lloyd?

UNEMPLOYMENT INSURANCE

PROJECTED INCREASE IN PREMIUMS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Finance who will know that after the Minister of Employment and Immigration admitted yesterday that there would be a substantial increase in unemployment insurance premiums, officials of the Department of Finance estimated that employee premiums could rise next year to $2.50 for every $100 of insurable income. Will the Minister of Finance tell the House of Commons why he did not announce, in his budget, this secret tax increase of 52 per cent in UIC premiums?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is true that as the unemployment increases the contribution will have to be increased. If the Leader of the Opposition recalls, because of the very satisfactory employment experience in the preceding year, in the last budget of November we did reduce the contribution rates. Obviously, they will have to be increased, but I did not think that the time to have done it was in June. The more likely time would be later in the year. There is no effort to seek to keep secret a matter which could not possibly be secret in any event, because everyone who knows the law knows that the contribution rates must go up in any event.

AMOUNT OF PROJECTED INCREASE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the public knows that the honest budget of 1979 included those forecast increases in unemployment insurance premiums. This minister's budget, which could not be so described, did not do that. Will he confirm that the government is now contemplating, as his officials said yesterday, a 52 per cent increase in the premiums paid by employees for unemployment insurance, a 52 per cent secret tax?

Some hon. Members: Oh, oh!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): There is no such secret tax, Madam Speaker. That is absolute nonsense. I am not confirming the so-called comments of some anonymous official.

EMPLOYERS' SHARE OF INCREASED PREMIUMS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, we have the word of the public servants that there will be—

Mr. MacEachen: Who is he?

Mr. Clark: Who are they? The minister can indicate himself. They were speaking for his department—

Mr. MacEachen: Who is he?

Mr. Clark: —officially, in response to inquiries. Perhaps journalists get better answers from officials than Members of Parliament get from this minister in the House of Commons.

Some hon. Members: Hear, hear!

Mr. Clark: We now know that there will be an increase of 52 per cent in the employee premiums paid for unemployment insurance. Will the minister tell us what kind of a percentage increase he is proposing that employers will pay for unemployment insurance as a result of his government's policy of creating joblessness and creating increasing demands on the unemployment insurance fund?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the Right Hon. Leader of the Opposition says that "we now know". Anyone who knows the law, and anyone who knows anything about the unemployment insurance system, would know that there would be increases for contributions—

Mr. Epp: Why didn't you say so?

Mr. MacEachen: —from employees and employers. Here again the Leader of the Opposition is trying to make a big point out of the obvious to everyone except himself.

Some hon. Members: Hear, hear!

AMOUNT OF EMPLOYERS' SHARE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, we now know, the Minister of Finance has agreed, that there will be an increase to $2.50 per $100 of insurable income for employees, an increase of 52 per cent in what the employees pay. Will he confirm that the amount being paid by employers will rise from $2.31 per $100 of insurable earnings to $3, that is, an increase of 34 per cent? Will he confirm that, having confirmed the 52 per cent increase?

Mr. Lalonde: No, that is not what he said.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have not confirmed any figure that the Leader of the Opposition has used. I will confirm that the increases will take place in accordance with the law passed by the Parliament of Canada, not in accordance with some secret result which the Leader of the Opposition imagines exists somewhere.

* * *

PUBLIC WORKS

CONSTRUCTION OF MONTREAL POSTAL TERMINAL

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is for the Minister of Public Works and concerns the major area postal plant in the City of Montreal. Can the minister inform the House whether, to his knowledge, there were any problems with the construction of this multimillion dollar Montreal postal terminal and, if so, what steps were taken to investigate these problems?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I thank the hon. member for the question because it gives me the opportunity, as the Minister of Public Works, to invite all hon. members, and Canadians generally, once again to enjoy the Peace Tower which will be open to the public tomorrow for the first time in two years, on Canada's birthday.

Some hon. Members: Hear, hear!

Mr. Cosgrove: Madam Speaker, if I had had former notice of the question of the hon. member concerning the specific project, I might have had the opportunity to give him an answer today. Now, having notice, I will attemp to have the answer for him next week.

• (1500)

QUERY RESPECTING DIFFICULTIES DURING CONSTRUCTION

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I wish the minister had made that announcement in a statement on motions so that we could amplify on it.

May I ask his colleague, the Minister of Consumer and Corporate Affairs, a similar question. Is he aware of any difficulties? Specifically, was there any interference with the Department of Public Works during the planning and construction phase of this Montreal area postal plant in Montreal? Were there any interventions by cabinet ministers with respect to any of the details? Is the minister satisfied that the taxpayers of Canada received fair value for the $300 million spent on this building?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, usually, the questions we answer are urgent. The question refers to the time when the post office was under construction, but it has been completed for a number of years. In fact, the hon. member asking the question was himself a minister for several months. If the hon. member was worried about this post office, at the time his party was in power he should have asked about any problems that might have arisen at the construction or at the design stage. I have had no indication that there was anything wrong, but if the hon. member has more recent information, he should be a bit more specific about what he knows and we shall then make inquiries if necessary.

* * *

PETITIONS

TABLING OF REPORT OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table reports of

the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Tuesday, June 29, 1982, and finds that they meet the requirements of the Standing Orders as to form.

* * *

[*English*]

POINTS OF ORDER

MR. DEANS—WITHDRAWAL OF UNPARLIAMENTARY LANGUAGE

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise on a point of order. Earlier today I had an opportunity to read last night's *Hansard*. You will note that at page 18923 during the speech of the hon. member for York-Peel (Mr. Stevens), the hon. member made a statement which I am sure to everyone who was listening would be quite unacceptable and would no doubt be recognized as untrue. However, I note that *Hansard* picked up a comment that I made from my seat in which I said "That's a lie". No matter what my opinion of it may be, I recognize that to be unparliamentary and I withdraw it.

Madam Speaker: I thank the hon. member for his withdrawal.

MR. STEVENS—REMARKS OF MR. YOUNG AND MR. DEANS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my point of order, of which I gave your office notice, touched in part on the matter raised by the hon. member for Hamilton Mountain (Mr. Deans). I was also in my point of order going to draw Your Honour's attention to a similar remark made by the hon. member for Beaches (Mr. Young). The actual exchange, as the member for Hamilton Mountain has indicated, appears at page 18923 of *Hansard*.

At that time I was indicating that the New Democratic Party had been instrumental in encouraging the government to get into the spending program and into the deficit position that it is now regretting, and that this should be drawn to the attention of all Canadian voters. At that time the hon. member for Hamilton Mountain said, "That's a lie". The hon. member for Beaches said, "That's a lie". The hon. member for Beaches also said "It is a plain, outright lie". *Hansard* then records the following:

> MR. STEVENS: Mr. Speaker, it is funny when you hit the quick—
>
> MR. YOUNG: Tell the truth.
>
> MR. DEANS: If you know it.
>
> MR. STEVENS: When you hit the quick, it is always interesting to see . . . how the rabbits come out ot their burrows so fast.

I have consulted Beauschesne. I find at page 108 of Beauschesne there are no less than 40 instances cited for the use of the word "lie". On all occasions it has been found an unparliamentary expression. I would point out two particularly relevant times when this matter has been raised. At page 1593 of *Hansard* for December 2, 1976, the Prime Minister (Mr. Trudeau) is recorded in *Hansard* as saying:

> However, it would be helpful if in the meantime members opposite did not smuggle in lies and falsehoods.

The Speaker at page 1646 of *Hansard* for December 3, 1976, stated:

> The argument that was put forward by the hon. member for Halifax-East Hants yesterday was that the use of the words "lies" and "falsehood" constituted unparliamentary language. It is always difficult for the Chair to have to decide on the interpretation of language.
>
> The clear precedent of the past is that even though there are always shades of meaning which tend to excuse the use of such language, when such language was used in the past it was found to be unparliamentary, and rather than getting into an interpretation of shades of meaning it is a safer course to take it as a danger signal and when that kind of language is used it must be withdrawn.

I would cite your own ruling, Madam Speaker, of June 16 in this House when there was a similar comment. You said: "It's an absolute, it must be withdrawn."

In view of that, Madam Speaker, I hope you will find that the expressions as they appear in *Hansard* are totally unparliamentary and that you will request the members to withdraw them.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I withdrew my comment prior to the hon. member rising. I do, however, wish to bring to Your Honour's attention, since you have been asked to look into this matter, that the quotation the hon. member read is not complete. The hon. member was not drawing attention only to the high level of expenditure of the government and borrowing. He went on to say, and he failed to quote this:

> —and the high interest structure the NDP is virtually insisting should be put in place.

That is what I said was a lie.

Madam Speaker: Order. I believe the hon. member is now entering into debate on the speech itself. I recognize that those words are unparliamentary. The hon. member for Hamilton Mountain did withdraw them. I believe there was an indication that the hon. member for Beaches (Mr. Young) also used those words. Perhaps he would like to take the floor at this time and withdraw.

Mr. Neil Young (Beaches): Madam Speaker, I too was on my feet at the same time as the hon. member for York-Peel (Mr. Sinclair) who was anxious to get up and repeat his own rhetoric of last night. However, recognizing that the language is unparliamentary, I also withdraw, although I recognize that what the hon. member had to say at the time was certainly not true.

Some hon. Members: Oh, oh.

Madam Speaker: I have to remind the hon. member that he cannot say indirectly what is not allowed to be said directly. The last part of his sentence should also be withdrawn.

Mr. Young: Gladly, Madam Speaker.

Hon. Erik Nielsen (Yukon): Madam Speaker, there is a little wriggling and eeling going on over there. There is no doubt that our precedents require a direct, unqualified withdrawal. The hon. member for Beaches (Mr. Young) should

state simply and concisely that he withdraws the offensive expression used.

Mr. Young: Madam Speaker, I suppose I have been following and watching the hon. member for Yukon (Mr. Nielsen) too long. I absolutely withdraw, Madam Speaker.

Madam Speaker: Thank you very much.

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

OFFICIAL LANGUAGES—PRESENTATION OF THIRD AND FOURTH REPORTS OF SPECIAL JOINT COMMITTEE

Mr. Eymard Corbin (Madawaska-Victoria): Madam Speaker, I have the honour of tabling, in both official languages, the third and fourth reports of the Special Joint Committee on Official Languages.

TRANSPORT AND COMMUNICATIONS—PRESENTATION OF ELEVENTH AND TWELFTH REPORTS OF STANDING COMMITTEE

Mr. Pierre Deniger (La Prairie): Madam Speaker, I have the honour of tabling the eleventh and twelfth reports of the Standing Committee on Transport and Communications.

[*Editor's Note: For above reports, see today's Votes and Proceedings.*]

• (1510)

[*English*]

Madam Speaker: Presenting reports from standing and special committees.

The hon. member for York-Peel.

* * *

POINT OF ORDER

MR. STEVENS—REMARK OF MISS JEWETT

Hon. Sinclair Stevens (York-Peel): I have a further point or order. It has just been said for the record, and I heard the hon. member say for the record, that I was a "friend of d'Aubuisson, a pathological killer." That, to me, is totally unparliamentary and it is absolutely repugnant to me that any member of this House would make such an accusation. I refer to the hon. member for New Westminster (Miss Jewett), and I ask that she immediately withdraw the inference and the statement.

Madam Speaker: The Chair certainly did not hear those words. We had entered into a new procedure. The attention of the Chair, at any rate, was completely tied up with other procedures and I certainly did not hear that particular word. I am not sure whether it is an unparliamentary expression. I would ask that we wait until tomorrow to see if it is in *Hansard*.

* * *

[*English*]

PETITIONS

MR. HALLIDAY—RECONSIDERATION OF GUN CONTROL LEGISLATION

Mr. Bruce Halliday (Oxford): Madam Speaker, it is my duty to present a petition signed by residents of the constituency of Oxford, who strongly request that the Government of Canada vote against Bill C-451 and see to it that this bill never receives passage in this House. In the view of the petitioners, Bill C-451 is the most abominable and arbitrary proposed legislation that has ever been presented in the House of Commons.

MR. MITGES—RECONSIDERATION OF CANADA NON-PROFIT CORPORATIONS LEGISLATION

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I am pleased to present a petition today on a matter of great concern to residents of my riding of Grey-Simcoe and I am sure to Canadians in general. They are gravely concerned, as I am, about the provisions of Bill C-10, the Canada Non-Profit Corporations Act. In particular, there is universal condemnation of clauses 116, 214 and 215 which would interfere in the memberships of churches and other religious organizations. There is a unanimous call for the repeal of these three clauses and all other possible references to churches and other religious organizations in this bill.

MR. STEWART—STUDENT SUMMER EMPLOYMENT

Mr. Ron Stewart (Simcoe South): Madam Speaker, the Petition of the undersigned residents in the City of Barrie in the province of Ontario who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that your honourable House will therefor provide a remedy, humbly sheweth:

That due to the current high rate of unemployment, many positions which previously were available as summer employment for students are being filled by unemployed adults and,

That many companies and the federal government itself are discriminating against students by placing age as a condition of employment in that applicants must be at least 21 years of age,

Wherefore, the undersigned, your petitioners humbly pray and call upon Parliament to adopt measures to end such discrimination because of age.

And as in duty bound your petitioners will ever pray.

MR. NYSTROM—MAINTENANCE OF CROWSNEST PASS RATES

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I present a petition on behalf of several hundred people in my riding who are concerned about the effect of the Crow rate and concerned about the possibility of the Crow disappearing and affecting their farm income and their farm communities. What they are specifically asking, Madam Speaker, is the following:

Wherefore, the undersigned your petitioners humbly pray and call upon Parliament to maintain the Crow rate in perpetuity as presently guaranteed by statute, And as in duty bound your petitoners will ever pray.

That, Madam Speaker, is signed by some 730 people, over 700 of whom are in my constituency of Yorkton-Melville and the other 15 or 20-odd are in the City of Regina.

* * *

[*Translation*]

GOVERNMENT ORGANIZATION ACT, 1982

MEASURE RESPECTING CERTAIN DEPARTMENTS

Right Hon. P. E. Trudeau (Prime Minister) moved for leave to introduce Bill C-123, an Act respecting the organization of the Government of Canada and matters related or incidental thereto and to amend the Regional Development Incentives Act.

[*English*]

Hon. Erik Nielsen (Yukon): I am sorry, Madam Speaker, it is a small matter but it should not create a precedent. The Prime Minister is not in the House and I think I heard you say that he was the mover of the measure. Surely, it should be another minister of the Crown, for the record.

[*Translation*]

Madam Speaker: Yes, of course, you are quite right.

* * *

GOVERNMENT ORGANIZATION ACT, 1982

MEASURE RESPECTING CERTAIN DEPARTMENTS

Hon. Yvon Pinard (for the Prime Minister) moved for leave to introduce Bill C-123, an Act respecting the organization of the Government of Canada and matters related or incidental thereto and to amend the Regional Development Incentives Act.

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

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

Hon. Donald J. Johnston (President of the Treasury Board) moved for leave to introduce Bill C-124, an Act respecting compensation in the public sector of Canada.

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

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,179, 4,190, 4,198, 4,199, 4,200, 4,202, 4,204, 4,205, 4,206, 4,207, 4,209, 4,211 and 4,232.

[*Text*]

AUDIT UNITS WITHIN RCMP

Question No. 4,179—**Mr. Robinson (Burnaby):**

1. (a) What was the size and budget of the (i) management audit unit (ii) financial audit unit (iii) administration and personnel audit unit within the RCMP for each year since it was established in 1977 (b) how many audits and reports have the units produced?

2. (a) What was the size and budget of the operational audit unit of the RCMP for each year since it was established in 1978 (b) how many audits and reports has the unit produced?

3. (a) What was the size and budget of the Security Service's own audit unit for each year since it was established in 1978 (b) how many audits and reports has the unit produced?

Hon. Bob Kaplan (Solicitor General): 1. (a)(i) Since of the management audit section: 1977—15; 1978—19 (increased by two auditors, one audit co-ordinator and one more secretary); 1979—23 (absorbed the administration and personnel audit section); 1980—24; 1981—27.

(ii) Size of the financial audit unit: 1977-1981—5.

(iii) Size of the administration and personnel audit section: This section was approved as an audit branch unit in late 1977 but did not start auditing until January, 1978. In March, 1979, it was integrated with management audit section. 1978—4; 1979—4.

The management, financial and administration audit units are not provided with budgets. Individual units expend funds against a total RCMP Headquarters budget.

(b) There was one report per audit. Therefore: Management Audit Section: 1977—8; 1978-11; 1979—15; 1980—15;

1981—14. Financial Audit Unit: 1977—1981—17. Administration and Personnel Audit Section: 1978—17; 1979—6.

2. (a) The operational audit unit has had an establishment of four since its inception in 1978. It is not provided with a budget but expends funds against the total RCMP headquarters budget. (b) Six audits and five reports.

3. (a) From 1978 to April 1, 1982 the Security Service audit unit had an establishment of four. One additional person was assigned effective April 1, 1982. The Security Service does not have a separate budget, rather it is incorporated into the total Security Service headquarters budget.

(b) The following audits and reports have been produced: 1978—5; 1979—6; 1980—4; 1981—3; 1982—3 (to date).

CANADA DEPOSIT INSURANCE CORPORATION—LOANS TO EMPLOYEES

Question No. 4,190—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of the Canada Deposit Insurance Corporation or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Hon. Pierre Bussières (Minister of State (Finance)): In so far as the Minister of Finance is concerned, I have been advised by the Canada Deposit Insurance Corporation as follows: No. (a) to (e) Not applicable.

FARM CREDIT CORPORATION—LOANS TO EMPLOYEES

Question No. 4,198—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of the Farm Credit Corporation or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Hon. E. F. Whelan (Minister of Agriculture): Farm Credit Corporation advises: No. (a) to (e) Not applicable.

FBDB—LOANS TO EMPLOYEES

Question No. 4,199—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of the Federal Business Development Bank or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Mr. David Berger (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): In so far as the Federal Business Development Bank is concerned: No. (a) to (e) Not applicable.

FRESHWATER FISH MARKETING CORPORATION—LOANS TO EMPLOYEES

Question No. 4,200—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of the Freshwater Fish Marketing Corporation or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): No. (a) to (e) Not applicable.

NORTHERN TRANSPORTATION CORPORATION—LOANS TO EMPLOYEES

Question No. 4,202—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of the Northern Transportation Corporation or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The Northern Transportation Company Limited advises as follows: No. (a) to (e) Not applicable.

ST. LAWRENCE SEAWAY AUTHORITY—LOANS TO EMPLOYEES

Question No. 4,204—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of The St. Lawrence Seaway Authority or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The St. Lawrence Seaway Authority advises as follows: No. (a) to (e) Not applicable.

SEAWAY INTERNATIONAL BRIDGE CORPORATION—LOANS TO EMPLOYEES

Question No. 4,205—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of The Seaway International Bridge Corporation Limited or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The Seaway International Bridge Corporation, Ltd., a subsidiary of The St. Lawrence Seaway Authority, advises as follows: No. (a) to (e) Not applicable.

TELEGLOBE CANADA—LOANS TO EMPLOYEES

Question No. 4,206—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of Teleglobe Canada or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Order Paper Questions

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by Teleglobe Canada that their reply to the above question is no. (a) to (e) Not applicable.

VIA RAIL—LOANS TO EMPLOYEES

Question No. 4,207—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of VIA Rail Canada Inc. or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of VIA Rail Canada Inc. advises as follows: No. (a) to (e) Not applicable.

BANK OF CANADA—LOANS TO EMPLOYEES

Question No. 4,209—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of the Bank of Canada or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Hon. Pierre Bussières (Minister of State (Finance)): In so far as the Minister of Finance is concerned, I have been advised by the Bank of Canada as follows: No. (a) to (e) Not applicable.

FILM "OUR CHILDREN ARE OUR FUTURE"

Question No. 4,211—**Mr. Young:**

1. What is the total cost to the Canadian Broadcasting Corporation to air the film "Our Children are Our Future", including time, line charges, packaging and all other associated costs?

2. What is the fee being charged by the CBC to the Nova Corporation as the sponsor of the film?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows: 1 and 2. It has not been customary to require the CBC to provide such details of its internal management and administration as the costs involved in individual program projects or of its dealings with private companies. The background to this custom is explained in detail in the reply to Question No. 2,530, answered November 6, 1975.

FILM "THE PLOUFFE FAMILY"

Question No. 4,232—**Mr. Fretz:**

1. Did the government contribute to the production of the film "Les Plouffe" and, if so, what amount?

2. Did the government contribute to the production of showing the film abroad, in France or in other Francophone Commonwealth countries and, if so, what amount?

3. What amount did the Canadian Broadcasting Corporation budget for its production and promotion for its show "The Plouffe Family"?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Canadian Film Development Corporation as follows: 1. The Canadian Film Development Corporation invested $250,000 in the production of "Les Plouffe". 2. No contribution was made by the Canadian Film Development Corporation. 3. To be answered elsewhere.

I am informed by the Canadian Broadcasting Corporation as follows: 1 and 2. To be answered elsewhere. 3. It has not been customary to require the CBC to provide such details of its internal management and administration as the costs involved in individual program projects. The background to this custom is explained in detail in the reply to Question No. 2,530, answered November 6, 1975.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,290 could be made an order for return, this return would be tabled immediately.

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 3,290 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

CANADA PENSION PLAN

Question No. 3,290—**Mr. Dantzer:**

1. During (a) 1979 (b) 1980 (c) the first half of 1981, how many persons checked their record of contributions with a Canada Pension Plan office and how many applied (i) in person (ii) by letter?

2. How many offices are there and where are they located?

3. During (a) 1979 (b) 1980 (c) the first half of 1981, were advertising campaigns held to inform individuals of how to check their record of contributions and were information circulars distributed and, if so, what amount was spent on each campaign and how many persons did each campaign reach?

4. How many major public or private pension plans with assets over $100 million (a) do not provide annually (b) provide annually (c) provide at least once every three years disclosures to the participant?

5. Does the government's superannuation program provide annual disclosure and, if not, for what reason?

6. (a) Can an individual find out if his/her record of CPP contributions is correct and can he/she review the plan's record for his/her entire lifetime of employment (b) can an individual have errors corrected (c) are there any limits and, if so, what is the nature of and the reason for such impediments?

7. Does the CPP have an estimate of how many contributions may have been registered incorrectly and (a) if not, for what reason (b) if so, what measures are being carried out to correct the situation?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I rise today, rather significantly, with respect to a question on the Order Paper in my name, No. 4,120. It has been on the Order Paper since March 9, 1982 and remains unanswered. I bring it to the attention of the parliamentary secretary, particularly in light of the question posed today to the President of the Treasury Board (Mr. Johnston) by my colleague from Nepean-Carleton (Mr. Baker)in which he indicated that there had been a directive by the President of the Treasury Board which in effect would give a preferential wage increase to exempt staff and political staff of ministers of the cabinet of the country.

I am just wondering about the budget which was brought down asking Canadians to restrain themselves to the extent of 6 per cent increases in salaries. My question, Madam Speaker, deals with the practice which releases an undertaking by the Minister of Energy, Mines and Resources (Mr. Lalonde) to use Crown corporations and other forms of emoluments for exempt staff, to circumvent the guidelines with respect to salaries for the exempt staff of ministers and thereby in another way circumvent the restraint that one would expect from a Canadian government under such attack for its profligate spending ways. The question, Madam Speaker, is not a difficult one to answer. I simply bring it to the attention of the parliamentary secretary. The question is as follows:

1. For each Cabinet Minister, what are the names of executive assistants and other members of exempt staff who are receiving income from sources other than from funds allotted to ministerial budgets?

2. What are the names of those who receive income, favours, loans or other benefits of value from sources other than those permitted by the conflict of interest guidelines for Cabinet Ministers and former Cabinet Ministers?

• (1520)

3. Did the Prime Minister supply every cabinet minister, every executive assistant and all members of the exempt staff with copies of the "Code of Ethics" produced by the late Prime Minister Pearson and with a copy of the conflict of interest guidelines for Cabinet Ministers and former Cabinet Ministers?

If the parliamentary secretary were doing his job, he certainly would have this question answered. This is not the first time I have brought to his attention the fact that he is attempting to delay answering this question until this session prorogues.

Mr. Smith: Madam Speaker, I do not know the exact stage of preparation of the answer at this moment, but I will be more than delighted to look into this on behalf of my good friend, the hon. member for Saskatoon West (Mr. Hnatyshyn), and see what I can do to come up with the answer for him as soon as possible.

Mr. Young: Madam Speaker, my question to the parliamentary secretary concerns Order Paper question No. 4,165 placed on the Order Paper on March 19. The question concerns the apartment buildings in Toronto named Main Square. This series of questions concerns the rents CMHC is charging people in those apartment dwellings who are on fixed incomes. The answers to these questions are even more important as a result of the budget the other evening, as it affects people who are on pension incomes. Surely the question should not be difficult to answer, and I ask the parliamentary secretary—I urge him—to bring forward the answers as early as possible; next week, perhaps.

Mr. Smith: Madam Speaker, I will be very happy to look into the progress of the answer to this question as well.

Mr. Stevens: Madam Speaker, once again I draw the attention of the parliamentary secretary to the fact that question No. 2,042, asked by me on January 29, 1981, has still not been answered. It simply asks for the total costs of the December-January world tour of that year by the Prime Minister (Mr. Trudeau) and goes on to ask:

What percentage of the total cost of the trip will be paid by the Canadian taxpayer?

Surely it is an affront to the House and to the people of Canada that a simple question as to what cost was run up in the Prime Minister's world tour is not being answered.

Mr. Nielsen: A year and a half later.

Mr. Stevens: I think this is at least the twelfth time I have risen to ask why this question has not been answered. I have tried the quiet method. I have not asked about this question for a few weeks, in the hope that that method might pacify somebody. Obviously that is not working, so I ask the parliamentary secretary once again why the question has not been answered.

Mr. Smith: Madam Speaker, the last time I looked into that answer I believe most of the information was in. However, the answer did involve several departments, and one or two had not filed their returns. However, I will be more than pleased to look into this on behalf of the hon. member. I will be delighted to do so.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call notices of motions for the production of papers Nos. 62, 63 and 64 in the name of the hon. member for Skeena (Mr. Fulton)?

[*Text*]

COPIES OF ALL CORRESPONDENCE RESPECTING AMAX LIMITED

Motion No. 62—**Mr. Fulton:**

That an Order of the House do issue for copies of all correspondence concerning Amax Limited forwarded to Mr. P. Chamut on March 30, 1981, including a

letter from (1) M.D. Nassichuk to D. Goyette, dated July 5, 1977 (2) B. Heskin to W. Johnson, dated October 5, 1977 (3) R. Stewart to B. Heskin, dated October 12, 1977 (4) E. Taylor to N. Perret, dated October 18, 1977 (5) W. Johnson to B. Heskin, dated December 13, 1977 (6) H. Freeland to D. Farmer, dated December 15, 1977 (7) T.D. Bird to B. Otway, dated December 22, 1977 (8) I.K. Birtwell to R. Kussat, dated June 6, 1978 (9) R. Kussat to P. Scott, dated June 16, 1978 (10) R. Hoos to "Distribution", with attachment, dated June 28, 1978 (11) D. Farmer to P. Nasmyth, dated July 12, 1978 (12) C. Wong to P. Nasmyth, dated July 14, 1978 (13) P. Nasmyth to R. Hoos, dated July 19, 1978 (14) L. Retfalvi to R. Hoos, dated July 19, 1978 (15) I.K. Birtwell to R. Hoos dated July 27, 1978 (16) R. Hoos to "Distribution", dated August 1, 1978 (17) P. Chamut to L. Dominy, dated August 31, 1978 (18) L. Dominy to P. Chamut, dated September 1, 1978 (19) R. Hoos to "Distribution", dated September 1, 1978 (20) D. Shutz to G. Jaltema, dated September 27, 1978 (21) I.K. Birtwell to M. Waldichuk, dated October 3, 1978 (22) I.K. Birtwell to M. McNally, dated October 3, 1978 (23) I.K. Birtwell to C. McAllister, dated October 3, 1978 (24) I.K. Bitwell to Z. Kabata, dated October 3, 1978 (25) I.K. Birtwell to D. Shutz, dated October 3, 1978 (26) D. Shutz to G. Jaltema, dated October 11, 1978 (27) J.C. MacLeod to Cornwall, dated October 11, 1978 (28) P. Meyer to M.D. Nassichuk, dated October 18, 1978 (29) C. McAllister to I.K. Birtwell, dated October 26, 1978 (30) Z. Kabata to I. K. Birtwell, dated October 27, 1978 (31) M.D. Nassichuk to R. Hoos, dated November 6, 1978 (32) I.K. Birtwell to P. Chamut, with attachment, dated November 6, 1978 (33) P. Nasmyth to R. Hoos, with attachment, dated November 6, 1978 (34) M. Waldichuk to I.K. Birtwell, dated November 7, 1978 (35) R. Hoos to RSCC Task Force, with attachment, dated November 17, 1978 (36) K. Smiley to B. Kurtz, dated November 30, 1978 (37) J.C. MacLeod to McEachran, dated December 5, 1978 (38) B. Kurtz to W. McKenzie, dated December 11, 1978 (39) B. Kurtz to G. Jaltema, dated December 11, 1978 (40) D. Trethewey to R. Hoos, dated December 11, 1978 (41) W. Johnson to B. Heskin, dated December 12, 1978 (42) F.C. Boyd to B. Heskin, dated December 12, 1978 (43) W. Johnson to McEachran, dated December 29, 1978 (44) I.K. Birtwell to M. Waldichuk, dated January 3, 1979 (45) G. Jaltema to D. Shutz, dated January 18, 1979 (46) D. Shutz to G. Jaltema, dated January 30, 1979 (47) I.K. Birtwell to R. Hoos, dated February 19, 1979 (48) M. Ito to I.K. Birtwell, dated March 1, 1979 (49) R. Hoos to "Distribution," dated March 26, 1979 (50) P. Nasmyth to R. Hoos, dated April 3, 1979 (51) P. Chamut to M.D. Nassichuk, with attachment, dated April 5, 1979 (52) P. Chamut to F.C. Boyd, dated May 4, 1979 (53) I.K. Birtwell to R. Kussat, dated Juned 1, 1979 (54) P. Chamut to I.K. Birtwell, dated June 22, 1979 (55) P. Chamut to I.K. Birtwell, dated October 23, 1979 (56) P. Chamut to J. MacLatchy, dated November 6, 1979 (57) J. MacLatchy to I.K. Birtwell, with attachment, dated December 14, 1979 (58) J. Seaborn to the Minister of the Environment, with attachment dated December 18, 1979 (59) J. MacLatchy to M. Ito, on the subject of metals in stream sediments, dated December 3, 1980 (60) J. MacLatchy to M. Ito, F. Claggett and J. Scott, on the subject of by-product recovery of metals, dated December 5, 1980 (61) F. Clagget to "File", on the subject of preliminary results, EPS surveillance samples, dated May 5, 1981 (62) M.D. Nassichuk to F.C. Boyd, on the subject of the Amax-US Borax meeting with Alaskans, dated April 1, 1981.

COPIES OF CORRESPONDENCE IN RECORDS OF DEPARTMENT OF FISHERIES AND OCEANS RESPECTING POLLUTION OF SALMON STREAMS

Motion No. 63—**Mr. Fulton:**

That an Order of the House do issue for copies of following correspondence in the records of the Department of Fisheries and Oceans in Prince Rupert from (1) various individuals to Mr. J.H. Hitchcock, from the period February 24, 1949 to December 29, 1954, on the subject of reported pollution of the Kitsault River by Torbrit Silver Mines Ltd. (2) J.H. Hitchcock, in 1956, on the subject of a report on salmon stream spawning (3) P.D. Murray to W.R. Hourston, dated May 12, 1965, on the subject of the disposal of tailings from B.C. Molybdenum Ltd. (4) J.V. Thirgood, in May 1971, on the subject of relcamation at Kitsault (5) B. Lea to W.H. McKenzie, dated December 16, 1974, on the subject of the Fisheries Information Observatory Inlet (6) W.H. McKenzie to B. Lea, dated January 29, 1975, on the subject of the spawner runs, Hastings Arm and Alice Arm (7) H. Nelson to D. Goyette, dated June 23, 1976, on the of the Trip Report—Anyox and Climax Molybdenum, June 1976 (8) B. Kurtz to G. Jaltema, dated August 24, 1976, on the subject of Permit AE 4335 to discharge effluent into Alice Arm (9) F.C. Boyd to R.H. Kussat, dated November 18, 1976, on the subject of Climax Molybdenum at Alice Arm (10) M. D. Nassichuk to D. Goyette, dated July 5, 1977, on the subject of Climax Molybdenum at Kitsault (11) D. Schutz to G. Jaltema, dated September 27, 1978, on the subject of Climax Molybdenum at Kitsault (12) D. Shutz to G. Jaltema, dated October 11, 1978, on the subject of Climax Molybdenum at Kitsault (13) an unnamed individual, dated November 2, 1978, on the subject of Mr. Jim Schubert, an Alice Arm fisherman (14) B. Curt, dated November 6, 1978, on the subject of the 21st Annual Nishga Tribal Council Meeting (15) K. Smiley to B. Kurtz, dated November 30, 1978, on the subject of findings and comments concerning Alice Arm fisheries (16) B. Kurtz to G. Jaltema, dated December 11, 1978, on the subject of the Climax Molybdenum (17) B. Kurtz to W.H. McKenzie, dated December 11, 1978, on the subject of the Climax Molybdenum Project at Alice Arm and road construction (18) H. Klassen to the Climax Moly. Corp., dated January 12, 1979, on the subject of a letter of transmittal and Permit PE 4335 (19) G. Jaltema to D. Schutz, dated January 18, 1979, on the subject of Climax Molybdenum Project at Alice Arm (20) I.K. Birtwell to G. Jaltema, dated August 15, 1979, on the subject of PCB Permit Application No. AR 5639 (21) K. Smiley to W.H. McKenzie, dated September 10, 1979, on the subject of PCB Permit Application No. AR 5639 (22) K. Smiley to W.H. McKenzie, dated September 12, 1979, on the subject of PCB Permit Application No. 5638 (23) I.K. Birtwell to M. Ito, dated September 26, 1979, on the subject of PCB Permit Application AE 5622 (24) K. Smiley to "File", dated October 31, 1979, on the subject of a visit to Kitsault (25) R.G. Killam to K. Smiley, dated November 7, 1979, on the subject of approval to move logs (26) I.K Birtwell to G. Jaltema, dated November 20, 1979, on the subject of PCB Permit Application AE 5744 (27) I.K, Birtwell to G. Jaltema, dated December 6, 1979, on the subject of PCB Permit Application AR 5639 (28) B. Huber to W.H. McKenzie, dated December 19, 1979, on the subject of PCB Permit Application AE 5744 (29) I.K. Birtwell to M. Ito, dated January 8, 1980, on the subject of PCB Permit Application AE 5744 (30) I.K. Birtwell to G. Jaltema, dated January 24, 1980, on the subject of PCB Permit Application PE 5622 (31) K. Smiley to W.H. McKenzie, dated January 28, 1980, on the subject of an application from Climax Moly. (32) K. Smiley to W.H. McKenzie, dated January 29, 1980, on the subject of a Crown grant (33) K. Smiley to W.H. McKenzie, dated February 5, 1980, on the subject of mine tailings disposal (34) M.D. Nassichuk to G. Jaltema, dated March 27, 1980, on the subject of WMB Permit Application AE 5853 (35) B. Huber to W.H. McKenzie, dated April 9, 1980, on the subject of WMB Application AE 5853 (36) W.H. McKenzie to E. Zyblut, dated April 15, 1980, on the subject of WMB Permit Application AE 5853 (37) V.A. Pakalniskis to J.W. Sanders, dated April 25, 1980, on the subject of the Kitsault Mine (38) J. MacLatchy to M. Ito, F. Claggett, D. Goyette, J. Scott, R. Harbo and B. Huber, dated May 20, 1980, on the subject of a report on the DOE-DFO Visit to Kitsault Mine (39) W.H. McKenzie to R.D. Brodie, dated May 28, 1980, on the subject of a referral to the Lands Branch (40) K. Hebron to G. Robbins, dated June 13, 1980, on the subject of bulk oil storage facilities (41) B. Huber to W.H. McKenzie, dated June 18, 1980, on the subject of a memo concerning Dolly Varden Res. Ltd. (42) B. Huber to W.H. McKenzie, dated June 19, 1980, on the subject of Clary Creek File No. 0366114 (43) K. Conlin to the Prince Rupert Office, dated June 30, 1980, on the subject of underwater blasting and construction (44) W.H. McKenzie to B. Hubert, dated July 24, 1980, on the subject of the Indian Food Fishery at Alice Arm (45) E. Zyblut to G.H. Robbins, dated July 25, 1980, on the subject of blasting for the tailing outfall area at Alice Arm (46) B. Huber to E. Zyblut, dated August 13, 1980, on the subject of the Indian Food Fishery at Alice Arm (47) G. Vardy to B. Huber, dated August 29, 1980, on the subject of a permit held by Dobrocky Seatech Ltd. (48) B. Huber to W.H. McKenzie, dated September 16, 1980, on the subject of right of way stabilization along the shore at the head of Alice Arm (49) B. Huber to W.H. McKenzie, dated September 16, 1980, on the subject of the mine tailings outfall system (50) R. Brodie to W.D. Lenton, dated September 26, 1980, on the subject of the removal of foreshore material for road stabilization in Kitsault (51) M.D. Nassichuk to M. Ito, dated September 27, 1980, on the subject of a WMB Amendment Application No. PE 4335 (52) B. Huber to W.H. McKenzie, dated October 22, 1980, on the subject of an application by Amax for approval of a proposed sewage disposal outfall (53) R. Snow to B. Huber, dated October 23, 1980, on the subject of the Alice Arm Native Food Fishery (54) R. Bell-Irving to A.C. Duncan, dated November 3, 1980, on the subject of an application by Amax for approval of a mine tailings outfall system (55) B. Huber to W.H. McKenzie, dated November 7, 1980, on the subject of Lands Branch referral No. 0354180

(56) W.H. McKenzie to R.D. Brodie, dated November 13, 1980, on the subject of stabilization at Kitsault (57) K. Conlin to "File", dated November 13, 1980, on the subject of blasting for tailing outfall (58) M.D. Nassichuk to P. Chamut, dated November 18, 1980, on the subject of PCB Analysis at Alice Arm (59) R. Potter to W. Lenton, dated November 25, 1980, on the subject of road stabilization at Kitsault (60) R. Bell-Irving to A.C. Duncan, dated December 1, 1980, on the subject of an application for approval of a proposed sewage disposal outfall (61) B. Huber to H. Doolan, dated February 3, 1981, on the subject of lab results of fish specimens from Alice Arm (62) N.J. Sterritt to R. Barkley, dated March 26, 1981, on the subject of the Kitsault project (63) C. Marshall to the "Times-Colonist", dated March 20, 1981, on the subject of Alice Arm (64) B. Huber to G. Jaltema, dated April 21, 1981, on the subject of biological sampling and distribution of crabs (65) B. Huber, dated March 5, 1981, on the subject of herring sounding (66) the Nishga Tribe, dated April 21, 1981, on the subject of the Council Convention.

COPY OF CORRESPONDENCE PURSUANT TO ALICE ARM TAILING DEPOSIT REGULATION AND FISHERIES ACT

Motion No. 64—**Mr. Fulton:**

That an Order of the House do issue for a copy of the correspondence pursuant to the Alice Arm Tailing Deposit Regulation and the Fisheries Act which was issued to the scientific review panel created by the Minister of Fisheries and Oceans to study the Amax Limited dumping of mine tailings into Alice Arm, British Columbia, especially (*a*) the correspondence applying to the DOE Technical Review List, including a letter from (1) Goyette to Heskin, dated February 13, 1976 (2) Waldichuk to Heskin, dated March 22, 1976 (3) Waldichuk to Heskin, dated March 29, 1976 (4) Stucchi to Heskin, dated March 30, 1976 (5) Naysmith to Heskin, dated April 21, 1976 (6) Schouwenburg to Kussat, dated April 21, 1976 (7) Boyd to Kussat, dated November 18, 1976 (8) Farmer to Goyette, dated January 17, 1977 (9) Goyette to Kussat, dated January 27, 1977 (10) Goyette to Kussat, dated June 10, 1977 (11) Peiker to Heskin, dated August 10, 1977 (12) Farmer to Goyette, dated September 19, 1977 (13) Thompson to Goyette, dated April 10, 1978 (14) MacLatchy to Scott, dated May 9, 1978 (15) Farmer to Naysmith, dated September 12, 1978 (16) Hoos to Kussat, dated October 18, 1978 (17) Farmer to Naysmith, dated October 31, 1978 (18) MacLatchy to Ito, dated November 1, 1978 (19) Goyette to Gardy, dated November 7, 1978 (20) Dayal to Scott, dated November 8, 1978 (21) Scott to Ito, dated November 9, 1978 (22) Hoos to RSCC, dated November 16, 1978 (23) Villamere to Ito, dated November 28, 1978 (24) Goyette to Hoos, dated December 7, 1978 (25) Boyd to Heskin, dated December 12, 1978 (26) Brodie to Hoos, dated January 31, 1979 (27) Harbo to Birtwell, dated March 7, 1980 (28) Goyette to Ito, dated May 14, 1980 (29) Lenton to Ito, dated June 25, 1980 (30) MacLatchy, dated June 9, 1980 (31) Goyette to Ito, dated July 11, 1980 (32) Ferguson to Ito, dated August 1, 1980 (33) Heskin to Lenton, dated September 26, 1980 (34) Heskin to Lenton, dated September 29, 1980 (35) Lenton to Heskin, dated October 14, 1980 (*b*) the correspondence dealing with radioactivity, including a letter from (1) Scott to Rothschild, dated November 2, 1978 (2) Scott to Ito, dated November 7, 1978 (3) Vasudev to Scott, dated November 9, 1978 (4) Hallam to Claggett and Kussat, dated November 22, 1978 (5) Scott to Rothschild, dated January 11, 1979 (6) Steininger to Scott, dated January 24, 1979 (7) Scott to Rothschild, dated February 9, 1979 (8) Steininger to Scott, dated February 12, 1979 (9) Scott to Steininger, dated February 15, 1979 (10) Goyette to Ito, dated April 18, 1980 (11) MacLatchy to Ito, dated April 18, 1980 (12) Ito to Higgins, dated April 17, 1980 (13) MacLatchy to Lenton, dated April 21, 1980 (14) Robbins to Goyette, dated April 22, 1980 (15) Goyette to Ito, dated May 13, 1980 (*c*) the federal correspondence concerned with monitoring the program, including a letter from (1) Stucchi to Goyette, dated July 19, 1979 (2) Thompson to Goyette, dated July 23, 1979 (3) Lenton to Ito, dated October 3, 1979 (4) Stucchi to Goyette, dated November 26, 1980 (5) Ferguson to Claggett, dated December 1, 1980 (6) Heskin to Lenton, dated December 18, 1980 (7) Lenton to Heskin, dated December 31, 1980 (8) Harding to Farmer, dated January 16, 1981 (*d*) the provincial correspondence concerned with monitoring the program, including a letter from (1) Ito to Klassen, dated September 20, 1978 (2) Brodie to Goyette, dated June 1979 (3) Ito to Klassen, dated August 17, 1979 (4) Birtwell to Ito, dated August 13, 1979 (5) Brothers to Kussat, dated August 14, 1979 (6) Klassen to Ito, dated January 9, 1980 (7) Goyette to Birtwell, dated January 28, 1980 (8) Boyd to Ito, dated March 5, 1980 (*e*) the correspondence concerning a contingency plan, including a letter from (1) Ito to MacLatchy, dated January 2, 1980 (2) LeBlanc to Lenton, dated October 24, 1980 (3) Staff, dated October 1980, on the subject "Management Notes" (4) Ito to Lenton, dated November 28, 1980 (5) Lenton to Ito, dated December 11, 1980 (6) Lenton to Ito, dated December 30, 1980 (7) Ito to Boyd, dated January 5, 1981 (8) Ito to Klassen, dated January 14, 1981 (9) Robbins to Ito, dated April 3, 1981 (*f*) the correspondence concerning metal recovery, including a letter from (1) Reid to Lenton, dated April 15, 1980 (2) Lenton to Ito, dated June 20, 1980 (3) Ito to Lenton, dated September 10, 1980 (4) Lenton to Ito, dated September 29, 1980 (5) Lenton to Ito, dated March 2, 1981.

[*English*]

Mr. Smith: Madam Speaker, Notices of Motions for the Production of Papers Nos. 62, 63 and 64 in the name of the hon. member for Skeena are acceptable to the government, subject to the usual reservations concerning internal departmental memoranda.

Mr. Fulton: Madam Speaker, I wonder if the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) could give this House some idea of what the last part of that sentence, "subject to the usual reservations concerning internal departmental memoranda", means. These motions for the production of papers have been on the Order Paper for a year now, and they involve 212 documents. Is the parliamentary secretary saying that parts of some of those documents are being tabled, some of the documents are being tabled or some of the parts of some of the documents are being tabled? Perhaps he could give us some idea of exactly what is being tabled today.

Mr. Smith: Madam Speaker, I am sure it is not necessary for me to give a definitive definition of what that means. If the hon. member consults his House leader, I am sure he will be enlightened. There are many precedents which quite clearly define the scope of that phrase, and the documents are at the Table in any event. They are with the Clerk now, so if the hon. member wants to go to the Table and peruse them, I think he will quite readily find the answers to his questions.

Notices of motions for the production of papers Nos. 62, 63 and 64 agreed to.

Mr. Smith: I ask, Madam Speaker, that the remaining notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall the remaining notices of motions for the production of papers stand?

Some hon. Members: Agreed.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Nielsen: Madam Speaker, I rise on a point of order with respect to House business. This will be our last day of sitting until next Monday. I wonder if the government House leader could confirm for the record the business for as far into next week as he can take us.

[*Translation*]

Mr. Pinard: Madam Speaker, we shall vote on the New Democratic Party's subamendment later today, and after this second day of debate on the budget, we shall resume debate next week on Monday, when we come back after Canada Day and the weekend. Monday will be the third day of debate on the budget. Tuesday will be the fourth day, and a second no-confidence vote will be on the motion proposed by the Progressive Conservative Party. Wednesday will be the fifth day of the debate on the budget and Thursday the sixth, with a final vote on the motion concerning the budget. That is the order of business for next week, unless circumstances dictate otherwise. This may happen, as I explained to my fellow House leaders, when, after discussion, they have examined the bill or bills that were introduced and that arise from the budget, and if we manage to agree on how to proceed with the bill or bills, we may have to change the order of business for next week, starting after Tuesday. As far as Monday and Tuesday of next week are concerned, that is final. Unless there is agreement otherwise at our level, Monday and Tuesday will be two of the days for debate on the budget. Obviously, we still assume Monday will be the third day and Tuesday the fourth day of the debate on the budget.

[*English*]

Mr. Deans: Madam Speaker, I rise with respect to two matters. One relates to what the govervent House leader has just said. My understanding is that Monday will be what is normally called "leaders' day". I just hope that understanding holds.

The second matter I want to raise is this: the government House leader will be aware of the study conducted by several members of the New Democratic Party into pollution in the Great Lakes, and Lake Ontario in particular, and of the meetings which they held. There has come to light a situation whereby traces of dioxin have been found in the human tissue of the bodies of individuals in Kingston, Ontario. I wonder if the government House leader might give some consideration to a special reference, which we would support, of the matter of toxic waste and its disposal to the Standing Committee on Fisheries and Forestry in order that the committee might look into this entire matter and determine whether there are recommendations which might be made, given the severity of the problem and the difficulty we are encountering in dealing with it.

Mr. Nielsen: It should be discussed at House leaders' meetings.

Mr. Pinard: Madam Speaker, the first question was whether Monday is "leaders' day". There is no such day in the Standing Orders. It all depends on who speaks on Monday and who the leaders are. We will see at that time.

The second question was about making a reference to a committee. I do not have sufficient information to judge and conclude whether such a reference might be advisable at this time under the circumstances. I will refer the request of the hon. gentleman to the ministers concerned, the Minister of the Environment (Mr. Roberts) and the Minister of Fisheries and Oceans (Mr. LeBlanc), and when we have a House leaders' meeting, probably some time next week, we might discuss this subject again.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Tuesday, June 29, 1982, consideration of the motion of Mr. MacEachen that this House approves in general the budgetary policy of the government, and the amendment of Mr. Wilson (p. 18905) and the amendment to the amendment of Mr. Riis (p. 18908).

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I am pleased to have 28 minutes afforded to me. I started last evening and took two minutes. I want to spend some time speaking about the budget.

The budget does not begin to address the problems that confront by far the vast majority of Canadians. The budget has attempted, in a piecemeal way, to put forward some proposals which, I assume, are intended to deal with the unemployment situation that confronts us in Canada, to deal with the very high interest rates that confront us in Canada, to deal with the massive deficit that confronts us in Canada, to deal with the problem of inflation, which is undoubtedly a problem which must be grappled with, and to deal with the lowest dollar value in Canadian history.

• (1530)

Had the government been serious about the problems of this country, it would have recognized right away that the single most difficult and vexing problem that Canadians who are working have to deal with, is meeting their mortgage interest cost. The high level of interest being charged on mortgages is usurious by almost any standard that could have been applied up until 1980. The government should have dealt directly and forthrightly with the problem of high interest rates for people faced with trying to provide their families with a decent place to live at a cost they can afford.

Had the government been serious about the economic dislocation that occurred in businesses, large and small, and about the cutbacks in employment, it would have recognized that the single largest contributing factor to the unemployment that has occurred from coast to coast is the high interest rates that manufacturers and consumers have been required to carry. This has meant that products manufactured by Canadians cannot be purchased by consumers because they cannot afford to pay the 20, 22 or 24 per cent interest rates they have been faced with.

Had the government been serious about the record high level of inflation, it would have recognized that the exorbitant interest rates of the last two years have made a serious contribution to it. It would have recognized that every single commodity that is for sale, every single product manufactured in any part of this country, must of necessity incorporate the high interest rate into its price structure as a cost of doing business. Had the government been serious about reducing the deficit, it would have immediately addressed the problem of high intrest rates which have reduced the purchasing power of Canadians, which have made it virtually impossible for Canadian families to buy a home and which have until now eaten away at wages of people who are attempting to make ends meet. Had the government been serious about the deficit, it would have understood that the single largest contributing factor to the deficit has been the outfall of high interest rates which meant a decrease in consumer purchasing, which meant a decrease in manufacturing, which meant an increase in unemployment, which meant a decrease in the amount of personal taxes paid by the majority of Canadians, which meant an increase in unemployment insurance costs, which meant an increase in the cost of operating government in terms of the necessity to provide social assistance for Canadians unable to find work, and which meant a decrease in the corporate tax payable.

Why has there been such a massive shift in the level of indebtedness of this country and a shortfall in revenue over expenditure from November of last year to July of this year? That has come about because not enough people are working or buying products or paying taxes. The government's policy has been one of the contributing factors to the significant downturn in the economy.

You will recognize on behalf of your constituents, Mr. Speaker, that if the government had been serious about dealing with the economic problems of the country, it would have begun by addressing the exorbitant and usurious rates of interest and the destruction that has flowed from allowing those rates to be charged.

In November last year, some seven months ago, I pointed out to the government the need to address the problems of Canada where they existed and the need to look seriously at measures that could be taken in the House to assist Canadians to get back to work, to assist Canadian families to stabilize their lives, to assist the government in raising the necessary tax dollars to pay the important bills, and to assist the government in designing an economic strategy. At that time I put it to the government that there is one real motivator in the economy that rises above all the others in terms of social and economic impact, and that is the provision of housing to meet the need that has been established from coast to coast.

It has been clearly demonstrated that 220,000 housing units should be built in Canada this year but that no more than 130,000 are to be built, and I suspect that is the absolute maximum. Many Canadians cannot find a place to live—not only a place within their means but any kind of decent accommodation for their families.

I pointed out to the government that for every single house built, 2.2 to three jobs were created, some on the site and some in the industries that provide the bath tubs, the shingles, the tiles, the eavestroughing and other component parts. If an additional 80,000 units were built, close to 200,000 jobs would be created. If those 200,000 jobs were created now, the rate of unemployment, seasonally adjusted as it always is, although I do not know how you adjust people who are seasonally employed—would decrease from 11.6 per cent to 8.8 per cent. We should build the homes that people need and begin the process of creating jobs. Unemployment would then be brought down to a level which, if not acceptable, would at least be closer to being manageable. If those 200,000 people were put to work building the homes people need, unemployment insurance payments would be reduced by $2 billion per year. That could already have been achieved if the government had paid attention to those of us who are every bit as committed to the future of the country as it is. We would have created 200,000 jobs, we would have reduced the level of unemployment from 11.6 to 8.6 and we would have reduced unemployment insurance payments by $2 billion. Then, by way of federal, provincial and municipal taxes, we would have raised $1.16 billion. What would we have? We would have housing for people and we would have 200,000 people working, building and manufacturing. We would not have to find $2.2 billion for the government to spend. We would have a tax benefit of $1.16 billion as a result of this program. In addition to the well known statistical information which says that every dollar invested in a mortgage is recoverable through the payments, we would have saved the government over $3 billion. I would suggest to those who are still in the House—only a few I know—that when you measure that potential against what the government has offered as an economic recovery plan, you have to ask yourself what in heaven's name is wrong. Why is this government so pigheaded, foolish and blind to the methods available to us to begin that process of rebuilding this country? Why is this government tampering when we all recognize that a massive effort is required?

• (1540)

What does the government's program do? It brings forward a $3,000 grant to first-time home buyers, and first-time or otherwise buyers of new homes built during the current year. What that says is that as long as you dig a hole in the ground by the end of December, 1982, then that house will be eligible for the $3,000 grant some time in 1983. I say to you, Mr. Speaker, that when you consider it, it is ludicrous. That does not even begin to address the problem. It does not begin to provide homes for people at a price they can afford. It takes money out of the treasury which will not be recovered. It is the kind of program typical of a government bankrupt of ideas. Let me just tell you, Mr. Speaker, that if a person living in Ottawa wanted to buy a home he or she would find the average price of that home to be $68,500.

Mr. Blenkarn: Not a new house.

Mr. Deans: That is the average price. The average income in Ottawa is just under $30,000 a year. The strange thing is that with that income you do not qualify for a mortgage on a $68,500 house. Therefore, $3,000 in that kind of situation is absolutely of no help. For the government to offer this up as its answer to the housing crisis is shameful, but then it suggests that somehow or other the introduction of this program, and these other small and piecemeal programs it has brought forward, is the way we are going to get Canada back on its feet. The government suggests this is the way to create the economic impetus to enable us to rise from the ashes of destruction brought about by its policies. It will instil in Canadians the desire and drive to build this country to even greater heights and we are going to be able to give homes to people. The government says that people will be able to find and keep their jobs and earn enough to pay the necessary cost of living. If this is the government's answer, then I ask you: is it any wonder that those of us on this side of the House look at the government with disdain, and feel, as my colleague, the hon. member for Kamloops-Shuswap (Mr. Riis) says, despair?

I do not understand this government's initiatives. I do not know how it expects that people, who the day before the budget was brought in could not afford to buy a car, buy a home or meet their mortgage payments with these high interest rates, will, as a result of this budget and its hidden taxes, be able to meet those commitments once the budget is in place. I mean, how can you do those things now that you could not do before if you have less money? How can you possibly expect that there will be a recovery when people are in that kind of situation? I do not understand it. There has to be something missing in the minds of the people who advise this government. How in heaven's name can we expect to have manufacturers back to producing at 90 per cent or 100 per cent of capacity, how can we expect to have people back working on the lines, in the shops and offices, if the money available to be spent on goods and services is to be reduced by $1.3 billion? I say through you, Mr. Speaker, that it defies logic. Yet this government proudly stands up and tells us that this budget is really going to meet the need.

This budget, Mr. Speaker, reduces by $1.3 billion the money available to consumers, people who were struggling along and making ends meet. The government then says that this is somehow or other intended to stimulate industry in such a way, and create purchasing power in such a way, that we will have greater employment, more productivity, more tax revenue, and we will be back to the good old days.

Well, I suggest to you, Mr. Speaker, that is patent nonsense. That is absolutely false hope. That is the worst kind of chicanery I have seen in years. There is no doubt in my mind that if the Minister of Finance (Mr. MacEachen)—and I have always considered him to be an honourable man—stops to think about it, he must surely understand clearly that you cannot reduce the size of the consumer marketplace and expect to sell more. You cannot restrict people's wages to a level below that of inflation and expect them to be able to buy more. I am sure the end result will be—and I hope I am wrong although I do not see how—that people will buy less because they do not have the money to spend, and those who manufacture will manufacture less, those who work in manufacturing plants will work less, we will have higher unemployment, and that will mean an even larger burden on those who continue to pay taxes. In addition, the deficit will continue to grow, and in the end we will be faced with virtual bankruptcy.

Now, I put it to the government in the most forceful terms I can that it is not too late. It is almost too late, but there is still time. I put to the government that if this government is serious about the future of this country and if this government feels any sense of obligation to the working families from coast to coast in this country who are struggling today, the government will pay heed to their cry. Their cry is as loud in the eastern part of the country as it is in the west. The cry is that we must take steps to bring down the interest rates currently being charged. We must, as an absolute priority, bring that level down to a level that is manageable in order that average income earners can go into the marketplace and purchase those things which their neighbours and friends are making. That is the cry of the people of Canada. That is the cry of the small businessman who just put on his door the notice "Out of business, bankrupt" because he could not meet the short-term high-interest payments that he had to make in order to carry his inventory. That is the cry of the large corporations paying out millions of dollars yearly on interest payments which they can ill afford to pay and which price their products out of the market, making it impossible for Canadians to absorb the productive capacity of the country. That is the cry of those who are locked into mortgages paying 20 per cent or more. They are begging and saying to the government, "Please, we cannot carry this burden any more." That is the problem in this country.

• (1550)

I say to you again, as I said before, that we have the ability to solve this problem. I recognize that building homes for people is not the end-all and the be-all. That is not a panacea for everything, but I want to put to the government that activity is vitally important and it is the single most important motivator of any in economic terms. If we were simply to follow the example I have given, and if the government had followed in November what I suggested by putting $2 billion to $3 billion—not necessarily all tax dollars—into building homes, we would not have seen the increase in the deficit from the $10 billion or $11 billion to beyond the $19 billion at which it now stands.

When the government told me in November that we could not afford to spend that money because we did not have it, I said then that was wrong. I said then that this was an investment in the future of Canada, an investment from which we would derive a return both in social and in economic terms, an investment from which we would get every single penny back plus interest. I said then that if this investment had been undertaken in November it would have, by virtue of the statistics that I have given, made it unnecessary in this country to absorb that additional $9 billion worth of indebtedness. I do

not understand it. If there is a flaw in it, for God's sake, get up and say so. If there is something wrong with that and it will not work as a means of starting the recovery process, then let someone rise and tell me.

Mr. Keeper: They do not dare.

Mr. Deans: I say to you, Mr. Speaker, it is clear to me that between November and December we wasted an opportunity to put Canadians to work because this government was too blind to the realities. We cannot afford such waste many more times.

What do we need? We need a government worth its salt that is prepared to stand up on behalf of Canadians. To stand up on behalf of Canadians is not asking people earning $12,000 a year to tighten their belts. To stand up on behalf of Canadians is to say that we recognize the major problem. It is the interest rate and we are going to bring it down. It is to say we recognize how to create jobs, and build homes. We recognize that small businesses are not able to carry the burden any longer and we will make sure that in the interim period during the recovery these people are given assistance. It is to say we recognize that farmers who have been attempting for years to make it on a meagre income deserve to be given some additional consideration during this very difficult time, and we recognize that what we invest in Canada today we will reap tenfold in the years to come.

This government's policies are bankrupt. It appears that the government is intending to make the country bankrupt like its policies. I want to say to you, Mr. Speaker, and to anyone who cares to listen that there is another way. There may be more than one way, but the way I am proposing today will work. It will not inflict on Canadians additional tax burdens nor will it require Canadians to tighten their belts. It will not require us to suffer 12 per cent or 15 per cent unemployment. It will not require us to pay high interest rates, which this government has supported over the last three years together with its friends in the Conservative Party. This has to stop, and it has to stop now.

Hon. Donald J. Johnston (President of the Treasury Board): Mr. Speaker, it is a pleasure and indeed a privilege for me to have the opportunity to intervene in this debate on the budget. It has also given me the opportunity to follow the hon. member for Hamilton Mountain (Mr. Deans), for whom I have a good deal of respect on most subjects except for his view of the economy and how it works as well as the solutions that he proposes in the well known tradition of his party, which is to spend our way out of all problems.

Mr. Deans: That is not what I said.

Mr. Johnston: He asked what is the road to recovery. He invited someone to stand up and tell him what it is. I would like to spend a few moments doing that this afternoon, and I hope the hon. member will remain in the House for that purpose.

He asked what we can do. He said, "Let us stand up on behalf of all Canadians". I invite him to stand up with us on behalf of all Canadians and support this budget, and particularly to support the restraint measures which are contained in this budget.

Mr. Blenkarn: Where?

Mr. Johnston: I invite him particularly to support the measures which are designated to bring down inflation and interest rates in Canada at the same time to 6 per cent and 5 per cent.

Mr. Deans: You cannot do it and you won't do it.

Mr. Johnston: The hon. member for Hamilton Mountain says that it cannot be done. That, of course, is his privilege.

Mr. Blenkarn: And you have increased government expense by 20 per cent.

Mr. Johnston: I do not think most Canadians would agree with the hon. member for Hamilton Mountain's point of view.

Mr. Deans: Your policy won't do it.

Mr. Johnston: We are counting on the good sense, judgment and the commitment of Canadians to stand up and support us in this national crusade about which I will be speaking this afternoon.

My colleague, the Minister of Employment and Immigration (Mr. Axworthy) yesterday spoke about the budget in terms of employment opportunities. Today, I would like to spend a few minutes dealing with a number of other aspects of the budget which I consider to be relevant and which I think hon. members, particularly from the party of the hon. member for Hamilton Mountain, will be interested.

Mr. Riis: And so will the stock market.

Mr. Johnston: The opposition, and I refer to the collective opposition, refers very little to the international slump in which the entire western world finds itself.

Mr. Deans: It does not affect housing.

Mr. Johnston: Why is that?

Mr. Deans: Why does it not affect housing?

Mr. Johnston: Why is that? I suppose, as political opportunists, the opposition would like Canadians to believe that all the problems that beset this country and the economy at the present time are the product of the sins, past or present, of this government. If they are to win any respect for their views from Canadians—and nearly all Canadians know better—they have to acknowledge that a good measure or a good part of our problems stems from the international economic situation in which we find ourselves today as members of the industrialized western world.

• (1600)

I would ask the hon. member for Hamilton Mountain: would the market for B.C. lumber be helped a great deal by way, for example, of a housing program in Canada in the absence of a U.S. recovery? Does he seriously believe, or is he seriously putting forward the proposition, that the B.C. lumber market will come back in the absence of a U.S. recovery?

Mr. Deans: It would be better than it is today.

Mr. Johnston: Is he suggesting that larger Canadian domestic markets for such items as copper, lead or aluminum will come back in the absence of an international recovery? Canadian sales of automobiles or our output of finished cars, for example, are they likely to come back in the absence of an international recovery?

Mr. Deans: If you restrict Japanese imports.

Mr. Johnston: I am thinking of a company in my own area, Pratt & Whitney of Montreal. As the hon. member knows, it is a manufacturer of jet aircraft engines. Is it likely to come back in the absence of sales in the United States and abroad?

I am interested in noting a comment by Mr. Jack McArthur in *The Toronto Star* of June 22. I think he had the hon. member for Hamilton Mountain and some members of the Conservative Party in mind when he said:

> Some criticism now is so exaggerated that it's just silly.

Also he said:

> Who caused the similar inflations in France, Italy and in Britain? Or the dropping currencies in those and other countries such as Japan, Germany and Switzerland? Who's responsible for the terrible unemployment in the U.S. and in almost every other important western industrial nation?
>
> It wasn't Trudeau and MacEachen and they can't insulate us from those things.

That is a lesson the hon. member for Hamilton Mountain and other opposition members have yet to learn. As I said earlier, their criticisms will be taken more seriously if they deal with the real world. To that extent, opposition criticism of the government without reference to the international circumstances in which we all find ourselves frankly is biased, dishonest and misleading. It gives the people of Canada a very false picture of the real situation and also gives them false hopes that a new government such as theirs could pull rabbits out of the hat and that a magic touch here and there, with a bit more spending on this or that, will resolve all our problems and make them go away.

As hon. members know, this point has been made a number of times by the Minister of Finance (Mr. MacEachen)—the understanding of Canadians about the seriousness of the situation in which we find ourselves could be helped immeasurably if hon. members across the floor publicly recognized that we cannot float Canada off the world on some pink, puffy cloud, protected and isolated from our neighbours with whom we have so much trade and such extensive financial links. When the world slumps, so do we, and in particular with the U.S. in recession.

In this period our ability to solve our problems is seriously limited by those facts. We must realize—and if I can get the attention of the hon. member for Hamilton Mountain—that inflation is, has been and continues to be the number one problem of western society. All other serious problems which concern us, such as unemployment and unacceptably high interest rates to which the hon. member for Hamilton Mountain made reference, cannot and will not be satisfactorily resolved until we come to grips with the inflationary issue. Most other western countries, including our principal trading partner, that is the United States, have done a much better job at controlling inflation than we have. I suggest to opposition members of the House that we cannot afford to lag behind any longer.

We have also finally come to learn that in our long and less than successful battle against inflation, we must commence with restraints on our own incomes. There is simply no other way. Every country in the western world has turned to this as a focal point in its efforts to hold down prices. It is absolutely fundamental in our battle against inflation. Along with the need to curtail wages is the growing recognition in many countries that the indexing of wages and benefits is an automatic generator of further inflation. The hon. member for Hamilton Mountain shakes his head; I will give him evidence of that in a moment.

Mr. Deans: I am shaking my head at your whole presentation.

Mr. Johnston: It is not just indexing by contract or legislation which is at fault. We have often been conned by the insidious argument that because wages do not go up more than the rise in the consumer price index, these increases which are less than the CPI somehow do not count in the inflationary equation. This ridiculous argument has been used with considerable success by a number of people in our society and by a number of union leaders. Where there is no productivity improvement, which has been the case in recent years, all wage or benefit increases push prices up sooner or later. They validate inflation. They turn the screw another notch and they simply build inflation further into the system.

There was an interesting article from which I should like to quote several passages in *Business Week* of June 21. The article dealt with Europe breaking the grip of wage indexation. If the hon. member for Hamilton Mountain has not seen the article, I would be more than delighted to send along a copy of it, but in the meantime I should like to read several passages into the record. It reads:

> On June 1 the Confindustria, Italy's major employers' association, abruptly revoked its wage indexation compact with the country's trade unions. The action highlights a growing attempt throughout Europe to reverse a decade-long surge in real wages. With more than 10.5 million unemployed, hitherto-docile European corporate officials are turning militant, attempting to squeeze some of the biggest concessions out of trade unions in years.

It continued:

> But Italian executives are willing to take the risk of squeezing the unions, in part because the existing wage indexation program is moving the country into an increasingly skewed trading position with inflation-resistant Britain and West

Germany. While Italy's wages have risen, pay increases in the other two countries have consistently slowed. This is reducing their inflation and improving trade competitiveness with both Italy and France, which are moving in the same high-wage orbit.

Further on it pointed out that:

—Germany is entering a "virtuous circle" in which low wage settlements are bringing inflation down enough to increase employees' purchasing power despite the pay cuts. And although Britain will not reverse its wage-price spiral to the degree of Germany this year, wage and price increases may come in line in 1983.

It is clear that the experience of European countries is such that everybody benefits when wage demands are reduced and the wage-price spiral is broken.

I suggest that we in Canada must reduce real income. I realize this doctrine is very difficult for some members of the NDP to accept. It is stiff medicine, but it aims principally at the employed people of the country rather than Canadians generally. The weak, the unemployed, the poor and the pensioners are people who must be our first concern, but it is the employed who must pay part of this price. It is certainly the employed—and I number among them members of the House and everyone else, all employed—who must accept the main burden for bringing down wages, the rate of inflation, and of course our deficit.

What happens if wage restraint in the country cannot be effectively achieved? What will happen is more and higher inflation, a dollar continuing to fall and imposing its own price penalties which we have seen, and our deficit rising as we stand to help those in trouble. Why should this burden not be concentrated on the employed of the country as opposed to the disadvantaged Canadians to whom I made reference? Why should that not be done through restraining our own wage demands, those of us who are employed?

• (1610)

Mr. Blenkarn: Why do we not restrain government?

Mr. Johnston: Is this too much to ask of Canadians at this time? This is why the government has taken the lead in attempting to break the pattern of wage and benefit increases.

Mr. Riis: Six per cent across the board, eh?

Mr. Johnston: For the benefit of all members of this House, I would like to say that we do not like singling out government employees whose pay increases have not been noticeably out of line.

Mr. Riis: Can we quote you on that?

Mr. Blais: Please do.

Mr. Johnston: Nor do we believe that the recipients of government benefits are less deserving than anyone else in this society. But leadership must begin at home.

Mr. Riis: Especially the cabinet ministers, right?

Mr. Johnston: It must begin here by those employees who are affected by our own legislation and by our own benefit programs. We are hoping to see the six and five rule and objective which we are introducing adopted by other sectors, by other governments, by other businesses and by the private sector.

Mr. Riis: You are not introducing this program.

Mr. Johnston: Preaching restraint without action on our part, action of the kind we have taken, will not be taken seriously.

For a moment, I would like to turn to the deficit problem. If hon. members opposite were conscious of it before, clearly the response in the marketplace after the announcement of the deficit the other night should make them more aware of the seriousness of our projected deficit of just under $20 billion.

Mr. Riis: You were aware of it seven months ago.

Mr. Johnston: Both domestic and foreign investors perceive this deficit to be dangerously high—a question mark about our resolve to improve the management of our affairs.

But I must say that I was astonished on budget night to see the response of the leader of the New Democratic Party to our proposals. He is undoubtedly the last of the big time spenders, perhaps followed by a few other hon. members of his caucus. I have made some rough calculations, but I think my figures are approximately right, and his proposals to cure all our ills come to something over $5 billion a year. We need this injection of new spending, he alleged, to get the economy rolling.

Mr. Riis: The pot calling the kettle black. A $20 billion deficit.

Mr. Johnston: I would say to the leader of the New Democratic Party that the deficit which was revealed the other night is equivalent to injecting $9 billion into the economy. But where was the applause from the New Democratic Party? I must say that I had expected some excited cheering from the ranks of the New Democratic Party when they witnessed the extent to which the economy has been stimulated during this period.

Some hon. Members: Oh, oh!

Mr. Johnston: That is their approach. What do we see? Stony silence. Perhaps they are beginning to learn, even at this late date, that this deficit route which they preach is full of pitfalls which will cause great damage. The side effect of some of our restraint measures will help to hold the deficit down by reducing government expenditures—

Mr. Blenkarn: To 20 per cent.

Mr. Johnston: —and adding to our income. But let us look at the reality.

Mr. Riis: No, let us not.

Mr. Blenkarn: Let us look at the reality of 20 per cent.

Mr. Johnston: The essential attack on the federal deficit and on provincial deficits can only come when people contribute more out of their incomes to reducing them. We have built in

this country one of the best welfare systems in the world, one of which we can all be proud. But we must also pay the bill for that system. That is what I meant when I said that the real incomes of the employed in this country must be reduced so that the capital, which would otherwise go into consumption and into higher and higher wages and prices, into a higher and greater accelerating wage-price spiral so that those resources can be diverted to—

Mr. Blenkarn: To ministerial offices and their expenses.

Mr. Johnston: —our society in time of crisis. That is what the budget is doing. The deficit issue is clearly a real one and it is obviously something which cannot be wished away. It can generate a crisis of confidence and it can undermine other actions that we must take. Therefore, we cannot slow our efforts and our approach to bringing it down at every possible opportunity. We must not be seduced into the expansionary spending programs that are foisted upon us, or I should say, preached to us by our friends in the New Democratic Party.

Mr. Riis: Not friends. Please change that. Not friends.

Mr. Wilson: Liberal-NDP coalition.

Mr. Riis: Not friends.

Mr. Blais: Brothers.

Mr. Johnston: I would like to speak for a moment about the program of restraint. The program of restraint has, as its principal objective, the beginning of a national crusade in this country against inflation. The people instinctively know what is needed. Only some of their union leaders and a few others simply do not seem to understand. The people of this country know that inflation cannot be brought down if their pay increases are not cut back. They have learned how the process works by observation. For wage restraint to become a crusade, other governments and businesses must be involved. I must say that it is disturbing to see recent settlements such as 18 per cent for Toronto University professors, or 15 per cent for Toronto metro outside workers. I was reading some comments by Mr. Godfrey.

Mr. Riis: What about MPs, what was their last increase?

Mr. Johnston: Today's *Toronto Star* states:

> Etobicoke Council will likely prove Godfrey's point today by ratifying a 1982 contract giving the borough's outside workers a 15 per cent pay increase.
>
> The union and borough negotiators reached agreement on the 15 per cent raise on Monday night shortly after finance minister Allan MacEachen's plea for economic restraint.
>
> Until then, the union had threatened to go on strike if workers were not given a 17 per cent "catch-up" increase.
>
> "Fifteen per cent is way out of line", said one councillor, "but I guess it will go through because this council had no trouble voting themselves a 14.7 per cent increase effective in November."

The country simply cannot tolerate wage settlements at this level. I must say that it is equally disturbing to find most construction workers in the Province of Ontario have been given an increase of $2 per hour. That adds a cost of $4,000 to the price of the average house. Do hon. members realize what that means in terms of the kinds of housing programs we are trying to introduce? A $2 per hour increase raises the cost of the average house by $4,000.

Mr. Riis: Do you get to the energy agreement?

Mr. Johnston: That is surely not the way to control inflation. People in Canada must become seized with the need for wage restraint. They must accept it themselves. They must support our position with regard to union leaders who are extreme in their demands. They must urge their elected representatives, at whatever level, to fight for our 6 per cent and 5 per cent targets so that we will in fact have a rate of inflation of 6 per cent in 1983 and a rate of 5 per cent in the year that follows.

Mr. Riis: Any bets?

Mr. Johnston: Failing the acceptance of this challenge by the people of Canada, what do we have to fall back on? What would there be? Perhaps mandatory, across-the-board controls which would be difficult to enforce without the kind of support that this crusade is intended to generate. Drift? That is the other alternative. Cruising down the river on a Sunday afternoon? We know that rough water lies ahead and we have already drifted over some rapids. To continue that analogy, drifting—

Mr. Munro (Esquimalt-Saanich): For fourteen years!

Mr. Johnston: —always seems to be the easy course until the canoe spills over.

Mr. Riis: Why not call an election on the issue and then we will find out what the people think about it?

• (1620)

Mr. Johnston: The choice is before us. The choice is here for Canadians to make. We on this side are doing our best. We are determined in our efforts to make sure that the reality of the situation in this country is put before the people of Canada.

We would expect, we would hope, and I would exhort the members opposite in their discussions of these very critical issues in this very critical period to make known their own awareness of the depth and universality of this problem to Canadians and to themselves. This is no time for posturing to secure short-term political advantages, even if some of the opportunities look inviting. I hope hon. members of this House will deny themselves those inviting opportunities and raise their sights to the level of the national interest and away from their own partisan interest.

I am saying that the national interest demands a national approach. It demands a national commitment. That is what we seek. Let me quote George Reylea, whose quote appears in yesterday's Ottawa *Citizen*. When asked to comment on the restraint program, he said:

> I don't mind it a bit; it's a hell of a good thing, we should set the example.

An unnamed RCMP officer said:

The federal government has got to take a stand some place. This is it.

That is the kind of attitude that we see among our public servants. Perhaps we do not see it among the union leaders. That is the kind of attitude we must see across the public service. I hope that ultimately we will see this kind of attitude across Canada.

These are people with an awareness that is much broader than their own personal interests. I received a telex from Mr. R. S. Hurlbut of General Foods dated June 29. Responding to the plea of the Minister of Finance for voluntary wage constraint in the private sector, he said that General Foods today placed a 6 per cent limit on increases to salaried employees. The program is effective July 1. President Hurlbut said that the federal budget "set the tone for an economic recovery in Canada. Now it is up to business, industry and labour to get behind it and make the program work". He went on to say that "if Canada hoped to regain its competitive place in world markets, inflation must be brought under control. Restoring economic health to this country must become the number one priority of every Canadian".

These people know what the national interest is. It is up to every Canadian, not just Mr. Hurlbut of General Foods who has already begun and is doing his part to make this program work. I hope that what we have seen in the case of General Foods and others who will be following their example and our own is the beginning of an avalanche of support for this program to push that crusade I referred to in my earlier comments.

Hon. Ron Huntington (Capilano): Mr. Speaker, I listened to the President of the Treasury Board (Mr. Johnston) in his appeal to have this restraint initiative flow out through and across the various sectors of Canada. The time is long past due where a restraint initiative should have become a part of government policy.

After having listened to the NDP House leader, the hon. member for Hamilton Mountain (Mr. Deans), I wonder why they voted against the budget of my colleague, the minister of finance in the Thirty-first Parliament. When a sincere initiative of restraint was put forward, it was labelled short-term pain for long-term gain. It was rejected by both the Liberals and the NDP. It was the NDP who made it possible for that government to fall. It was their motion. As a result, we now have long-term pain for short-term political gain. We have lived with the abuse of political power ever since that dark night of December 11.

It was the NDP who today appealed for lower interest rates, I believe 1 per cent above the rate of inflation. How they get that magic combination of arithmetic, I will never understand. It was the NDP who voted against mortgage deductibility for the home owners of Canada. That in itself has turned out to be the national tragedy. There is not a member of this House who is not aware of the deep, sincere and pitiful anguish experienced by families in thousands of households across this nation as I speak today.

Our trouble started back in 1968 when we changed the rules of this House and deemed the process of supply to be passed, the estimates on May 31 and the appropriations bill on June 30. That is when the trouble began. There were no longer any checks and balances within this chamber, which is really here for the fundamental purpose of controlling supply and forcing accountability.

Accountability was lost from that day forward. Spending went out of control, as has been reported by Canada's auditors general. It is still out of control. They are profligate spenders. When there were good days of high revenues, they never thought of putting a dollar in the bank to cover the bad days, which always come within business cycles.

In 1968 we were spending something like $692 per taxpayer in this country. Today this government is spending over $8,200 per taxpayer in this country. Today we are spending $3,175 for every man, woman and child in Canada. In 1968 it was $549. Our overspending in this fiscal year alone is $1.66 billion a month. I can remember you, Mr. Speaker, being in the Chair not too many months ago when I used to complain about the overspending being a billion dollars a month. In the last year, this government's spending habits have risen from $1 billion a month to $1.66 billion. This government is spending that much more than it is taking in through revenues.

Something is wrong with the whole federal system. Every single person in Canada feels it, knows it and is worried. Everyone is asking what they can do, how they can help, how to get this in check and how they can bring discipline to their own spending.

Spending is out of control. Not only that, we have been borrowing to pay interest on our borrowing. We have been borrowing as though the only source in Canada that needed funds was the federal government.

In the next six months we face potential maturity on official government debt instruments which amount to 48 per cent of the total marketable debt that this government holds. In case that figure is not sufficiently startling, that is some $44¾ billion in potential call on the federal government as we appoach closer and closer to a condition of collapse. This is reckless and irresponsible spending for short-term political gain. It is a tragedy. Our democracy is paying for it.

• (1630)

Since this government has been in power the inflation rate has moved from 9.2 per cent to 11.8 per cent, correct at May. The Canadian dollar has slipped from 84.6 cents to under 77 cents today. As to interest rates, the mortgage rate has moved from 14.69 per cent to 19.75 per cent. The unemployment adjusted rate, Mr. Speaker, has gone from 7.6 per cent to 10.2 per cent in May.

I heard the appeal of the President of the Treasury Board (Mr. Johnston) today. I know that gentleman and he is very sincere, in spite of the fact that he was one of the most powerful critics of this government's spending habits prior to becoming a member of the House of Commons. He was the author of that book "Fiscalamity". It laid it all out and said how the

economy should be corrected, but not one measure in that book has been put into place since he has been a minister.

The Minister of Finance on budget night made an appeal to reduce the inflation rate of this country from 12 per cent to 6 per cent by capping increases, and he was to start with Members of Parliament and the federal civil service. He put peculiar emphasis on the word "solidarity" in that appeal.

I have in my hand a copy of the committal order of Lech Walesa, the father and creator of the Solidarity movement in this world. That man was struggling for the people of Poland. He was struggling for their right to join a union. He was struggling for the freedom to choose for the Polish people. He was struggling for the freedom to bargain with employers, even if it was the state. Political freedom was a dream in that land. Mr. Speaker, if you ever want to experience some sober reading, flip through the committal order of Lech Walesa and read the list of places of detention in Poland. They are all listed with the numbers of internees.

As we watch Canada unfold in 1982, more and more people become concerned. When we use the word "solidarity" I hope we can return to a complete understanding of how important that word is to so many people in a country that dreams of the freedom that we have a tendency to take for granted and abuse.

Some hon. Members: Hear, hear!

Mr. Huntington: That is what is happening here today. I say this, Mr. Speaker, in all sincerity, because the form of government in Canada has been changed. Many of us are very concerned about the condition of rules in this House and that it is moving away from a participatory democracy more and more to a leadership form of democracy, where announcements are made outside the Chamber. We have 3,500 orders in council, rules and regulations coming down per year. We are jammed up with details on massive legislation that is all leading us and directing us to one thing, Mr. Speaker, and that is structured intervention in the marketplace.

Surely, Mr. Speaker, we of all people can understand and feel the historic warning that once you lose freedom in the marketplace, all through history people have lost their political freedom.

I have watched this alliance between the New Democratic Party and the Liberal government, this Liberal-NDP socialist alliance, move in with structure and intervention and control over the marketplace. They move in with an avalanche of Crown corporations. We have just given the minister responsible for the national energy policy powers to put in place, at his will and whim, subject to cabinet approval, Crown corporations with agency of Her Majesty status, which puts them in a place all by themselves. The laws of the provinces, the laws of this federal government, cannot touch these people. These people can commit themselves to debt and to risk, and they create contingent liabilities on top of the burden on this country. The last time I checked, our burden was something like $137 billion of direct debt. We now have another $20 billion to add to that. On top of that debt, our Crown corporations' sub-government has created another known $58 billion of contingent liabilities on this government. It is no wonder that some of us at large in this country, including the chief executive officers of banks, are now outwardly and outspokenly concerned about the condition of this country. Countries do go bankrupt, just the same as we are watching small business, medium business and now large business face bankruptcies and receiverships.

Last evening I heard my colleague, the hon. member from Provencher (Mr. Epp), comment on the Minister of Finance's appeal to the country. He pointed out that the trouble the Minister of Finance and his colleague the President of the Treasury Board (Mr. Johnston) have, is that no one trusts this government. No one believes them any more, because they are a party that can justify anything. When I say a party that can justify anything, Mr. Speaker, back on January 29, 1982 I was in this House with my earphone plugged in, and the member for Lac-Saint-Jean (Mr. Gimaïel) told us exactly what a Liberal was and pointed out how easy it is for a Liberal to justify anything.

That brought to mind the words of the Prime Minister (Mr. Trudeau) when he wrote in *Cité Libre* in April, 1963:

> The political philosophy of the Liberal Party is simplicity itself; "Say anything, think anything: better still, think nothing but put us in power, for we are best fitted to govern."

Today we have corrected a budget from last November 12 with a deficit projected at $10.5 billion; and some six or seven months later, that projection was out by an obvious 60, 70 or 80 per cent. In fact, I will say 100 per cent, because the deficit is now projected, seven months later, to be $20 billion. Something is seriously wrong.

With this restraint program and the appeal in the budget from the Minister of Finance and the President of the Treasury Board to work, you need the trust of the nation. As the hon. member from Provencher (Mr. Epp) last night said: "You have cried 'wolf' too often and the people just don't trust you." You have only to go back and look at the question period today to see some of the answers that deliver further mistrust of the government.

In 1968, in the book "Federalism and the French Canadians", the Prime Minister stated:

> Federalism must be welcomed as a valuable tool which permits dynamic parties to plant socialist governments in certain provinces from which the seeds of radicalism can slowly spread.

The people of Saskatchewan woke up to that statement and the truth of it.

Some hon. Members: Hear, hear!

Mr. Huntington: My appeal through you, Mr. Speaker, is that the people of Canada wake up before it is too late, before the system is gone and the freedom that we struggled and fought for through the centuries is gone.

Some hon. Members: Hear, hear!

Mr. Huntington: In 1968 the Prime Minister promised to hold government interference where it is not needed. What did we have through the last 14 years but a gradual building up, and into the last two years a rapid movement into a structured, totally interventionist federal government, with centralist control over the whole marketplace in the economy of Canada. That is our lot. He said he would not do it; he has done it.

In 1968 this same Prime Minister promised his government would not spend more than it earned. In 1968 the gross debt was $32.5 billion. We do not know what the gross debt is today, but it must be close to $160 billion. The Prime Minister said he would not spend more than his government earned. I heard him.

• (1640)

The 1966 white paper on metrication and the minister who charted the omnibus bill through for the then Liberal government said—and reiterated—that although the implementation dates were not mandatory, they served as guidelines for each member's company or organization in a given sector. Today we have orders in council making metric mandatory. Prison sentences are being imposed or threatened on small merchants and large merchants; it does not matter where. The government wants trust; it has not earned it.

In 1974 the Prime Minister promised not to implement wage and price controls. He said so during an election campaign. He said he would not do it. What did he do one year later? He implemented wage and price controls without a mandate.

In 1974 the Prime Minister promised to rehabilitate passenger train traffic. In 1981, through order in council, 20 per cent of our passenger lines were abandoned. And the government wants trust?

In 1975 the Prime Minister declared there was no way the free market system could be made to work. He added that after wage and price controls were lifted, the government had other tools of control at its disposal. He was speaking of the CTC and the CRTC.

In 1979 the Prime Minister said his government would provide some compromise and some sense of solidarity in federal-provincial relations. During that same election campaign he described himself as a chairman who could reconcile the provinces' differences. What did he do in 1982? He announced the death of co-operative federalism.

In 1980 the Prime Minister campaigned against an 18-cent gasoline tax, an excise tax in the Crosbie budget. What has happened is pitiful history. Even the gasoline and electric light bills of the people of British Columbia have a subtax added to the bottom whereby they are paying for Petro-Canada. Eighty-three cents will be the burden on the Canadian people by the end of 1983, when 18 cents was defeated by the political opportunists of the socialist alliance. I could go on and on and give hon. members chapter and verse as to why this appeal in this hour of need in this country will not reach out. It is because the people do not trust the Liberal Government of Canada.

Mr. Nystrom: Right on!

Mr. Huntington: Does this budget address the interest rate problem? No, it does not. If we want one indicator of the emotional level of sophisticated people in the land, we can read the stock market indicators. Activity on the stock market is mostly the result of emotion in anticipation of the future. The day after the budget was known the Toronto Stock Exchange indicator dropped 40 points. That tells us how the knowledgeable people of the country reacted. The dollar opened at 76 cents and climbed back to almost 77 cents.

There are only three ways to bring interest rates down. High interest rates are a national dilemma. Their high level has been caused by the inflationary policies of governments. They have been caused not just by the policies of the Canadian government but by those of governments the world over. When we move away from a currency or monetary system based on something which can be measured against and turn the currency or monetary system of a country over to politicians, it is not long before it is prostituted and destroyed. It is called fiat money, or false money. Our currency is no longer a medium of exchange in this country. It is a commodity, and somehow or other government policies have to address that.

If we are to address the real problems which have developed as we have come out of the Keynesian era of post-war reconstruction, we have to recognize that we have repeated history once again by allowing rigidities to be built into our system. Those rigidities are the result of control over the marketplace by too much corporate concentration. Capitalist units cannot compete. They are exactly the same as states and state bureaucracies. They want control. They cannot be bothered with the rough and tumble of competition and the give and take of the marketplace. So we have allowed massive corporate concentration unparalleled in any other free society or western society to take place in Canada. These capitalist concentrations buy up all the little annoyances in the marketplace and create monopolies. We allow marketing boards to control supply in order to keep prices up and drain the consumer's pocketbook and wallet.

We also have allowed too much power to be concentrated in the hands of organized labour in key segments of the economy. I am not attacking the rank and file of organized labour; organized labour was necessary and good because it had to match and balance the degree of capitalist corporate concentration we had allowed to develop. That offset had to be there. However, as these organized labour units bargain for more and more of the pie, it is very interesting that fewer and fewer people go back to work. I agree with what the President of the Treasury Board said today. Somehow or other we have to deliver on this one. It is just too bad the people of Canada no longer trust hon. members opposite, and in order to deliver they will need a lot of help.

There are three ways to bring down interest rates. One is an economic collapse, and we are coming dangerously close to the end of a business cycle which could collapse. The second one is to use the Bank of Canada more effectively in controlling the flow and taking the heat off the flow of exchanges in and out of Canada. I spoke about that on June 21, as recorded in

Hansard at page 18680, and I tried to put out some questions which would excite some minds to see if we could not break through the impasse the country's economists have come to in managing our economy more effectively in international monetary systems and marketplaces.

Our dilemma also stems from the 1971 Benson tax act. We have now had a decade of socialist taxation. It is an absolute failure. We cannot enter the GATT era unless we move ourselves back to something which taxes costs instead of the profits and home-generated capital we so desperately need in order to manage, own and control our own affairs. We still have to go out and borrow from other countries which save in order to expand and make use of the vast resources we have in this country. Our taxation system is wrong, and we in this House should be paying a lot of attention to a new taxation philosophy which would allow us to prepare for the GATT era and once again allow this country and its workers, its managers, its professionals and even its politicians to hold their heads high in the industrialized world, because we have slipped to thirteenth place from third.

Something is desperately wrong and we are not addressing the fundamental causes of our problems. They are there. They have to be identified, and then we have to go to work with vital debate in order to solve them. We cannot go on listening to the economists who have turned themselves into a debating society, one on one, each putting the other down. That day has gone. The Keynesian era has gone. The rigidities must be addressed. New taxation policies are needed. This government will not bring them in. I am speaking in a canyon here because this government is a structuralist, interventionist, collectivist type of government. It will control, one way or another, everything in the marketplace. There will be no freedom left. I want to go in the opposite direction, and that is the way I want to see my party go.

I am always fascinated when the hon. member for Hamilton Mountain (Mr. Deans) speaks. Many members of the New Democratic Party are good speakers.

Mr. Nystrom: Hear, hear!

Mr. Huntington: They are very fluent and oratorical, and there are some very nice guys down there, too. But we get into trouble with them on their mindset. It pays to listen to the NDP rhetoric.

• (1650)

They have made an appeal to the small business community. In fact, every time they speak they appeal to the small business community. The rhetoric is pretty smooth. In one ad they said, "We should be diversifying our economy away from resource exploration". I think resource exploration has the greatest multiplier for creating jobs and wealth, Mr. Speaker. I do not think we could start from a more sound base, but the policy of the NDP is diversification away from the strongest element there is in the process of creating wealth. The advertisement reads well. Without jobs and wealth how can we sustain the welfare benefits in our system? If we do not develop the resources that we are blessed with, how can we create the jobs and the wealth that is needed to sustain the enviable social welfare system that exists in this country?

For the eight years that I have been a member of this House I have been telling the NDP that, if they continue to support the profligate spending of the Liberal government, one day the welfare system that we are so proud of in Canada and that attracts so many people to the country would be threatened with collapse. That day is here, Mr. Speaker.

This ad that I referred to says that the NDP would restructure the FBDB. Mr. Speaker, it has been in the process of being restructured for the last three years. The ad says they would lend money with more reasonable rules on collateral. How is that possible? The FBDB lost $48 million last year and this year its losses will probably amount to $70 million or $80 million. It is the lender of last resort and has to come to this House for very large appropriations. I support those appropriations, Mr. Speaker, because some winners emerge from the system.

The NDP would give small business managerial, financial and marketing advice. What is CASE doing? It is one of the finest consulting services that this government has ever made available to the business community.

The ad talks about an industrial strategy that would deemphasize the "rip and run" of resource exploration. It says that the NDP wants rent controls. Mr. Speaker, it is interesting that the Marxist activitists are always working against landlords. We have had a period of an almost zero vacancy rate in some parts of Canada.

I have a real feeling for the need for public housing because I could not have started in business if I had not lived in a CMHC house at $49 per month when I was starting out. I know the value of government assistance in housing. Renters could buy those houses when their income reached a certain standard. That is the type of housing that should be provided now; it was very efficient, very effective and very humane. It allowed people dignity and gave them a start in life.

Today grants are offered but people have to apply for them. This means there is more control over their lives. Business has to apply for grants to drill holes—but only if they are winners. Business and individuals have to apply for funds that should be given in tax points. Two million people making decisions at large in this country is a lot better than having 350 bureaucrats isolated and insulated from the reality of the business place making decisions.

Some hon. Members: Hear, hear!

Mr. Huntington: The concepts of the Minister of Finance are exactly opposite to the concepts that work in the world. I told him that on June 21 but, judging from his answers in question period today, apparently he did not hear me.

How are we to resolve the problem, Mr. Speaker? I think the only way we can keep ourselves from being a totally structured, interventionist, centralized government type of

country where we risk our basic freedoms and our freedom to choose is to change the government.

Every person in this country who believes in the parliamentary system is concerned about the move away from the fundamental concept of ministerial responsibility. In this session of Parliament we should have seen three ministers resign because of their lack of responsibility for their departments. A minister who creates a jungle of confusion, such as the Minister of Finance has, must resign if the fundamental principle of parliamentary democracy is to survive.

In conclusion, I see you have a copy of "Fiscalamity" in your hand, Mr. Speaker. The author of that is the President of the Treasury Board. It is worth reading because it will show what his mindset was when he wrote it and before he became a politician. It will also show how little he has done since he became a politician.

Some hon. Members: Hear, hear!

Mr. Nystrom: Mr. Speaker, I rise on a point of order. I wonder if my friend from British Columbia would be prepared to answer a serious question.

Mr. Huntington: Certainly.

Mr. Nystrom: The hon. member said that the New Democratic Party advocated policies of reckless spending. I wonder if he would tell us if he is aware of what happened in a province where we can judge the NDP by what it has done. I do not maintain that the NDP is perfect. In Saskatchewan under three Premiers, Tommy Douglas, Woodrow Lloyd and Allan Blakeney, there have been balanced budgets almost all the time and it has had what is probably the lowest per capita debt of any province. Is the hon. member aware of that? Is he also aware that compared to Conservative provinces like Ontario, the per capita debt is greater in such places?

Mr. Huntington: Yes, Mr. Speaker, I am aware of those facts. I am also aware of the manner in which resources were taken over and the degree of taxation cash flow that was used to nationalize industries, to buy land and farms and so on. I am also aware the the Government of Saskatchewan would not touch the potash industry as long as there was a risk. It was the private sector and American capital that took all the risk in developing the technology for mining potash. As soon as that technology was in place and all the risk was known, the socialist government of Saskatchewan nationalized the industry.

Now the people of Saskatchewan have spoken out. Too much of their cash flow and too much of their taxation dollar has gone to nationalization and state ownership. They spoke out and rejected the government. I think the NDP went too far with their mania for state ownership over the means of producing goods and services.

Mr. Nystrom: Mr. Speaker, the hon. member mentions that the NDP government would not take the risk for public ownership of the mines when they were being constructed. Is he aware that with perhaps one exception, all the mines were started under a Liberal government and therefore the NDP could not do anything sooner?

Mr. Huntington: Mr. Speaker, I remember a statement by the leader of the NDP in Saskatchewan to the effect that they were not interested in nationalizing or taking something with that much risk. I could probably find that statement because it is my vertical file at home on Mr. Blakeney.

Mr. Roy MacLaren (Etobicoke North): Mr. Speaker, Canada, along with other industrialized nations, is passing through a period of economic recession. To varying degrees unemployment, inflation, high interest rates and lower productivity are apparent in all industrialized countries.

• (1700)

The fundamental reasons for this widespread recession are varied. Higher petroleum costs have adversely affected the cost of everything else. It is difficult to think of any product which does not require energy in its growth, extraction or manufacture. Increased expenditures by governments dating back to the United States financing of the Vietnam war have exceeded real economic growth. As the public's expectations of what governments should provide have greatly expanded, governments have not always matched their increased spending with increased taxation. Accordingly, deficits have grown and money has been printed, which creates the classic inflationary circumstances of more money chasing fewer goods and services.

Canada has not, of course, been immune from these and other international economic misfortunes, and Canada has responded in ways similar to those of other western countries. We have reduced our money supply, we are absorbing substantially higher energy prices, we have sought ways to reduce federal government expenditure.

On the question of restricted money supply, the Business Council on National Issues recently endorsed the government's policy by saying:

> We have nothing but admiration for the battle being waged in the name of common sense with respect to the Bank of Canada's monetary policy. There is really not much point in validating with increased money supply the very inflation that must be reduced.

Excessive money supply is not, of course, the only element which must be addressed resolutely in attempting to reduce high inflation and interest rates. However, in introducing broader policies to reduce inflation and interest rates as the sure route to more jobs and real prosperity, Canada is in a more vulnerable position than most other industrialized countries. About one-third of our gross national product, indeed our very prosperity, if you will, depends upon exports; a much higher percentage than most countries.

Further, about 70 per cent of those exports are to the United States. That fact alone makes us especially vulnerable to economic policies pursued by Washington. We are rendered even more vulnerable by the fact that of our trade with the United States, more than one-half is really intracompany

transfer; that is, products or components moving among the plants or warehouses of a single company.

Over the years we have from time to time heard about how, when the United States sneezes, Canada catches a cold, or about the twitchy elephant and its wary bedmate, the mouse. Such metaphors, while colourful and excessive, do have some validity. The U.S., while having achieved some success in reducing inflation, has done so at the expense of massive unemployment. Also, the U.S. although remained incapable of reducing its own interest rates, with its federal government deficit seen as a major factor contributing to the upward pressure on interest rates. If interest rates in Canada were lower than those in the United States, money would naturally flow out of Canada in search of the higher rate of return.

As Canadian dollars were sold to purchase U.S. dollars, the exchange rate of the Canadian dollar against the U.S. dollar would decline. Our imports, largely paid in U.S. dollars, would cost more, as would the repayment of interest and principal on past borrowings. Inflation in Canada would grow as a result. An alternative, in theory, would be to impose currency controls; but if Canadians wish to maintain an open boundary for currency exchange with the country with whom we do so much trade and which has so heavily invested in Canada, then controls to retain capital in Canada are simply not an option.

While we must, apparently, anticipate that interest rates will remain high in the U.S., at least until Congress and the President resolve their current differences over the size of the deficit, there are some things that we can realistically do to increase our own productivity and reduce our inflation and interest rates. The new budget introduces or strengthens a variety of such measures. Other opportunities reside in such concurrent government initiatives as a national program for occupational training, increased export promotion, and more regulatory reform. However, the possibilities for improvement by all such measures are unfortunately limited by an inescapable fact, which again the business Council on National Issues has stated succinctly:

> We cannot and will not return to strong economic growth as long as our major trading partners continue to experience slow growth or stagnation. Canadians' expectation of what can be achieved must be realistic.

This is a truism that Canada and other western nations took to the recent Versailles Summit meeting when they sought modifications of current U.S. economic policies. But it is a statement of cold comfort to the 1.2 million Canadians now unemployed or those who are facing business bankruptcy or farm foreclosure.

To lessen the adverse impact of economic policy pursued elsewhere, we in Canada must achieve more singleness of purpose here at home. Our prosperity in the past has allowed us to afford the luxury of differences between federal and provincial governements which has lessened our ability to define national directions.

Equally, we have allowed ourselves the luxury of an adversary relationship among labour, business and government. Several of our major trading competitors have, in contrast, achieved a harmony of national intent not evident in Canada. Accordingly, I welcome the initiative of the Prime Minister (Mr. Trudeau) to bring together today the provincial Premiers in an effort to ensure that the two levels of government practise the same restraint, that they march to the same economic tune.

Equally, the refinement of much needed measures to encourage investment by Canadians in productive capacity—not in consumption but in productive capacity—will be recommended by a national committee composed of eminent businessmen, economists and financial experts. This should in turn reinforce consultation and understanding between at least two of the major forces in our economy.

If greater cohesion of national purpose results from these and other initiatives, Mr. Speaker, the probability will be enhanced of Canadians placing themselves in a position to compete effectively when international economic recovery does come.

The economic problem confronting Canadians today is not, after all, a short-term one, however difficult and painful for many those short-term problems may be. There is also the longer-term problem of ensuring that our inflation is sufficiently reduced for us to be able to compete against those who have already achieved such reduction. We must ensure that we do not price ourselves out of world markets.

Canada is not in such a position today, Mr. Speaker. Typically, wage settlements in Canada, including those in the federal and provincial public service, have run well ahead of a number of our major trading competitors during the past few years. Further, our income expectations have considerably exceeded our limited productivity increases. When that happens more inflation and more unemployment inevitably result. Canadians must accept lower income increases if such increases are to match increases in our productivity. This must happen if we are to compete with those in other countries who have achieved a greater equilibrium between increases in their income and their productivity.

• (1710)

Such restraint is now becoming evident elsewhere even in the United States, our major trading and investment partner. That is why in the budget the federal government has shown the way to breaking the wage-price spiral, breaking what is frequently called inflation psychology. The federal government could, of course, impose mandatory wage and price restraints on the whole economy, but that is a Draconian intervention which can be avoided if the example now set by the federal and some provincial governments is followed by the private sector. As the Minister of Finance (Mr. MacEachen) stated in his budget speech:

> This strategy will lead in the short run to a lowering of our real income.

There is no escaping that unpalatable fact. The minister added:

> But it will soon slow the process that is eroding our pay cheques. It will check the rise of unemployment. And it will establish a firm basis for the resumption of real income growth throughout the economy.

Income restraint in the federal and provincial public sectors will set not only an example for voluntary action by the private sector—and it is the private sector which has itself advocated voluntary action and not mandatory controls—but it will also release funds to stimulate more private investment in productive capacity. Such funds are not, however, adequate in themselves to enable the federal government to provide necessary investment incentives and to encourage an early return of greater business confidence.

At the same time as the government limits wage increases to 6 per cent this year and 5 per cent next year for a half million federal and Crown corporation employees, it will place similar limits on the indexing of major social programs, exempting those recipients, however, who are in the greatest need. Equally, the government will move on the other side of the equation. It will limit indexing of income tax to the same 6 per cent and 5 per cent formula. And price increases under federal regulatory agencies will also be limited by the same amounts. This whole package, when taken together, will contribute to a national goal of reducing substantially our current high rate of inflation and of regaining our growth momentum.

This package sets for the provinces and the private sector a common goal of no more than 6 per cent this year and 5 per cent next year in those areas of income prices under their control. To succeed, this must be a truly national effort. The national government has now shown the way to move, as the finance minister has noted, from the 12 per cent world of recession to the 6 per cent world of recovery.

This action in itself will contribute to a growing realization in our business community that the federal government deficit will be both constrained and increasingly used in a positive, constructive manner. Investor confidence will be enhanced. Government revenue will be released which, when diverted into incentives for productive investment, can reinforce the mood of greater investor confidence and, in turn, generate greater tax revenue as well as creating badly needed jobs. The private sector is, after all, the principal motivator of the economy, the principal employer of Canadians as well as the generator of prosperity.

It is for this reason that the reduction in government spending is being used in two ways, both directly and indirectly to reduce the deficit and to promote more productive investment.

Some direct measures are immediate. Others are for final decision this autumn but will be retroactive to the date of the budget. When I speak of immediate measures, I have in mind, for example, those relating to the housing industry. The government proposes a $3,000 non-taxable cash grant to all purchasers of new houses for which construction starts before December 31 and first-time buyers of existing houses purchased up to December 31. Some members opposite have argued that such a grant will do nothing to promote the construction industry in particular or the general investment climate in general. This measure is, in fact, an unprecedented aid to help both home buyers and the construction industry.

For example, many Ontario residents can now combine the federal grant of $3,000 with the $5,000 interest-free loan provided by Ontario. Accordingly, the vice-president of the Housing and Urban Development Association of Canada said that:

> This is a very good attempt, especially with the Ontario program—no one can ignore a combined grant of $8,000—it is a good short-term stimulus and we'll look after the long-term ourselves.

The vice-president of the Housing and Urban Development Association of Canada suggested that approximately 30,000 more new houses would be built this year because of these incentives. Thus the incentives not only illustrate the importance of existing federal-provincial co-opertion in the economic field, but also suggest the benefits that the construction of new houses will bring to the Canadian economy as a whole.

When coupled with provincial grants, it is projected that as many as 100,000 new home buyers will take advantage of the scheme. Moreover, the federal grant program is estimated to create 50,000 new jobs in the construction industry alone. Undeniably, such stimulus by government is good for the hard hit construction industry and for the economy generally.

In speaking of immediate measures, I also have in mind such initiatives as the new investment grants to small business, which have been outlined in the budget, the postponement of the dividend tax on small business and the taxation of interest income. Foreign investment review procedures will be streamlined to avoid delays and red tape that have hindered efforts to ensure that Canadians receive maximum benefits from foreign investment. Increasing the threshold for mergers and acquisitions by non-Canadian investors can, for example, bring new opportunity for increased productivity in our economy.

All these and other direct and immediate measures contained in the budget are in a sense bridging mechanisms leading to yet more substantial measures in the time ahead. The budget's more indirect and more fundamental method to encourage investment is based on the fact that current Canadian savings are at levels substantially ahead of several of our major competitors. Our capital markets cannot, however, channel these substantial funds into productive investment when inflation so grossly distorts real earnings. The attractiveness of investing in common shares to provide companies with the funds essential for renewal or expansion are simply not there when inflation distorts the measurement of income from capital. As the valuable document tabled on Monday night entitled "Inflation and the taxation of personal income" states:

> Inflation-induced increases in interest rates can lead to cash flow problems for borrowers and can hamper the proper functioning of the capital markets. These problems have become particularly acute for home buyers and for many businesses contributing to the depth of the current recession in a number of industries. At the same time, the tax treatment of investment income has left many investors facing negative real after-tax rates of return on their savings in spite of higher interest rates.

Accordingly, the government has put forward tax proposals that would remove some of the distortions caused by inflation. These proposals are designed to provide for more appropriate

taxation of interest income and capital gains from selected investments by individuals. The committee of businessmen, economists and financial experts which was announced on Monday, during the next three months, refine the measures intended to result in new incentives for investment. These include a registered shareholder investment plan, an imaginative step which, by offering a shelter for investors, will make available substantial additional funds for productive investment. Companies which have found that their traditional sources of investment capital have dried up in the face of inflation and high interest rates will have new funds to invest in the new plant and equipment which we need so urgently to improve our industrial productivity. In welcoming this initiative of the Minister of Finance, the president of the Investment Dealers' Association stated: "His diagnosis of what we have to do in Canada is correct: improve productivity and confidence."

• (1720)

A second major step to improve productivity and confidence will be to create a new form of term deposit. Tax on interest earned on such deposits would not include that part which merely reflects the rate of inflation. With such an incentive, buyers of new homes would be able to obtain mortgages at 3 to 6 percentage points lower than prevailing rates. Loans for new investment would be available at the same reduced rates to farmers, fisherfolk and small businessmen. Here again is a major new opportunity to channel Canadian savings into Canadian productive capacity and into improved productivity which, when matched with wage restraint, will place Canada in a position to compete effectively in world economic recovery.

In accordance with the widespread desire across Canada that major tax reforms be discussed publicly, the Minister of Finance offered proposals for such consultation in his recent green paper. The decision to refer the major proposals which I have just described to an expert committee and to invite public comment by the end of August is fully in accord with the new, more open approach to budget-making. The need for prompt action will, however, be as evident to members of the committee as I am sure it is to every member of the House.

Measures to increase productivity are, after all, the only real panacea for inflation. However, they will only succeed if we have the collective will, unity and determination to reduce our inflation. I do not doubt that Canadians have that will and that determination and that the new budget shows the way forward. Supplementary programs and additional measures such as I have already mentioned will also be necessary, but as a result of the new budget the course is now clearer.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I feel sad for my country today. Our economy is in terrible shape. Businesses are failing. We have heard evidence before the committee of the House on banking and bank profits and we now have the extent of the recession or depression, if one wants to call it that.

When we look at our country, we look at the fact that we have enough oil in Hibernia, in the tar sands and in already known heavy oil deposits to last for more than 200 years. Also we have gas, coal, hydro, uranium and energy of all kinds. Yet we are prevented from exporting that energy and developing that energy for export by a foreign investment review policy and a foreign policy promulgated by the New Democratic Party and certified by the government to ensure that we fail to develop the resources and the potential of the country and fail to supply our people with jobs.

Mr. Waddell: We are against the National Energy Program.

Mr. Blenkarn: You are in favour of the foreign investment review process and you want to ensure that people do not have jobs. You want to keep people out of work.

Mr. Waddell: Baloney.

Mr. Blenkarn: You are the same type of party as the party opposite.

Mr. Waddell: You have voted with them twice as much as we have.

Mr. Blenkarn: We have a non-confidence motion today. It is an amendment by those people to my left to the motion we have put forward. They are trying to trap us and ensure that we will not vote against the government, that we will vote with the government. I want to tell my friend, because he is the only member of that party who is present in the House, that we will vote against the government. We do not care what kind of a fool motion his party puts up because his party is irrelevant. It is irrelevant to the workers of Canada; it is irrelevant to Canadians generally. It will not be long before there are very few of them here.

As I was saying, we in this country have more resources, more water, more available arable land, more fishery resources, more timber resources, more minerals of every kind and more literate people than any nation of the world. Yet we have one of the most serious depressions we have ever faced since the 1930s. Perhaps it is as serious as, or even more serious than the one of the 1930s.

Our gross domestic product has declined 5.1 per cent in the last 12 months. We have a situation where the government comes before the House of Commons with a budget deficit of $20 billion. We have a situation where we have a banana dollar at 77 cents. I ask why we have 11.8 per cent inflation. Why do we have a million and a quarter people unemployed? Why do we have interest rates 2 to 5 percentage points above those in the U.S.A.? Why do we have a lack of confidence in Canada? Why do we have people in Canada who are unable to find jobs when we have assets that any other nation or people in the world would be absolutely jealous of?

Mr. Benjamin: Conservative policies.

Mr. Blenkarn: I hear the hon. member. I remind him that he is a member of the no-hope party. It is called the New

Democratic Party, but it is the no-hope party. It is a party which looks after the welfare of people—a welfare party is what it is. It wants to put everyone down to the lowest common denominator. It wants to put everyone in blue jeans, so that they will all be equal and they will all march to the socialist drum. This is what they offer the people of Canada, no future or hope.

It is surprising that the government across the way has accepted their philosophy. Perhaps it is not too surprising. After all, was it not the leader of the government who was an active campaigner for the socialists in the 1962 election and in the 1963 election? Was he not a member of that party who worked so hard for socialist philosophies then and found that the only way to make socialism really work was to join the Liberal Party, because they would then have a base on which to put socialism in charge of Canada?

There once was a Liberal Party, the Liberal Party of Laurier. It was a Liberal Party which said that Canada would be the country of the twentieth century. Would Sir Wilfrid Laurier, as the Liberal leader, have said: "Lower your expectations, lower your hopes, lower your chance to build a profitable business, lower your chance for a better home, lower your expectations; don't go for a better job or more money to get ahead and build your family"? Are those the kinds of things we would have heard from Laurier as leader of the Liberal Party? No, not on your life.

Mr. Munro (Esquimalt-Saanich): Nor from St. Laurent.

• (1730)

Mr. Blenkarn: My friend says "Nor St. Laurent". Nor Mackenzie King, even. But what do we hear from this party opposite in its budget address? "Lower your expectations".

Then it is wondered why we have not used our Canada to its great potential. We find the answer in the minister's budget address, on page 2, in the second paragraph, where the minister complains about foreign governments and says:

> Their governments are unable, or have not chosen, to design their economic policies to help us get out of our recession.

Well, there you are. A banana republic we surely have become, because now we hear the government saying that foreign governments have not organized their affairs to help us get out of our recession. Well, should they? Should we, with our inherited assets in this great land occupied by about 24 million people, be looking to foreign governments, to foreign countries, to be bailing us out of the recession?

I asked the minister just that type of question in the House the other day, on June 16. With respect to the question of confidence in Canada, the minister said in reply to me that I was responsible for undermining the confidence of the investment community. He said, as reported at page 18514 of *Hansard*:

> I would suggest to him that he has undermined it by suggesting that somehow the way the bond issue went was due to some Canadian policy. It was due basically to a nervousness in the market environment—

He said:

> Maybe he would agree that he has a responsibility—

He was referring to me and for the first time I wondered how a poor country lawyer from the City of Mississauga was also all of a sudden responsible for the fact that a $750 million bond issue in Europe did not sell very well.

The government's policy has been to the blame the United States, to blame the provinces, to blame business, to blame Brian Peckford on one day, or Peter Lougheed on another day. On June 16, the government blamed me. All of a sudden, it was I who could not make things work, because the people did not have confidence in their government and its operations.

On that same date I forecast in the House of Commons that our deficit would be somewhere between $13 billion and $16 billion. On Monday night I could not believe my ears when I heard that our borrowing requirements were to be in excess of $17 billion and that our deficit would be $20 billion. I had no conception of how badly this government had mismanaged the affairs of Canada. It finally got to the point at which it had to come to the House of Commons on June 28 and tell us that it needed to borrow $17.1 billion, nearly three times what it said in November last would be its financial requirements.

I was first elected to this House of Commons on October 30, 1972. In that year, total government spending was $21,228 million. The total taxes taken in were $19,560 million and the deficit was $566 million. That was ten years ago. If we had kept within the range of inflation, this year's spending would possibly have reached $50 billion. Had we not been a little careful with spending, we might have reached a deficit of a billion dollars. Where are we going? Just ten years later our spending is $90 billion and our tax take is $70 billion. Where have these socialist policies, these NDP-oriented policies, taken us?

This is the party to my left which has been advocating certain policies to the Prime Minister and his colleagues. They are all the same type. They are the front runners for the Liberal Party. My western colleagues refer to the NDP as "Liberal Party West". Clearly it is the "Liberal Party West" because it does not have any member in what is traditionally called east of the Ottawa River, or eastern Canada. What do its members advocate? They have been advocating further state intervention in the lives of individuals, further government control.

Mr. Waddell: Cutting taxes, stimulating the economy, industrial strategy!

Mr. Blenkarn: What have we received from this government? We have received a whole series of these socially-oriented programs, programs designed for what was formerly called an industrial strategy. In 1972, that is what the leader of the NDP, the late David Lewis, called industrial strategy. So what we have received has been the EDP programs, ILAP programs, enterprise development programs and the DIP program.

Mr. Fisher: Tell that to the people at Admiral.

Mr. Blenkarn: They once said they wanted housing programs, so we now have housing programs. We have the NIP

program, the CHIP program, the COSP program and all sorts of programs. My goodness gracious, one could write a book about the programs. Indeed, they do write books about the programs and send them around. They are well bound, but I do not think even those books contain all the programs. It would be impossible for a Member of Parliament to really understand all the various alphabet soup programs produced by this government, programs really designed for one purpose and one purpose only.

Let us talk about that purpose, because that is the essence of where we are and the problems we are experiencing. That purpose is to make individual Canadians more and more dependent upon government.

Mr. Huntington: Control the population.

Mr. Blenkarn: The purpose is to take away, bit by bit, the individual economic freedom-making decision of individuals. I point out to Your Honour that when the freedom of people is taken away, their political freedom is taken away. That is why the New Democratic Party made sure that the right to own property was not in the Constitution.

Mr. Waddell: Oh, get out. That was provincial.

Mr. Blenkarn: The NDP did not want it, and the Liberal Party did not want it because somewhere along the line some man would have gone to court and said, "I have a right to own my property and you cannot take it from me".

Some hon. Members: Oh, oh!

Mr. Blenkarn: Hon. members of the NDP do not like it when it is brought back to their attention. They do not like to be reminded—

Mr. Waddell: It is irrelevant.

Mr. Blenkarn: —that the farmers of Saskatchewan, the voters of Saskatchewan, realized what the NDP had done with the right to property—

Some hon. Members: Oh, oh!

Mr. Blenkarn: —how it operated a government which bought up all farmland and pushed up farm prices in Saskatchewan. That is why the NDP was thrown out.

Mr. Waddell: Why do you not attack those guys?

• (1740)

Mr. Fisher: Take it easy on our friends!

Mr. Blenkarn: My friend from Mississauga North (Mr. Fisher) says to take it easy on their friends in the NDP. We now have positive proof that the alliance is there—"take it easy on our friends".

We have a situation where we have had a whole series of economic programs that bit by bit control individuals. A builder may be afraid to criticize the government because he hopes Canada Mortgage and Housing Corporation will give him some money to finance a new apartment building in the form of a grant or interest-free loan.

Until recently a public servant was on my mailing list. When he was getting too much mail from me, his wife telephoned my constituency office. She asked that we take their name off the list. She said they support Mr. Blenkarn and are behind him 100 per cent, but are afraid the postman will note that they are always getting mail from him. They are worried that what happened to Neil Fraser might happen to them.

A chartered bank may be afraid to blow the whistle on this government because its guarantee for a loan may not come through. What is going to be the situation with Dome Petroleum?

An executive of an oil company may be worried about whether he will get his PIP grant on one basis or another. Perhaps he does not criticize.

An electrical manufacturer negotiating a foreign sale wants to make sure he receives his financing from the Export Development Corporation at a fancy low rate of interest which the minister and only the minister can supply. Maybe a volunteer organization would like to have a grant. Maybe a Portuguese club, an Italian newspaper or a senior citizens group are looking for a grant. Maybe it is a native person or a researcher at a university. I could go on and on.

These grant and aid programs bit by bit compromise people. They force people into making decisions. Bit by bit they leech away the political and economic freedom that Canadians have. Bit by bit they destroy vitality, entrepreneurship, drive and initiative because it is part of a program designed to bribe, cajole, manoeuvre and direct people from the ivory towers of Ottawa.

Mr. Munro (Esquimalt-Saanich): And build up a debt.

Mr. Blenkarn: They do that for sure. What part does the budget play in this great control program? This budget is another giant step toward control. It imposes for the first time wage controls and wage guidelines on a mandatory basis at 6 per cent. It is a further control mechanism.

The budget provides for $3,000 grants to those who buy a new house and fill in the forms to prove that they paid some of their own cash. It is a further dependency. It proposes a program of 4 per cent interest related to small businesses that may want to expand. It subsidizes interest expense for those who do not have the ability to make their mortgage payments. Again and again and again it further intrudes into the decision-making process of individuals. Bit by bit it leeches away by these various measures, by the tiddley make-work programs and by tiddley grant programs, the freedom and capacity of Canada to compete in the world market.

I note, Mr. Speaker, you are ready to call it 5.45. I suggest we call it 5.45 for the bells.

The Acting Speaker (Mr. Blaker): I thank the hon. member for Mississauga South (Mr. Blenkarn). It being 5.45 p.m., it is

my duty, pursuant to Section (6) of Standing Order 60, to interrupt the proceedings and put every question necessary to dispose of the amendment to the amendment now before the House.

The question is on the amendment to the amendment. Is it the pleasure of the House to adopt the amendment to the amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): Those in favour will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

And more than five members having risen:

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

* * * * *

Before the taking of the vote:

● (1800)

Mr. Nielsen: Madam Speaker, I rise on a point of order. I think we are in a little bit of difficulty here. The seconder of the motion now before the House is not here, so that if the motion is to be put, I suggest it would have to be seconded by an hon. member other than the leader of the New Democratic Party (Mr. Broadbent).

Some hon. Members: Hear, hear!

Madam Speaker: I understand that before we entered the House the motion had already been moved and seconded, and therefore we can proceed to the vote.

Mr. Nielsen: But surely, Madam Speaker, that is the point of order. The leader of the New Democratic Party is not here to second the motion. Therefore, to make our proceedings proper, I suggest to the Chair that the motion be put again and seconded by an hon. member who is in the chamber.

Some hon. Members: Hear, hear!

Mr. Deans: Madam Speaker, as usual, the hon. member for Yukon (Mr. Nielsen) is wrong.

Some hon. Members: Where is your leader?

Mr. Deans: I am sure you are aware, Madam Speaker—and I am sure I do not have to bring it to your attention—that the mover and seconder need only be in the House at the time the motion is accepted by the Chair. The leader of the New Democratic Party (Mr. Broadbent), who seconded the motion on the day it was moved by our finance critic, the hon. member for Kamloops-Shuswap (Mr. Riis), is in western Canada today undermining Conservatives.

Some hon. Members: Hear, hear!

Madam Speaker: My best advice tells me that the motion was moved and seconded the other day when it was presented to the House. What I am doing now is putting the motion to hon. members so that they will be reminded of what the motion really is. We can proceed with the motion as it was seconded whether or not the hon. member for Oshawa is in the House.

The question is on the amendment to the amendment.

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

(*Division No. 227*)

YEAS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bradley
Cardiff
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Corbett
Crombie
Dantzer
Darling
Deans
de Jong
Dick
Domm
Elzinga
Epp
Fennell
Forrestall
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Heap
Hees
Hnatyshyn
Howie
Huntington
Ittinuar
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
Kilgour
Knowles
Korchinski
Kristiansen
Kushner
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
MacKay
Malone
Mayer
Mazankowski
McCain
McDermid
McGrath
McKnight
McLean
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murta
Neil
Nickerson
Nielsen
Nystrom
Ogle
Orlikow
Paproski
Patterson
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Thomson
Towers
Vankoughnet
Waddell
Wilson
Wise
Wright
Young—106.

NAYS

Messrs.

Allmand
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Chrétien
Collenette

Messrs.

Comtois	Gray	Massé
Corbin	Guilbault	Masters
Corriveau	Harquail	McCauley
Cosgrove	Henderson	McRae
Côté (Mrs.)	Herbert	Munro (Hamilton East)
Cousineau	Hervieux-Payette (Mrs.)	Nicholson (Miss)
Cullen	Hopkins	Olivier
Cyr	Hudecki	Ostiguy
Daudlin	Irwin	Ouellet
Dawson	Isabelle	Parent
De Bané	Johnston	Pelletier
de Corneille	Joyal	Penner
Demers	Kaplan	Pepin
Deniger	Kelly	Peterson
Desmarais	Killens (Mrs.)	Pinard
Dingwall	Lachance	Portelance
Dion	Lajoie	Regan
Dionne (Chicoutimi)	Lalonde	Reid (Kenora-Rainy River)
Dubois	Lamontagne	Roberts
Duclos	Landers	Robinson (Etobicoke-Lakeshore)
Dupont	Lang	Rompkey
Dupras	Laniel	Rooney
Erola (Mrs.)	Lapierre	Rossi
Ethier	Lapointe (Charlevoix)	Roy
Evans	Lapointe (Beauce)	Schroder
Ferguson	LeBlanc	Simmons
Fisher	Leduc	Smith
Fleming	Lefebvre	Tardif
Flis	Loiselle	Tessier
Foster	Lumley	Tobin
Fox	MacBain	Tousignant
Francis	MacEachen	Trudeau
Frith	MacGuigan	Turner
Garant	Mackasey	Veillette
Gauthier	MacLaren	Watson
Gendron	MacLellan	Weatherhead
Gimaïel	Malépart	Whelan
Gingras	Maltais	Yanakis—139.
Gourd (Argenteuil-Papineau)	Marceau	
Gourde (Lévis)		

● (1810)

[*Translation*]

Madam Speaker: I declare the motion lost.

[*English*]

Mr. Taylor: Madam Speaker, I rise on a point of order to seek information on whether the leader of the New Democratic Party and six other members of that party were absent so as to make sure that the government would not be defeated.

[*Translation*]

Madam Speaker: It being past six o'clock, pursuant to Standing Order 2(3), this House stands adjourned until Monday, July 5, 1982, at 2 p.m., pursuant to Standing Order 2(1).

At 6.17 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, July 5, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

HOUSING

GRANT PAYMENT CRITERIA—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, one of the growing list of fiascos from the recent tabling of the federal budget is that which involves a $3,000 grant to home buyers. Because of a rather astounding and serious oversight on the part of the Minister of Finance and his officials, the grant will apply only to those buying homes with insured mortgages which, under the National Housing Act must be paid by the buyer before purchase. In light of the fact that many home buyers will not be able to qualify for insured mortgages through NHA-approved lending institutions, and those that do, in addition to facing bureaucratic application-form delays, could be pre-paying up to $1,200, almost half the amount of the grant, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the finance minister take immediate steps to see that the mortgage insurance restrictions are removed from these grants, and that the red tape delaying the approval and awarding of these grants be eliminated at once.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

STATEMENT MADE BY PRIVY COUNCILLOR—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise to take umbrage at the remarks of Privy Councillor and "Grey Eminence" Jack Pickersgill, who stated on the program "Insight" that we have no poor people in Canada. Perhaps there are no "poor" in the circles he travels in, that is, Liberal circles—but then, again, Liberals are always travelling in circles. I therefore move, seconded by the hon. member for Peace River (Mr. Cooper):

That Canadians should know that

Liberal Jack Pickersgill says everything is like a rose,

Even though the emperor has no clothes.

All McKim's horses and all McKim's men

Will never put poor "Pick" together again.

Some hon. Members: Oh, oh!

Madam Speaker: The hon. member for Cowichan-Malahat-The Islands.

* * *

FORESTRY

EXPORTATION OF UNPROCESSED LOGS—MOTION UNDER S.O. 43

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, today when thousands of plywood and sawmill workers in British Columbia have been laid off, major forest companies plan to export prime peeler logs for processing in China. I move, therefore, seconded by the hon. member for Mission-Port Moody (Mr. Rose):

That this House condemns the export of unprocessed logs as a way of taking present and future jobs away from Canadians; further, that the House call upon the Government of British Columbia to develop stricter legislation prohibiting log exports; and that the House demand a proper housing program from the federal government to counteract the depression in the British Columbia lumber industry, caused by high interest rates.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

DEMAND FOR BUDGET WITHDRAWALS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the national energy policy started Canada on the downhill road to disaster. Industries folded, rigs left the country, investment went elsewhere, and bankruptcies erupted. The November 12 budget was supposed to alleviate some of that distress, but it did the very opposite. It hastened bankruptcies and multiplied unemployment. Then came strike three, the June budget, and it put the icing on the cake for the destruction of Canada. Therefore I move, seconded by the hon. member for Fraser Valley East (Mr. Patterson):

S.O. 43

That this House demand the withdrawal of the November 12 budget and most of the June budget, or the immediate resignation of the minister.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE BUDGET—SUGGESTED RECONSIDERATION BY COLUMNIST—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I too have a motion under Standing Order 43. In view of the fact that there were only two voices raised in support of last Monday's budget, namely, the Canadian Chamber of Commerce and that of columnist Richard Gwyn; and whereas the Chamber of Commerce has since recanted and now joins the majority of Canadians in opposing the budget, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this House urges Richard Gwyn, as the sole remaining pro-budget holdout, to reconsider his position.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AUTOMOTIVE INDUSTRY

CANADIAN CONTENT IN JAPANESE MANUFACTURED VEHICLES—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of pressing and urgent necessity. Whereas 18,000 Canadian auto parts workers are on lay-off; whereas Canada is the only major industrial nation which has been unable or unwilling to force Japan into signing an auto and auto parts trade agreement; and whereas Japan is unwilling to arrive at a more equitable export policy with Canada with respect to automobile parts and units, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That at the July 15 and 16 trade talks with Japan the Minister of International Trade insist that the Japanese agree to source 85 per cent of all automobile and truck parts in Canada, and that failing to arrive at such an agreement the minister inform his Japanese counterpart that Canada will reduce the number of Japanese vehicles allowed into Canada this year and that this quota will be accompanied by an additional surtax.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

ENVIRONMENTAL AFFAIRS

RECOMMENDED MEASURES TO FIGHT POLLUTION OF GREAT LAKES—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I too rise under the provisions of Standing Order 43. I move, seconded by the hon. member for Skeena (Mr. Fulton):

That since scientists have discovered levels of the deadly chemical dioxin in human tissue, this House now directs the government to adopt immediate and minimum measures to protect the health of Canadians who rely on Lake Ontario and its vicinity for their water and food supply by reducing the maximum levels of dioxin contamination in fish from 20 parts per trillion to ten parts per trillion; that the government appoint Canada's full entitlement of commissioners to the International Joint Commission to indicate to the United States government that Canadians are seriously concerned about the water quality of our Great Lakes; and that the Standing Committee on Fisheries and Forestry be requested to establish a subcommittee to investigate the pollution of our Great Lakes by toxic chemical wastes and report its findings to the House as quickly as possible.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN ARMED FORCES

SALARY CONTROLS—CALL FOR MINISTER'S RESIGNATION—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas many armed forces personnel are already hard-pressed financially, with many of them eligible for and receiving provincial welfare, and whereas last week's budget introduced unfair controls on the salaries of those personnel, I move, seconded by the hon. member for Regina East (Mr. de Jong):

That this House calls for the resignation of the Minister of National Defence for not adequately protecting the interests of Canadian Armed Forces members.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

FUNDING OF SUMMER STUDENT JOB-CREATION PROGRAM—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise pursuant to the provisions of Standing Order 43. In view of the fact that the employment situation for students this summer in the lower mainland of British Columbia is the worst it has been for decades, and in view of the fact that thousands of

Burnaby students from high schools, Simon Fraser University, BCIT, and the Pacific Vocational Institute have tried in vain to find summer employment, I move, seconded by the hon. member for Regina East (Mr. de Jong):

That this House calls upon the Minister of Employment and Immigration to fund immediately a major summer job-creation program for post-secondary education students as well as high school students and, further, that the minister increase significantly the allocation for federal student aid and assistance, in view of the hardship faced by students this summer.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

MEXICO—CONGRATULATIONS TO PRESIDENT ELECT—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I move, seconded by the hon. member for Beaches (Mr. Young):

That this House express its congratulations to President elect Miguel de la Madrid Hurtado and extend wishes for continuing and strengthened good relations between Canada and Mexico and between Canadians and the Mexican people.

Madam Speaker: Perhaps the House will want to applaud this motion.

Some hon. Members: Hear, hear!

* * *

RAILWAYS

NEED FOR IMPROVING SYSTEM—MOTION UNDER S.O. 43

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the imposition of any upward change in the Crow rate will result in the reduction of grain production and a cut in income for the western Canadian farmer, I move, seconded by the hon. member for Dauphin (Mr. Lewycky):

That the government recognize the consensus of farmers—not agribusiness—and stop its ridiculous postering regarding the Crow rate and get on to improving the railway system to help the economy generally.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CANADA POST CORPORATION

SUGGESTED RESTORATION OF SERVICES—MOTION UNDER S.O. 43

Mr. Laverne Lewycky (Dauphin): Madam Speaker, whereas Canada Post was established with the idea of improving services, whereas postal rates have increased by almost 100 per cent since January 1, 1982, and whereas Canada Post has cut back postal services by 50 per cent in some rural Manitoba areas, I move, seconded by the hon. member for Burnaby (Mr. Robinson):

That the minister responsible ask Michael Warren to restore services which have been reduced since January 1, 1982.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MINES AND MINING

DUMPING OF TAILINGS AT ALICE ARM, B.C.—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I too rise under the provisions of Standing Order 43. In view of the fact that last week the joint Standing Committee on Regulations and other Statutory Instruments unanimously upheld the censure of the Minister of Fisheries and Oceans (Mr. LeBlanc) for unusual and unexpected use of power in pushing through the Alice Arm tailing deposit regulations allowing dumping at 8,000 times above federal standards in the middle of the 1979 federal election, I move, seconded by the hon. member for Burnaby (Mr. Robinson):

That the House calls upon the Government of Canada to introduce a bill to deal with this matter and immediately convene a full public inquiry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

INDUSTRY

QUERY RESPECTING POSSIBLE GOVERNMENT SUPPORT FOR MONTREAL TRUCKING COMPANY

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Minister of Finance, not

necessarily because it is a week since his budget but because, in the presentation of that budget, the minister talked about the economic crisis affecting Canada and the need for restraint. What justification can the minister give and what leadership is shown by the government in considering a bail out of a trucking firm in Montreal with a loan guarantee to the tune of $30 to $50 million, when that will necessitate changes in the ITC regulations and may very well open the door for all service industries, not alone trucking firms, to seek such federal assistance?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I should like to tell the hon. member that no decision has been reached to provide assistance in this particular case. I take it from his statement and the tone of his question that he would be opposed to any such assistance or relief in this particular case. I will certainly take account of his representation before any final decision is made.

GOVERNMENT POSITION ON CREATING PRECEDENT

Mr. Pat Nowlan (Annapolis Valley-Hants): I thank the minister for the consideration of listening to a representation, Madam Speaker, but I asked a question. I would be much more interested in knowing what the minister thought about these fundamental changes in the ITC regulations which will open the door for applications for bailing out guarantees to all service industries and not manufacturing industries as is the present policy. If the minister feels there is help available for Maislin Industries then, in effect, will every other service industry or trucking industry be knocking at his door?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker, I believe that every precedent established usually incites further applications for assistance. On that proposition I have absolutely no difference with the hon. member. The content of his question is still speculative, however, because we have not reached any decision. There has been a request for assistance, but no decision has been reached. When a decision is reached the hon. member will be able to put his questions with more knowledge, and certainly I will be able to answer them with more knowledge. At the moment the matter is still undecided.

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CANADIAN NATIONAL RAILWAYS

POSSIBLE INVOLVEMENT IN MILWAUKEE RAILROAD COMPANY AGREEMENT

Mr. Pat Nowlan (Annapolis Valley-Hants): I have a supplementary question for the Minister of Transport, Madam Speaker. In view of the fact, and I think it is a fact, that one of the main reasons Maislin is in trouble is because of its U.S. operations and the fact that two thirds or more of its business is in the United States, can the Minister of Transport, who reports for the Canadian National Railways, please explain to the House—and this would be another example of government leadership and responsibility—how in the world CN, a Crown corporation, could be involved in a three-year operating agreement with the Milwaukee Railroad Company which is now in receivership to the tune of $250 million, with the option, after that three-year agreement expires, of taking over the company and accepting its $250 million debt? At the same time, CN has reduced container service to Halifax, has become bogged down in the CAST operation of Montreal which is costing taxpayers money, and last summer used the deficit position of VIA Rail as a reason for the minister to cut service back by 20 per cent. What justification or rationalization is there for CN, a Crown corporation, to act in this way?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the answer is terribly simple. As in the previous instance, that decision has not been made. What CN has with respect to the Milwaukee Railroad Company is an option to buy in three years' time. The purchase has not been made. My hon. friend, who is an expert in transportation, knows very well that CN is already in the United States with the Grand Trunk, for example, which makes an interesting contribution to the financial welfare of the company. There is a border between Canada and the U.S., but freight goes across that border and it is considered useful for CN to have these facilities in the United States.

* * *

• (1420)

TELECOMMUNICATIONS

BELL CANADA RATE INCREASE APPLICATIONS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, over the past few days consumers have learned of proposed rate increases by Bell Canada which would translate into a 25 per cent increase in home phone service, and another 20 per cent increase by CN/CP to send a telegram. I would ask the Minister of Finance whether his officials have examined these applications to learn whether they are justified in light of the 6 per cent inflation guidelines?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the matter will go before the regulatory body and we will have to wait and see what the result of that hearing will be and what action is taken by that agency. In the budget statement we have issued a suggestion or direction to the regulatory agencies and government departments to justify any increases above 6 per cent. When the result of the hearing is known it will be possible for the cabinet or the government to review the situation to see whether in its view the increase has been justified.

ROLE OF MINISTER

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, if the government does not feel that a 20 per cent to 25 per

cent increase in the cost of sending a telegram or using a telephone comes under exceptional circumstances, in other words, if the government does not feel these increases are justified, how does the Minister of Finance propose to override the CRTC, the CTC, or any other regulatory agency of the government? Will he do it through an official directive, or will he bring a bill before this House to make sure these companies adhere to the 6 per cent inflation guideline?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, when the finding of the board or, in this case, commission, is made known, then that will be the occasion for the cabinet to review the conclusion on appeal. It seems to me it would be wrong at this stage to set aside the process established by Parliament. When that process is completed, then that will be the opportune time for the government to take its decision.

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FINANCE

THE BUDGET—EFFECT OF WAGE REDUCTIONS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is also for the Minister of Finance. Having spent the better part of the last four days travelling the country I want to ask the minister a question which has been frequently asked of me. We have interest rates at a level which people cannot afford. We have inflation at a level which people cannot pay to meet. We therefore have unemployment at a level which, I think, is an all-time high in the modern history of this country, and productivity is down to a level which I believe is an all-time low.

People have asked me, and therefore I ask the minister, how can reducing the wages of people who, previous to the introduction of the budget, could not afford to buy the products being manufactured in Canada, help to get the country back on its feet?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I thank the hon. member for the way he has formulated his question because he has seen the logical progression from high interest rates to high inflation to high unemployment. That is, in a sense, the logic I have been attempting to establish in the House of Commons.

I say to the hon. member that if we are to break what he has described as the source of our difficulty, namely, inflation, we will have to reduce our income demands. That is the logic of the budget statement. If all income demands—and I am putting the emphasis on all—were reduced to 6 per cent, then price increases would drop to 6 per cent. That would be the inevitable result, and we would then be well on the road to success in the battle against inflation to which he properly ascribes the high unemployment we have in the country at the present time.

• (1425)

GOVERNMENT POSITION ON INTEREST RATES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, may I ask a supplementary question of the Minister of Finance? The minister will recall, I am sure, that during the period 1975 to 1978 when there were wage controls in this country, prices did not go down. In fact inflation rose at a level far faster than wages rose. I ask the minister again if he can explain the following to me.

If unemployment and low productivity are related directly to high interest rates, as the minister has admitted, and if it is true that people who did not have sufficient money to buy products prior to the introduction of the budget will not have any more money as a result of the budget and, therefore, will be in no better position to buy products, why did the government not tackle the root cause?

Why did the government not take steps to bring down interest rates and thereby serve the purchasing power of the people of Canada and the manufacturing sector in a beneficial way? That would have allowed the manufacturing sector to get back on its feet?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the government did take the only durable step that can be taken to reduce interest rates. We are attempting to break the inflation psychosis in the country by talking about a 6 per cent world of income demands. That is the only way to reduce inflation and the only way to reduce interest rates. The hon. member has that logic in his mind, and he ought to interrelate all these factors because he has all the logic in his head to do it.

Mr. Deans: Madam Speaker, this could well be a book written by Lewis Carroll.

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PUBLIC SERVICE

IMPACT OF WAGE CONTROLS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, given that the shock troops in this battle for 6 per cent are the public service employees, may I ask the Minister of Finance why he thinks it appropriate, proper and morally defensible to act to remove from the bargaining table all matters relating to collective bargaining and to move unilaterally to reduce the wages of people who sat down in good faith and negotiated wage increases? Does the minister really believe that, in the Liberal tradition, this is a morally defensible thing to do?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker, I think it is morally defensible—

Mr. Broadbent: In the Liberal tradition?

Mr. MacEachen: —because it is in the national interest and it is absolutely imperative if we are to move out of this very serious critical economic situation that we face. At the present time in the country we have to take exceptional steps, and it is an exceptional step that will be recommended to Parliament by the President of the Treasury Board to reduce the income settlements of the Public Service to 6 per cent and then to 5 per cent. That is exceptional. I admit that to the hon. member. It is justified because of the exceptional circumstances that exist in this economy and in various economies in the world. If I wanted to go on to justify it, I would refer the hon. member to the experience of most of our economic partners where wage settlements in the public sector are distinctly lower than the rate of inflation.

Mr. Deans: They are in Canada, too.

Mr. MacEachen: They have been introduced for the very same reason that they are being introduced in Canada, and that is in order to get out of the 12 per cent world of recession and into a 6 per cent world of recovery. That is the exceptional justification for it.

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CROWN CORPORATIONS

MORTGAGE RATES OFFERED TO EMPLOYEES

Mr. Albert Cooper (Peace River): Madam Speaker, my question is for the President of the Treasury Board. He will know that farmers are losing their farms, workers are losing their jobs and their homes, and businessmen are losing their businesses because of high interest rates in Canada. How can the President of the Treasury Board justify employees of government-owned Crown corporations receiving mortgages at one half of the present market rate?

Hon. Donald J. Johnston (President of the Treasury Board): I do not know of the particular circumstance to which the hon. member is referring. Employees of Crown corporations do not come under the jurisdiction of the Treasury Board in any event.

• (1430)

EXPORT DEVELOPMENT CORPORATION MORTGAGE PLAN

Mr. Albert Cooper (Peace River): Madam Speaker, in that case my supplementary question is directed to the Minister of Finance. Surely someone over there is responsible for this atrocious act. Will the Minister of Finance check into the fact that the Export Development Corporation of Canada is planning on offering mortgages to its employees at one half the present market rates which other Canadians have to pay on their homes?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker. The minister to whom the corporation reports is prepared to answer.

An hon. Member: Then answer it!

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I am not aware of the hon. member's claim, but I will check it out and get back to him tomorrow.

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TREASURY BOARD

WAGE INCREASE DIRECTIVE COVERING MINISTERIAL STAFFS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the President of the Treasury Board. It follows upon a remark just made by the Minister of Finance that it was in the national interest to limit the wage increases of public servants. If it is in the national interest to limit increases to public servants to 6 per cent in one year and 5 per cent in the following year, how can it be in the national interest for the minister to have signed a directive on last June 17 to increase the salaries of his political staff and the political staff of ministers—his colleagues and the minister—by 10 per cent? How can that be in the national interest?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I have explained on a number of occasions that contracts and pay periods which came up for renewal prior to budget night were treated in a just and equitable fashion. In fact if the hon. member for Nepean-Carleton takes the trouble to read Bill C-124—

Some hon. Members: Oh, oh!

Mr. Johnston: Are hon. members opposite interested in the answer to the question, or not?

If he takes the trouble to read Bill C-124, he will see that there are transitional provisions which provide for up to 9 per cent for any group that was open as at June 28 but whose contract would bridge that date. Ministerial staff received 10 per cent, which was very much in line with the general settlements being accorded across the system at that time, effective as of April 1. As I further explained, they go under the system just like everybody else. They will become subject to 6 per cent and 5 per cent increases just as the military will be, just as the RCMP will be, and just as all other groups which have been settled in the period before June 28 will be.

Mr. Baker (Nepean-Carleton): The minister may have forgotten that the people we are talking about are political exempt staff. They have been allowed a cushion now of 10 per cent, if that bill applies, for a period of time prior to the coming into force of the bill. This was made by a President of the Treasury Board who, during that period of time, was forecasting some sacrifices for other people in the public service that would start right now.

POSITION OF EXEMPT POLITICAL STAFF

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, why does the President of the Treasury Board not do the honourable thing? Rather than defending the indefensible

increases for political staff, the appointees of himself and his colleagues, why does he not do the honourable thing and roll them all back so that the exempt staff will stand in exactly the same position as public servants?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the point I have been making to the hon. gentleman is that the exempt staff does stand in exactly the same position as the public service. He would have us say that because these members of exempt staff are appointed by individual ministers, somehow they should be made particular sacrificial lambs. I do not accept that position whatsoever. They are subject to exactly the same regime in exactly the same manner, and I judge that to be fair in the circumstances.

REQUEST THAT DIRECTIVE BE TABLED

Hon. Bill Jarvis (Perth): Madam Speaker, my supplementary question is directed to the President of the Treasury Board. The sacrificial lambs about whom he is so concerned never went through any collective bargaining process or never had any collective agreement. His comparison with the public service, let alone with the private sector which they are now asking to restrain itself, is odious at best.

If the minister feels so strongly about these sacrificial lambs, will he do two things—first, will he table a directive which he signed on June 17 and, I suggest, knowing fairly well what was in the mind of the Minister of Finance at the time in terms of his plea to other Canadians? Second, would he table the salaries of his exempt staff and of that of his colleagues over the last year so that we can see what happened last March or April with respect to wage increase for those self-same people, at the same time that he is asking every Canadian, not only public servants, to restrain themselves to 6 per cent?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, if we must get into the area of being odious, I would suggest that that is a very odious question. The hon. member is especially suggesting that these people who work for ministers and in their staff offices—he was a minister himself; he knows how hard they work, the demands on their time and how important they are to the working of government—should not be entitled to an increase which was very much in line with the increases given to other groups during that period. I also point out that that increase was up to 10 per cent. It is up to the minister in question to determine within those ranges, as the member also knows, what the amount should actually be.

Then he said that they did not collectively bargain and therefore they should not get this special treatment. Well, would he say that with respect to the military? They do not collectively bargain, and they were given 11 per cent. Is he suggesting that they should be rolled back as well? What about the RCMP? They do not collectively bargain. Should they be rolled back as well?

Mr. Nielsen: They do.

Mr. Johnston: The fact is that all these groups are being treated in exactly the same fashion, namely, next year at the expiration of that initial pay period which applies to everybody they will receive up to 6 per cent and up to 5 per cent. That is what is provided for in the law and that strikes me as eminently fair.

Mr. Jarvis: Madam Speaker, I was every bit as proud of my staff as I presume the minister might be of his. The difference is that the exempt staff were the beneficiaries of a sleezy, underhanded directive days before the budget. That is what it was. The minister was sneaking in a pay raise when he knew full well that everyone else would be restrained to 6 per cent.

Some hon. Members: Shame!

REQUEST THAT INFORMATION ON SALARIES BE TABLED

Hon. Bill Jarvis (Perth): Madam Speaker, if the minister wants to protect the integrity of that exempt staff, why does he not table their salaries over the last year so that we in the House and the entire country can see exactly what has happened in terms of this minister's benevolence?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I reject categorically that sleezy allegation. The fact is that the exempt staff pay period comes up for renewal as of April 1. My recollection is that the decision with respect to the 10 per cent was taken many weeks ago. The fact that it was notified to ministers on June 17 only, is completely irrelevant in the circumstances. I assure the hon. member that the ministers of the Treasury Board who established that 10 per cent did not do so with any knowledge of what the Minister of Finance would finally determine in his budget on June 28.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

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HOUSING

ELIGIBILITY CRITERIA FOR GRANTS TO HOME BUYERS

Mr. D. M. Collenette (York East): Madam Speaker, my question is directed to the Minister of Public Works who is responsible for housing policy. The Sunday edition of *The Toronto Sun* charged that the $3,000 home buyers' grant made available in the budget to first-time home buyers and to buyers of new housing will be reduced by some $600 to $1,200 under a technical requirement of the National Housing Act. Could the minister responsible for CMHC inform the House whether or not this is true?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I thank the hon. member for his question. It gives me an opportunity to point out to hon. members that the story in the Toronto media is inaccurate and untrue. The $3,000 grant

which is available to any purchaser of a new home or to first-time buyers of old homes will be available to anyone who qualifies under those circumstances. The report is one that is inaccurate. The $3,000 grant will stand, and it is effective as of the date the minister announced it.

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AGRICULTURE

APPLICATION OF GUIDELINES TO INCOME OF FARMERS

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, my question is directed to the Minister of Agriculture. Since interprovincial marketing boards were set up to give farmers the assurance that the selling price of their products would cover the cost of production, and since the new budget intends to limit these return to the 6 per cent and 5 per cent formula of the Minister of Finance, while not controlling the input costs of energy, interest rates and other items, will the minister inform the House how he can impose this income and wage control upon farmers, given that there is no authorization in the enabling legislation to allow the minister to set prices arbitrarily?

• (1440)

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, every one of the regulated products but one that are under federal jurisdiction were under the suggested 6 per cent, which is something of which a lot of people are not aware. In Ontario, when they signed the contracts for approximately 15 products this year, there was only one over a 5 per cent increase. Some were as low as a 3.2 per cent increase. In some instances perhaps the marketing boards are ahead of us in controlling what we call inflation. I think they have given leadership, maybe even to government, but certainly they have provided leadership for many other people in our society in that they have agreed to take those kinds of increases early in the year. Some of those contracts were signed in March and April of this year by producer groups.

The Minister of Finance has also suggested that, under special circumstances, if increased costs take place, for example, the merits of an application can be considered if it needs to go above 6 per cent. However, if those input costs come down I cannot see any regulated price commodity or cost-pricing formula—I cannot see any of them asking for more than 6 per cent if the rest of society goes along with what we are suggesting. In most instances marketing boards have given that kind of leadership. All matters under the jurisdiction of the federal Minister of Agriculture have practically stayed under those ranges, except the industrial milk products.

Mr. Hovdebo: Madam Speaker, the minister is skirting the question by ignoring the principles. It sounds to me that what we are talking about is subversion of marketing boards.

LEGISLATIVE AUTHORITY

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, under what legislative authority will the minister proceed with respect to these prices since these are all federal-provincial agreements? Will the minister be seeking provincial approval before proceeding, or will he implement the peace, order and good government clause in the Constitution, as the government did under the AIB legislation?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, again all the hon. member has to do is check the records which will show, for instance, that eggs were minus 4 per cent last year, not an increase, and other poultry products were lower than what we are suggesting even this year. Again, I do not know what the hon. member is talking about because we have no jurisdiction over some of the provincial marketing boards. Some of them are very strong, and they exist in every province across Canada. It would be up to the provinces to provide guidelines for them. We have been doing some checking and I should be able to release some figures, hopefully later today or tomorrow, to show exactly what some of them have done this year. I think it is to their credit that they have again provided that kind of leadership.

There is a misconception that many people have about marketing boards and the pricing formula that they follow. If input costs are down, they agree to take less. They do not agree to hold the status quo; they agree to go down in price. The only time that they increase prices to the consumers of Canada is if the input costs go up. They are very satisfied with that. Those farmers under programs such as those are the ones who are not going broke either. They run their own business, too.

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FISHERIES

APPLICATION OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM TO FISHERMEN

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans. In the budget last week there was an amount of $400 million allocated to small business people, including fishermen. Completely apart from the Small Business Development Bond program, is any of that $400 million going to assist applicants who apply under the Small Business Development Bond? In other words, is the $400 million for other purposes and other applications, or is some of the money going to be used for those people who have to apply under the Small Business Development Bond program?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, a couple of weeks ago I had occasion to meet with fishermen on the west coast. They told me that the previous program of assistance to farmers and fishermen under the provisions of the small business bond had been very

helpful. As well, once the financial institutions understood what the intention was, that even unorganized and unincorporated fishermen should have access to it, they found it very helpful.

It is my hope that the new or additional measures announced by the Minister of Finance will be seen and interpreted by financial institutions in exactly the same way. Certainly those fishermen who attended the meeting spoke quite highly of the provisions that existed then, and that was before the budget.

Mr. Fraser: I am certain that the minister is very sincere in talking with fishermen about the Small Business Development Bond program. The fact of the matter is that of the $400 million that has been allocated and trumpeted as aid to fishermen, it clearly seems, on reading the budget documents, to apply only to new investment.

POSITION OF FISH PROCESSING PLANTS

Hon. John A. Fraser (Vancouver South): Madam Speaker, what happens to fishermen, fishing companies, or fish processing companies that cannot get relief from the banks with the Small Business Development Bond or from other lending institutions? Can those people apply to get a piece of the $400 million if they are not investing or making a new investment in plant equipment for capital projects? If they cannot, there is nothing new in the budget for fishermen.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, perhaps I did not understand the hon. member's question fully, for which I blame myself and not him. In the case of corporations and processors who do not meet the criteria of the small business bond legislation or regulations, they have access to the Fisheries Prices Support Board. I am aware that some of them have already presented their cases.

As I say, I can only judge by the experience I have seen. This was not an incidental conversation. It was in the process of consultation with the fisheries advisory council on the west coast where fishermen themselves volunteered—I did not ask them—that the previous program had been helpful and that they hoped that it would be continued. That is why I was personally pleased to hear the Minister of Finance express his support even for the unincorporated fishermen who are in some difficulty at the moment.

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EXTERNAL AFFAIRS

CZECHOSLOVAKIA—ACCREDITATION OF NEW AMBASSADOR TO CANADA

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is for the Secretary of State for External Affairs. I am sure that the minister is aware that the Government of Czechoslovakia has requested the accreditation of Mr. Vincent Buzek as the new ambassador to Canada. Is he aware that prior to his appointment as ambassador to Canada his previous assignment was in association with Section A, subsection 4 of the main intelligence office of the Czech Ministry of the Interior? Is he also aware that that organization is mainly concerned with espionage in the Americas, including Canada, of course?

In these circumstances will the minister be prepared to grant accreditation or grant *agrément* for this ambassador?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, until this moment I was not personally aware of those facts. I do not know whether there is any knowledge of that in my department. I will certainly be pleased to consider the matter in light of the hon. member's comments.

NEGOTIATION OF BILATERAL AGREEMENT—QUESTION OF DUAL CITIZENSHIP

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, in view of the fact that the outgoing ambassador from Czechoslovakia has mentioned that the conclusion of a bilateral agreement is very near completion, will the minister soon take an opportunity to brief the House on the progress of that agreement, particularly as it affects the dual accreditation problem which is causing a great deal of anxiety among those loyal Canadians of Czechoslovakian descent?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the double citizenship problem is one which has disturbed Canadians of Czechoslovakian ancestry, Canadians generally, and certainly the Canadian government, for a long time. Either the ambassador was incorrectly quoted or he was mistaken in the statement that the hon. member has quoted, which I have seen myself, but that is not the fact. In fact, although our government has been continuously pressing the Czech government on this we have no indication that they are prepared to accept our point of view. Unfortunately, there is no indication that this matter will be resolved in the near future.

REQUEST THAT RECEIVING OF CREDENTIALS BE POSTPONED

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, is the minister prepared to withhold the agrément on the new ambassador until this matter of dual accreditation has been sorted out to the satisfaction of loyal Canadians of Czech origin?

• (1450)

Hon. Mark MacGuigan (Secretary of State for External Affairs): No, Madam Speaker, I do not believe that would be a sensible policy. Surely if we have any hope of resolving this problem with the Czechoslovak government, it is not by cutting off avenues of communication.

Oral Questions

FINANCE

APPOINTMENT OF WOMEN TO ADVISORY COMMITTEE

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, in his budget speech the Minister of Finance indicated that he would be setting up a committee of prominent Canadians drawn from the legal, financial and accounting communities to examine certain budget proposals. Since then he has indeed established a committee of prominent Canadians from these fields. Can he tell the House how many women are included in these appointments?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker, I will be pleased to advise the hon. lady on that subject. The selection for the current members of the committee was based upon consultation with private sector organizations. Unfortunately, no woman was put forward as a suggested person. Since that time I have had consultations with my colleague, the minister responsible for the status of women. I am seeking her advice, and the advice of the advisory council for women, on whom might be added to this very important committee. I am proceeding to do that in co-operation with the minister and the agency.

TIMING OF APPOINTMENTS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, what an admission for the Minister of Finance to make in this House of Commons, that the appointment of women to any body, especially a body as important as this one, comes as an afterthought. That is always the way it is treated. Why were the representations of the minister responsible for women not put forward before the original appointments were made, and not after?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am very pleased to say that the matter has been attended to in a very timely way. I appreciate the hon. member's interest, but it is a bit lagged.

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FOREIGN INVESTMENT REVIEW AGENCY

CHANGES IN PROCEDURES

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is for the Minister of Finance. In his budget of a week ago the minister announced some changes to FIRA. One of the changes was to increase the threshold for a review of a foreign take-over from $2 million and 100 employees to $5 million and 200 employees. What is the purpose of that change? Is it the intention to exempt any sector of the Canadian economy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the question should be directed to the minister responsible for FIRA or, in his absence, to the parliamentary secretary. However, I would say that the purpose of these changes generally was to make the operation of the agency more timely and efficient and to make it carry out the wishes of Parliament according to the law.

REQUEST THAT HIGH TECHNOLOGY INDUSTRIES BE EXEMPTED FROM CHANGES

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, the minister is no doubt aware that the hi-tech industry, for example, is perhaps the most dynamic and innovative industry in the country. Many of the firms are small, they are Canadian, and they have an exceptional growth rate. Can the minister explain how opening the door even further to foreign take-overs will help this sector of the Canadian economy? Can he advise whether he is considering exempting at least the hi-tech industry in this country from these changes under FIRA?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, unfortunately my colleague, the Minister of Industry, Trade and Commerce, is not here today. As the Minister of Finance stated, the main reason behind this procedure is to streamline the process and not to deter any of these hi-tech industries as the hon. member mentioned.

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VIA RAIL

EFFECT OF CUTBACKS ON TOURIST INDUSTRY IN JASPER

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my question is for the Minister of Transport. It has to do with the VIA Rail cuts. The minister must be aware that the decision to cut passenger rail service between Vancouver and Jasper has had a terrible effect on the tourist trade in Jasper, and especially on Japanese people trying to get to Jasper. Is the minister willing to sit down with representatives of the Jasper business community to discuss ways and means of remedying this situation?

Hon. Jean-Luc Pepin (Minister of Transport): Yes, Madam Speaker.

ACCESS ROUTES TO JASPER

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, is it true that the minister is planning to take his summer holidays in Jasper? If so, how does he propose to get there?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, there are a number of ways of getting there. I would simply underline the fact that only 1.7 per cent of those who go to Jasper travel by train.

FINANCE

IMPOSITION OF WAGE CONTROLS—REQUEST THAT HIGH SALARIES BE FROZEN

Mr. Gordon Taylor (Bow River): Madam Speaker, my question is directed to the Minister of Finance. Does the minister realize the unfairness of percentage cuts and percentage increases? Six per cent off a salary of $90,000, $100,000 or more does not lower the standard of living of that person or his family. However, 6 per cent off a salary of someone in a lower bracket takes bread out of the mouths of his children. Why does the minister not correct this by freezing the salaries of those in the high brackets, and leaving those in the lower brackets, those who are having difficulty making both ends meet, alone?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there are a number of comments to be made in reply to the hon. member. First, we did make a proposal along the lines suggested by the hon. member to the first ministers' conference in February. It was not supported either by the first ministers' conference or by members of the House of Commons. Therefore, we did not proceed with that particular suggestion. I understand the hon. member's concern about the impact of any such limits on increases, indexation or salaries, and assure him that the quickest way to minimize the impact of any of these possibilities is to get the rate of inflation down to 6 per cent. That will remove most of the worry the hon. member has.

EXPENSE OF FIREWORKS ON NATIONAL HOLIDAY

Mr. Gordon Taylor (Bow River): Madam Speaker, is the minister suggesting that spending $4 million on firecrackers helped to bring down inflation? Would the minister not have had a much happier feeling down in his heart if he had spent some of that $4 million in helping to alleviate the poverty of women between 50 and 65 who do not receive anything from the government at this time? No answer?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker, I would like to reply to the hon. member. I would tell him that, in the interest of restraint, the expenditures on the celebration of our national holiday were drastically reduced this year.

* * *

CANADIAN WHEAT BOARD

UNITED STATES EXPORT SALES PRICING PROPOSAL

Mr. Jack Murta (Lisgar): Madam Speaker, my question is directed to the Minister of Transport in his capacity of answering questions for the minister responsible for the Canadian Wheat Board. Is the minister aware of a situation in which the United States Secretary of Agriculture will be acting on proposals to implement an interest rate buy-down feature for grain sales to come under their public law 480 program for grain exports? This would mean that the United States could sell grain on world markets cheaper than other countries. In other words, it would sell grain more cheaply. Is the government aware of this move by the U.S. Department of Agriculture? If so, has it communicated Canada's concern over this problem? Ultimately a situation would develop in which there would not be any additional grain sold, and grain would be sold at a cheaper price. This would have a devastating effect on farmers not only in western Canada but all over Canada.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I must admit I was not aware of that. I will inform myself immediately and provide the hon. member with an answer.

* * *

PRIVY COUNCIL OFFICE

REPORTED HOLIDAY ENJOYED BY EMPLOYEE

Mr. Bill Domm (Peterborough): Madam Speaker, in light of the fact the holiday season is upon us, I would like to give the President of the Treasury Board an opportunity to confirm or deny a report in the Ottawa *Citizen* and *The Toronto Sun* that a secretary to the Privy Council office is enjoying four months on the Mediterranean Sea at a cost of $12,000 to the taxpayers, on top of a reported $75,000 salary?

• (1500)

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I did note an earlier report on this subject. I will look into the matter. I have not seen the report in the Ottawa *Citizen* or *The Toronto Star* so I am not in a position to discuss any numbers with the hon. member.

* * *

TREASURY BOARD

SALARY INCREASES FOR MINISTERS' POLITICAL STAFFS

Mr. Bill Domm (Peterborough): Madam Speaker, I wonder if I might address my supplementary question to the same minister. Would he deny or confirm that some of the political staff of cabinet ministers not only received a 10 per cent salary increase on the eve of the new budget but also received a reported 10 per cent to 12 per cent increase early in April of this same year?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the hon. member for Peterborough should know that each year there is an adjustment made to the wages of public employees and ministerial staff and also employees of members of this House. This is made by the Committee of Internal Economy. I reject the notion which has been put forward by the hon. member for Nepean-Carleton, that this was made on the eve of the budget.

An hon. Member: June 17.

Mr. Johnston: It may very well have been that I signed the letter of June 17, but the decision was made some time ago stipulating 10 per cent, which was at the low end of the amounts that had then been decided upon.

Mr. Clark: Why don't you table the document?

Mr. Johnston: As to the other part of the allegation, that some ministerial staffs had received additional increases of 10 per cent, that would strike me as being most unusual. The wages are there and they cannot be exceeded, unless some particular minister comes to Treasury Board. I am certainly not aware that any ministers have come to the Board asking for increases of that magnitude.

I might explain how the system works, Madam Speaker. It is specifically designed to place standards across the system, fair standards with reasonable annual adjustments that can be made. This is as true of ministerial staff as it is anywhere else in the system.

REQUEST THAT DIRECTIVE AND SALARY INFORMATION BE TABLED

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the President of the Treasury Board. Would he not eliminate what he claims to be this confusion—certainly, there is controversy—by taking the simple expedient of tabling the order of June 17 and tabling also an indication of the salaries received by all the exempt staff, before and after June 17?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, what I would be prepared to do is—on the information I actually requested but do not have at hand at the moment—is to advise the hon. Leader of the Opposition as to when Treasury Board ministers actually made the decision to give a 10 per cent increase to ministerial exempt staff. I know the Right Hon. Leader of the Opposition would agree that it was a reasonable settlement at that time. It was a very reasonable proposal made to those hard-working exempt staff members. I recall that it is slightly less than the adjustments that were in fact made to employees of members of the House of Commons and their officers by the ministers of the Committee of Internal Economy.

* * *

[*Translation*]

PETITIONS

TABLING OF REPORT OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Wednesday, June 30, 1982, and finds that they meet the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. McKINNON—CELEBRATION OF CANADA'S 115TH BIRTHDAY

Hon. Allan B. McKinnon (Victoria): Madam Speaker, it is my duty and pleasure to present a petition signed last week by several thousand people in the city of Victoria. This petition is somewhat different from most petitions. It does not ask that an injustice be rectified.

Madam Speaker: Order please. I am sorry, this object must be removed from the House. This does seem to me to be an exhibit.

Some hon. Members: Oh, oh!

Madam Speaker: It must be removed from the House. I have never seen a petition like that before. It can be taken to the back of the House, behind the curtain.

Mr. McKinnon: Madam Speaker, I do not wish to upset the decorum of the House. This petition is in the form of a birthday card signed by several thousand people during the celebrations of our birthday. The petition is merely to ask Parliament to accept and pass on to all Canadians their good wishes for a happy birthday and a good 115th year in this wonderful country. And as in duty bound your petitioners will ever pray.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,286, 2,448 and 4,316.

[*Text*]

AGREEMENT BETWEEN GOVERNMENT AND OGDENSBURG PORT AND BRIDGE AUTHORITY

Question No. 2,286—**Mr. Cossitt:**

1. (a) What are the terms and details of any agreement in existence between the government and the Ogdensburg Port and Bridge Authority with regard to the International Bridge east of Prescott in the constituency of Leeds-Grenville (b) does the authority own buildings occupied by Canada Customs and Immigration and, if so, is a rental fee paid and, if not, for what reason (c) is the government satisfied with the manner in which the authority has maintained the facilities and, if not, what are any inadequacies?

2. (a) Has there been or is there a problem between the government and the authority with regard to lighting in the area where trucks are examined at night by Canada Customs and Immigration (b) is one of the light circuits out of operation and, if so, for how long has it not been operating and for what reason was it not fixed (c) did the authority on any occasion turn off all the lights to prevent Canada Customs and Immigration from examining trucks at night and was this done to force rent payments on the government?

3. Are any negotiations going on between the government and the authority for the purpose of settling any differences and, if so, what is the status of such negotiations?

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): 1. (a) The existing agreements are: an act to incorporate Ogdensburg Bridge Authority Chapter 57 assented to 4 July 1952, and P.C. 1957-331, an agreement respecting financial matters. (b) Yes. No. It is departmental policy to have the operator of the revenue oriented border facility provide and maintain customs accommodation free of charge. (c) No. Repairs and/or alterations would be in order.

2. (a) Yes there was a lighting problem which has been rectified. (b) No. One of the light circuits was out of operation and was repaired within three hours on March 21, 1981. (c) The authority did turn out lights once in an attempt to reduce operating costs.

3. Yes. They are ongoing.

LIGHTING ON PRESCOTT-OGDENSBURG INTERNATIONAL BRIDGE

Question No. 2,448—**Mr. Cossitt:**

1. Was approximately half the lighting on the Prescott-Ogdensburg International Bridge turned off at any time during April, 1981, as well as half the lighting from the Canada Customs area to provincial highway 16 and, if so (a) was this turned off by the Ogdensburg Port and Bridge Authority (b) on what grounds?

2. Did an accident occur on the bridge recently involving three cars which could be attributed to insufficient lighting and, if so, what are all the details?

3. Has the government determined whether or not any action by United States interests is part of a campaign to harass the government into paying rent for Canada Customs and Canada Immigration buildings and were the buildings to be rent-free under the original agreement signed by parties on both sides of the border?

4. Does the government propose to take any action concerning the situation?

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): 1. Yes part of the lighting on the bridge and at the end of the Canada Customs area to provincial highway 16 was turned off although the customs and immigration area was not affected. (a) Yes. (b) In an attempt to reduce operating costs.

2. Yes, on April 23, and an investigation was conducted by the O.P.P.

3. There is no evidence of a campaign to harass the Canadian government. The existing agreements make no specific provision for rent free buildings.

4. No, since the lighting problems have been rectified by the Port and Bridge Authority.

FIREARM ACQUISITION CERTIFICATES

Question No. 4,316—**Mr. Malone:**

1. For each year since 1978, by province and territory, how many Firearm Acquisition Certificates were issued for (a) long rifles (b) hand guns?

2. How many persons who applied for acquisition certificates for (a) long rifles (b) hand guns were turned down and denied a certificate?

Order Paper Questions

Hon. Bob Kaplan (Solicitor General): 1. The Firearms Acquisition Certificate (FAC) system came into effect on January 1, 1979. For 1979 and subsequent years up to and including 1981, national and provincial FAC statistics are recorded in the Annual Firearms Reports to the Solicitor General of Canada by the Commissioner of the RCMP. As these reports are tabled annually in Parliament by the Solicitor General, your attention is directed to page 9 of the 1979 Report tabled April 23, 1980, page 10 of the 1980 Report tabled March 25, 1981, page 10 of the 1981 Report tabled April 7, 1982.

2. The FAC statistics indicate the number of FAC's issued each year by province and territory and also indicate the number of FAC's which were refused. However, there is no breakdown of FAC's issued for handguns and those issued for long guns since FAC's are issued for any number and any type of firearm acquired during a five-year period.

[*English*]

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Mr. Baker (Nepean-Carleton): Madam Speaker, I want to draw the parliamentary secretary's attention to a series of questions on the Order Paper, beginning at number 4,188. These questions cover employees of the following agencies: de Havilland Aircraft of Canada, Limited; Air Canada; Canada Mortgage and Housing Corporation; Canadian Broadcasting Corporation; Canadian National Railways and its subsidiaries; Cape Breton Development Corporation; Eldorado Aviation Limited; Eldorado Nuclear Limited; Export Development Corporation, which was referred to today in question period; National Arts Centre Corporation; Petro-Canada; and Canadair Limited. The question in all of those cases relates to what occurred today, and that is why I raise it today. It is: Were the loans made, were loans made to any employee of the named corporation or its subsidiaries since March, 1980, and if so, in each case what is the name and title of the employee; on what date was the loan taken out; on what date is it due; what was the amount of the loan; what interest rate is being charged; and what was the purpose of the loan?

I have not raised this before, but in view of what has occurred during the last few days in which the House has been sitting, there was a question raised specifically today about the Export Development Corporation which would seem to me to make the answers to these questions relevant and require some urgent consideration.

I want to ask the parliamentary secretary if he would speak to the appropriate officials in each of those corporations, all of them Crown corporations, to obtain the answers to those simple questions. They ought to be there in the minutes of those corporations somewhere.

Mr. Smith: Madam Speaker, I will be more than happy to look into this matter on behalf of the hon. member for Nepean-Carleton.

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Wednesday, June 30, 1982, consideration of the motion of Mr. MacEachen that this House approves in general the budgetary policy of the government, and the amendment of Mr. Wilson (p. 18905).

Mr. Don Blenkarn (Mississauga South): Madam Speaker, when the debate was adjourned on Wednesday last to have a vote on the amendment to the amendment by the New Democratic Party, I was speaking about a number of things concerning the thrust of this budget that we have before us.

Over the weekend I was asked by a number of people, and I certainly have been asked in this House and so have others by members opposite, what we would do if we were the government, the kinds of measures that we would take in a budget to restore confidence in Canada. Madam Speaker, the first thing, of course, that we would do would be to eliminate the iniquitous provisions of the November 12 budget.

• (1510)

That budget was designed to destroy confidence, to destroy the willingness of people to risk their money and to destroy their desire to invest in Canada and create in Canada. That budget, with its horrendously complicated and vicious disallowance of loans, its vicious disallowance of capital cost on equipment and its anti-entrepreneurial stance in terms of taxation, is the kind of thing which has damaged Canada dramatically over the last eight months. We would have eliminated the provisions set forth on November 12. This minister did not do that, but that is the first thing we would have done.

Second, we would have seriously altered or suspended the operation of the Foreign Investment Review Agency. This country is desperately short of capital. The minister has said in answers in the House that we have a high savings rate, but I point out that while we may have a high savings rate in relation to the United States, our personal savings rate is less than half that which exists in Great Britain and less than one-third of that which exists in Japan. Second, our high savings rate is eroded by our high inflation rate. It is all very well to say that Canadians save up to 13 per cent of their disposable income, but when we have an inflation rate of 12 per cent, that saving does not amount to very much. It certainly does not amount to enough to create the renewal required in our industries and to develop our many resources. We need foreign investment in this country. We need it in the worst way, and anything we have in our laws which discourages investment in Canada is anti-Canadian and anti-jobs, and that is the type of thing a government of which I would like to be a part would eliminate.

Next, we would seriously change the national energy policy. That policy, with its PIP grants and with arrangements made on the shores of Dow's Lake to determine where an oil company might drill and what kind of allowance will be given for exploration or development work, is anti-business. It is the kind of thing that is the clearest possible kind of demonstration of government's overriding control of the business community and business decisions. The very concept of the national energy policy's allowing the take-over by government of exploration advantages gained by those who explore under a 25 per cent back-in arrangement is anti-business because it represents expropriation without compensation. When we have those types of provisions in our law, what we in effect are saying is that private property has no sanctity here in Canada, and what we are saying to those who would invest in Canada is that they had better be careful because the government will back in on them or expropriate them without compensation.

Next, we would seriously attack the question of government spending. Government spending this year has increased from roughly $75 billion in the 1981-82 fiscal year to an estimated $90 billion or more in this fiscal year, an increase of well over $15 billion. There has to be some limit on this spending. What we would do is create an all-party committee of Parliament to go over government expenditures with a fine-tooth-comb to priorize government expenditures. I suppose there is nothing a government does that really is bad in terms of expenditures. At least the money is transferred to people or activities. However, there would be priorities. We would look at the priorities and try to eliminate as much spending as possible. We cannot go on forever trying to spend ourselves rich. What we must do is take a look at where we are spending money. Do we really need to increase the budget of the Canadian Broadcasting Corporation? Do we really need to spend the money we are spending in foreign countries on foreign aid? Do we really need to spend the money we spend to promote exports, through the Export Development Corporation, to New York City, for example?

Are there a number of programs like CHIP, DIP and NIP which might be eliminated as being no longer absolutely required in this society at the present time? Can we not priorize government expenditures? I say we can, and I say a responsible House of Commons would have a committee which would go over expenditures working with the ministry to reduce government expenditures by 10 per cent. That would certainly eliminate a great many of the problems we have with

respect to the financial affairs of the country. If this country could reduce the amount it spends by 10 per cent, it presumably could reduce the amount it has to borrow by $9 billion. That would go a long way toward restoring confidence. While we continue to have a program of spend, spend, spend, we will not get anywhere. I say it is time we priorized our expenditures and seriously looked at expenditures to identify where we could eliminate or reduce government expenditures.

Next, we would make a direct attack on a whole series of alphabet soup programs this government has. We have alphabet soup programs in the fields of housing, enterprise development, foreign aid and culture. Indeed, we have alphabet soup programs in every field. We have agencies and groups. We have programs on programs. The book on ITC programs alone is nearly an inch think. We must look at these programs. What we are getting out of them is anyone's guess. One of the things a government interested in the enterprise system would do is quickly eliminate as many programs as possible and replace them with sensible tax incentives which would be broadly based and would enable the entrepreneur to use his imagination and not worry about a fancy application or detailed brief to some bureaucrat who must sit and read it and pass it on through his department until the program has lost its meaning and purpose.

One of the great problems with these programs is that they require applications and briefs. People are required to study them. Often the people studying them know very little, if anything, about the programs involved. They certainly do not know the detailed requirements which exist in the various parts of the country. Business people in the field know their problems and are prepared to attack them, but they cannot attack them sensibly or make our country grow sensibly if they are hamstrung and tied up by bureaucracy, by regulation and by controls. I say these are not necessary to make our country grow.

Next, we would have to do something about the serious shortage of capital in the country. Somewhere along the line we must do more to encourage saving. We must seriously examine the viability of the capital gains tax and the situation whereby we attempt to tax a second time around dividends of public corporations. Dividends are already taxed, or the income is already taxed, at the corporate level. When it is passed on to the shareholder, it is taxed again. It strikes me that there is no reason for this double taxation. The double taxation of dividends creates inordinate complications in the Income Tax Act and causes inordinate numbers of people to be working for Revenue Canada to analyse tax returns. It causes enormous problems for industry and business, and these duplications and costs should be eliminated if we are to obtain some productivity in the country.

Dealing with capital gains, I suggest to the government that this year would be an ideal time to eliminate the capital gains tax because this year is a year of capital losses. If the capital gains tax were removed, government revenue would probably increase.

The Acting Speaker (Mr. Ethier): Order, please. The time allotted to the hon. member has expired. Nevertheless, he may continue if there is unanimous consent. Is there unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

• (1520)

Mr. Blenkarn: I thank the House for its indulgence, Mr. Speaker, and I will only take one minute more. I was speaking about the capital gains tax. This is a year when there are likely to be very significant capital losses. Under the Income Tax Act capital losses can be written off against income to the extent of $2,000. With the number of capital losses taking place now, I suggest to the minister that he might be better off to eliminate the capital gains tax completely and, therefore, the entitlement to write off losses. In fact, there are no gains to be made this year, or any that there are will be inflationary gains. More likely, there are deflationary losses, as our economy is in a tailspin at the moment. Indeed, if anything it is on a run to bankruptcy. We must do a number of things to get this country back on the road to recovery. We must return confidence to the business community, to the farm community and to the home owner. Unless we do that immediately we will be in very bad shape.

In the few minutes allotted to me I have atempted to set out some programs that should be considered. They did not appear in the budget. The budget is remiss in almost every possible detail.

Some hon. Members: Hear, hear!

Hon. Paul J. Cosgrove (Minister of Public Works): Mr. Speaker, I am pleased to have this opportunity to express my complete support for the measures announced by the Minister of Finance (Mr. MacEachen), particulary the initiatives which relate to my direct concern for housing.

This budget is designed to renew security and confidence, to foster partnership between governments and the private sector and individual Canadians and to achieve economic revival and recovery. It is designed to forge a national purpose and resolve to seek solutions to economic problems and to create jobs immediately. Nowhere are these themes more important than in housing. Housing is the cutting edge and it can lead the way to economic recovery.

To achieve this it is necessary to create a climate in which individual Canadians feel secure and confident in their housing choices. Home owners want to know they can cope with mortgage renewals, renters want to feel assured about the supply of rental accommodation and prospective first-time home buyers want a longer-term security before purchasing a home. This government, in past actions and through specific measures introduced by the Minister of Finance last week, has dealt with these issues. I will set them out one by one.

The Canada mortgage renewal plan will now provide grants. There will be no more interest deferral. Through the commitment to produce 30,000 rental units, the Canada rental supply

plan is reaffirmed. The $3,000 grant to buyers of new homes and first-time home purchasers provides immediate stimulus. Combined with the proposal set out in the white paper regarding mortgage funds at less than going rates, it provides a longer-term security framework. The additional 2,500 non-profit and co-op housing units on top of the existing program for 25,000 social housing units will ensure that households on low and moderate income are not forgotten. Finally, the extension of the Canada home renovation plan enables more home owners to improve and repair their homes and thus to remain in their homes.

These actions demonstrate the government's concern for existing home owners, first-time home buyers, renters and for getting the housing industry and jobs in construction going. Canadians see housing as central to their social and financial security. These measures help restore that security. Confidence is needed if first-time home buyers are to purchase a home. This confidence is provided through the two measures I have discussed.

[*Translation*]

The measures taken by the government with respect to housing will give Canadians an opportunity to show a national resolve to stimulate the housing industry. To be successful, these measures require a definite commitment by, and the co-operation of, other levels of government, industry and our lending institutions. We must, all of us, work together with a sense of national commitment and purpose to get the housing industry back on its feet and pave the way for economic recovery. This is no time to point the accusing finger. This is a time for action and co-operation.

[*English*]

I am confident that if we all work together we will succeed in this mission, but it is no small job. Some housing analysts have been predicting housing starts will be in the order of 110,000 to 125,000 this year. I would like to see starts this year reach the level of last year, approximating need. This is an ambitious target in the present circumstances and my work, that of my provincial colleagues, the industry and all Canadians concerned will be difficult, but I believe that if we work together we can achieve real progress.

There are substantial rewards for the economy and for individual Canadians in achieving this task. Federal housing actions will create 180,000 jobs, most of them over the next year. These jobs will be in rental construction, the construction of single family dwellings and the renovation of existing housing. They will reduce substantially the high level of unemployment in the residential construction industry. Jobs will be created in the production of building materials and in the manufacture and distribution of appliances and other household furnishings. We know the spin-off effects these initiatives and support have on housing. These benefits will flow to all regions and parts of this country.

The federal government is committed to getting housing going and to restoring security and confidence. The government, through this and the previous budget, has allocated $750 million for housing initiatives in a period of some eight months. This is in addition to the government's ongoing support for social housing, for rehabilitation under the residential rehabilitation assistance program, for home insulation, and for support of native housing. These are new funds allocated to housing. It is also important that hon. members and the public understand that these funds do not represent the replacement of private funds with federal funds. These funds provide incentives to Canadians. They represent the government working with Canadians to create an environment, a partnership, for economic recovery and for renewed security and confidence in the housing market.

This partnership between the government and individual Canadians means that this stimulus of $750 million in the last eight months will result in some $3.7 billion worth of new housing activity in the private sector.

I want to take a few moments now to review our programs specifically. I am particularly pleased with the decision to provide a cash grant of $3,000 to all purchasers of new homes and to first-time buyers of existing housing. I would like to remind hon. members that this assistance applies to all types of homes—single detached and semi-detached houses, triplexes, duplexes, row housing and condominiums. I have indicated that we recognize that under the National Housing Act certain steps will have to be taken to get the grants flowing. The corporation has indicated that they are available as of the date of the budget. The grant is available for all new houses started before the end of 1982, including houses which are already built but not occupied. In the case of first-time buyers purchasing existing housing, the grant will be available to the end of this year. New houses must be purchased before the end of 1983 to qualify for the grant.

• (1530)

This time-frame, Mr. Speaker, is designed to encourage builders who are prepared to build housing on speculation. That is, to begin construction without a commitment from a buyer. We believe that this encouragement should have the private sector moving, because it is supported not only from the federal government but from a number of provinces who in the last few months have moved with similar or parallel programs.

To ensure that the buyer's continued interest in the property is secure and serious, a minimum downpayment of 10 per cent of the purchase price is required over and above the $3,000 grant. The grant, incidentally, is tax free. It is expected that this plan alone will encourage the production of medium-priced housing and, for that reason, there will be a price limit of $100,000 for all areas except metro Toronto, Edmonton, Calgary, greater Vancouver and Victoria, where the limit is $150,000 because of the difference in price ranges.

I noticed, Mr. Speaker, that on the weekend the real estate industry, particularly in metro Toronto, have taken advantage of the annoucement of these plans. Along with the $5,000 interest-free grant, it means, for example, that for condominiums offered for sale at anywhere from $35,000 to $50,000, the

$8,000 off is a considerable stimulus to that particular area of the market. The grant is a straight-forward arrangement. It will allow home buyers to take advantage of both the federal and provincial plans as I have noted.

The $3,000 grant has to be seen alongside the longer security aspect of housing which the Minister of Finance addressed on Monday last. Of course, I am referring to the white paper on the tax incentive plan. It is a document entitled "Inflation and the Taxation of Personal Investment Income" dated June, 1982, tabled with the budget material. It is a plan to give tax incentives and at the same time allow interest rates at 3 per cent to 6 per cent lower to be available to certain sectors in the economy. The preface to the document says:

> They would also ease the cost of financing for new home buyers and small businesses, farmers and fishermen and increase the attractiveness of equity investments by individual Canadians.

The $3,000 grant is intended to be a bridge until the committee reports and the legislation is before the House and enacted. However, I would draw members' attention as well to the last sentence in the introduction by the minister:

> —any legislative provision limiting qualifying property by an effective date will include purchases made after the date of issuance of this paper.

So that we see hand in hand an immediate stimulus in the context of a longer term security introduced by the provisions of those intended changes in the income tax structure.

As hon. members are aware, the government has already demonstrated its concern for renters and for the availability of rental accommodation through measures which will increase the production of rental accommodation by some 30,000 units. As you know, Mr. Speaker, one third—10,000—of those units are designed to be offered on a rent-geared-to-income basis to serve Canadians of quite modest income. I am very pleased to say that the $350 million program has been advertised and responded to by the industry, and the first project under that program is being announced today. It is in the Ottawa market where vacancy rates are quite low. The project cost is in excess of $15 million and comprises 343 housing units. It will have federal assistance of slightly more than $2.4 million, a per unit assistance of $7,250. Hon. members will note that the federal assistance results in over $15 million in construction activity. Thus, the $350 million will be used to generate affordable accommodation in the tight rental market. That program is on its way and I am particularly pleased to see that it is starting in concert with budget announcements in support of other housing measures.

I am very pleased to say that the response has been encouraging despite, of course, the slow take-up time. I would have preferred the program to start earlier, but I am confident that the Canadian rental supply plan, with the $350 million allocated in November, taken in conjunction with the $400 million announced Monday last by the minister, introduces a major stimulus to the economy at this time.

The 30,000 units to be assisted under the plan, of course, are in addition to those the government supports presently under the co-operative and non-profit housing program which similarly encourages the construction or acquisition of housing intended mainly for people with limited incomes. As you know, Mr. Speaker, another provision of the budget on Monday last was to increase that 25,000 units to 27,500, and I know that will be good news to a number of organizations right across the country who have expressed interest in sponsoring these socially useful housing projects.

One of the most popular of the government's recent initiatives in housing has been the Canada home renovation plan, which is helping Canadians to stay in their homes and renovate their homes. It provides forgivable loans up to $3,000 to encourage owners to invest in the renovation and improvement of their properties; that is, on the expenditure of twice as much of their own funds. That program was supplemented by an additional $30 million which means, Mr. Speaker, that Canadians will be using $60 million of their savings to support the stimulus of this program announced by the minister.

The public response to the plan has, of course, been overwhelming in many communities. CMHC reports that although the program has been in effect just two months, the total loans approved or in progress amount to almost $8 million of the original $30 million allocated. I welcome the minister's announcement. It is an effective program directed to need, and at the same time it is putting savings to work and getting Canadians working.

I think all hon. members will welcome the changes announced by the Minister of Finance regarding the Canada mortgage renewal plan which offered a combination of grants and interest deferral guarantees for home owners facing renewal at interest rates much higher than the rate on their original mortgage. Members from all parties have complained that Canadians did not respond because they did not want to get into further interest-deferral guarantees. The minister has set aside an additional $50 million so that this program will be changed with the passage of the legislation, but effective to the date of the announcement, so that any family renewing after Monday last and paying over 30 per cent of their income for principal, interest and taxes will now qualify for a grant to meet the difference up to $3,000 annually. This amount as well is tax free. I believe it is quite evident that many Canadians do not consider the interest deferral as attractive, as has been suggested. I believe, Mr. Speaker, that with this change we will see a renewed interest in the plan and applications will be taken up.

As I said at the outset, this budget is important for the range of initiatives taken in the housing area generally, where we have a shared responsibility with the provinces and municipalities. It increases the security of home owners faced with mortgage renewal, as I have just described, and concerned about losing their homes. It faces the difficulties of Canadians looking to rent, and I have announced the first plan under the rental supply program where $350 million is going to work responding to the 2,500 applications by builders right across this country. In my view, the budget provisions restore the confidence of first-time buyers both in the short and long term.

• (1540)

I have indicated that the $3,000 grant is intended to be an immediate stimulus, but in the context of the commitment of the government in the white paper it is to provide that framework of reduction in interest rates over the long haul, not only for home owners but, as the minister has indicated, for farmers, fishermen and small-business men. The budget provides confidence to the residential construction industry, to managers, to owners and to those people who invest and who are concerned about making starts, and stimulus is offered in co-operation, side by side, with some plans already announced in some provinces. In sum, it signals the government's concern and commitment to security for home owners and renters, to reasonable access to ownership and to the principle of the national government which is to work in co-operation with the provinces, municipalities, their agencies and with industry. We have as well considered representations from hundreds of Canadians received by members on both sides of the House over the past few months.

In summary, I want to indicate to hon. members that over the next few weeks I will be visiting my provincial counterparts and meeting with representatives of industry. We will be receiving briefs on the white paper, as the minister has indicated, on those areas of the tax incentive program that will bear on making housing more affordable and purchase more secure. I want to hear their comments on the white paper as well, so I can frame my responses to the minister. I want Canadians to know that this government gives high priority to getting the housing industry on its feet, to getting jobs going again and to boosting the housing industry in Canada. It will require not only these stimuli, not only this leadership and financial commitment of the national government, but the co-operation of all Canadians, my provincial counterparts, the provincial governments, the municipalities and industry.

This is the message of the budget. These are difficult times. Canadians are asked to respond together, and I am convinced that Canadians together can make it happen.

Right Hon. Joe Clark (Leader of the Opposition): Mr. Speaker, I will not detain the House by commenting on the remarks of the minister responsible for housing. He has made predictions before about the effectiveness of his program in case after case after case. He has seen those predictions proved wrong by the reality with which Canadians have to deal. We hope he is right this time. We expect him to be as right this time as he was last time, and we trust that when it is proved he has failed one more time he will take his courage in his hands and resign along with his government.

Some hon. Members: Hear, hear!

Mr. Clark: Most of us have been travelling the country for the last several months speaking to Canadians who are in acute difficulty who know, not as a matter of theory but as a matter of fact with which they have to live day after day after day, just how seriously their lives are undercut by the economic policies being followed by this government. There had been some hope because of the persistent pressure mounted by this party in the House of Commons and elsewhere that we would get a new budget which would bring about a change in economic policy and some hope for Canadians. That was the hope. I could not help but remark the other day that the day after the budget was brought down on June 28 there was a chorus of criticism from across the country, informed criticism, people who knew that what was being proposed just would not work, and that criticism continued unabated. We have seen it in newspapers in this country and elsewhere. We have read it in the U.S. periodical *Business Week* which was quoted on the last sitting day by the President of the Treasury Board (Mr. Johnston). However, he neglected to quote from the most recent issue referring to this government's economic policies, which reports that the economic policies of this government have—

> —brought Canada to the brink of economic disaster ... The gross national product is shrinking, U.S. and Canadian investors are taking huge amounts of capital out of the country. Business is staggering under an unprecedented debt burden, and the Canadian dollar has fallen to an all-time low.

The article goes on as follows:

> —many economists fear that companies' crippling debt load now eating up 66 per cent of corporate pre-tax cash flows will snuff out prospects for even a weak Canadian recovery this year, whether or not the U.S. economy revives.

The Wall Street Journal for June 30 has an editorial entitled succinctly "Poor Canada". It concludes:

> The new budget is well designed to deepen Canada's stagflation.

We have read the same in Canadian newspapers. For instance:

[*Translation*]

Today, the Montreal newspaper *La Presse* printed an article by Mr. Yvan Guay, under the heading: "New Budget Puts Country into Recession."

[*English*]

And so it goes across the country. Every analyst and individual who has had the opportunity to consider the impact upon his or her life of this budget knows that it is a disaster waiting to happen to them. I see the Member of Parliament for Thunder Bay-Nipigon (Mr. Masters) shaking his head. I would be pleased if either myself or members of my party could go to Thunder Bay to debate the impact of the budget upon the citizens of that coummunity. We would do a fatality count of the number of businesses that have been driven into bankruptcy in the Thunder Bay region. We would do a fatality count of the number of old age pensioners who will see their benefits reduced because this government is asking the elderly to pay the price of this government's incompetence. We would talk to people who have been forced out of work and to abandon their hopes and dreams in that community. We would then recommend to them that if they want a change, they had better send to the House of Commons a Member of Parliament who puts his people's interests ahead of his party line. That is the only way to get a change in this country.

[*Translation*]

Mr. Speaker, we are faced today with a very serious crisis in our economy. The statistics are known to everyone. One million two hundred and forty-one thousand Canadians are out of work. The Canadian dollar is worth 77.56 cents in terms of the U.S. dollar. Interest rates are at 16.58 per cent and rising. Every day, 1,200 Canadians are losing their jobs. The desperation these figures are causing is absolutely heartbreaking. The fear of losing one's job, tension rising in families, marriage breakups, violence and suicide, all as a result of economic pressures. The cost in human terms is something we would rather not think about. The statistics are merciless, but although they cannot be denied, they can be manipulated and one gets used to them. But, Mr. Speaker, we do not get used to alcoholism, we do not get used to suicide or battered wives or family breakups. All these phenomena tend to increase when financial conditions get worse, and unfortunately, that is what is happening in Canada today. When discussing economic policies that are putting Canadians out of work, we must also consider the human cost. That is the point I am trying to make. We are talking about policies that are driving people to alcoholism, policies that are causing family breakups and bringing Canadians to suicide. That is what we must remember when we are discussing what is happening to this country. That is what we must not forget when we say we have a duty to our fellow citizens, because we here in the House are the only institution in Canada that is able to compel the government to act. The worst part of this recession is that the Government of Canada, a majority government at that, has no plan at all to get Canada out of this situation. And the unforgivable sin is that once again, this government is trying to trick Canadians instead of providing honest leadership.

[*English*]

I want to deal for a moment with the question of trickery. Trickery is the trademark of this budget and trickery is the trademark of this government. Consider just a few items, Mr. Speaker. First, a 6 per cent freeze is imposed on every public servant. But 11 days before the freeze a special class, people who work for Liberal ministers, received a 10 per cent raise authorized by the President of the Treasury Board. The man who holds back public servants makes a special deal for his friends who work for Liberal ministers. That is one piece of trickery.

• (1550)

The budget claims $750 million will be spent on job creation. The clear implication is that there will be $750 million of new spending, and that is false. At best there will be $267 million in new spending to create jobs. At worst it will be only $117 million in new moneys allocated this year to job creation. The practice was followed in 1979 of stating in the budget—

Mr. Johnston: Mr. Speaker, I rise on a point of order. I think the Right Hon. Leader of the Opposition (Mr. Clark) might be interested in knowing that the Treasury Board decision to provide the 10 per cent wage guideline increase in fact was made on May 13.

Mr. Clark: What the Leader of the Opposition is interested in knowing and what the people of Canada are interested in knowing is that 11 days before the budget came down, a budget which the President of the Treasury Board knew would be imposing limitations upon public servants, the President of the Treasury Board decided to go ahead with a proposal which would give a raise to his friends who worked for Liberal ministers. What the country is interested in knowing is that the double standard is alive and well within government. There is one standard for most of the public service; there is another sweeter and fatter standard for those people who work for Liberal ministers of the Crown. That is the reality.

The minister grins about it. Instead of grinning, I should like to have him table in the House of Commons the order of June 17 and also the salary levels of those exempt staff before and after June 17, so that we will know exactly what is the situation. That would be a means of dealing with the accusation of trickery which I make here, the accusation that the government in this instance, as in so many other ways, is trying to trick the people of Canada into thinking that it is doing something which it is not doing.

Before the President of the Treasury Board rose, I was recalling to the House the fact that in the budget of 1979 introduced by the hon. member for St. John's West (Mr. Crosbie) the practice was followed of stating in the budget the increase in unemployment insurance contributions. That was the practice in 1979. We knew the payments would go up so we told Canadians the truth. In this budget nothing is mentioned of the increase in unemployment insurance payments. The fact is that each employee in Canada will pay up to $142.50 per year more in unemployment insurance contributions; that is each working Canadian. In effect, that is a tax increase of another $142.50 for every working Canadian who contributes to unemployment insurance, but not a word of that was mentioned in the budget. In the honest budget of 1979 the increases were forecast. This budget which cannot be so characterized was silent on those increases.

Employers as a group—and it is not mentioned in the budget but it is there in the figures—will pay $1.2 billion more per year in their contributions to uenmployment insurance. That will drive some small businesses into bankruptcy; there is no question at all about that. It is a recipe for bankruptcy for some small businesses already on the ropes and ready to be knocked out of the ring. It is a secret tax of 52 per cent for employees and of 34 per cent for employers. The government admits that there will be increases but it refuses to say how much. This budget which is supposed to create confidence pretends that these increases are not there.

It might be fine for Liberal Members of Parliament to pretend that they are not there, but when Canadians pay $142.50 more next year for unemployment insurance benefits and when their employers risk going out of business because of this hidden tax increase which was smuggled into this tricky

budget, they will know the high cost of having a government which cannot quite bring itself to be as truthful and as honest as the standards of this place and the country require.

I see the Prime Minister (Mr. Trudeau) in the House. When the government was trying to justify having 1,200,000 senior citizens singled out to pay for the mistakes of the government, the Prime Minister said "6 per cent is what they will get; 6 per cent will be the CPI if we have co-operation". He knows that there will not be a reduction in CPI to 6 per cent. He knew it when he stood in his place; he knows it when he sits there now. He knows that the CPI will not be at 6 per cent and that the 1,200,000 senior citizens of the country will suffer from being singled out by the government.

And the deceit goes on. In housing there is a pretence of help with a one-time-only $3,000 grant. The average price of a Canadian home during the first quarter of 1982 was $75,578 across the country. Assuming an effective mortgage of $60,462, together with a builder buy-down of the mortgage to 17 per cent, the monthly payments on the house would equal $842. By applying a $3,000 one-time home buyer grant, the new home owner still faces payments on his home of $800 per month. The government will help buyers who can pay $800 per month. There are not very many of those in Canada, and there will not be very many Canadians who will be helped by this program.

Mr. Berger: What about provincial grants?

Mr. Clark: "What about provincial grants", I am asked by a Liberal Member of Parliament from Quebec who won and earned his way here by attacking Mr. Parizeau and Mr. Lévesque. I am being asked why I do not come to the defence of Mr. Parizeau and Mr. Lévesque here. The only thing I will say for them—

[*Translation*]

—at least the government of the province of Quebec, Mr. Parizeau and Premier Lévesque are far more aware of the needs of their people than the Liberal federal government here, the government to which belong the Minister of Finance (Mr. MacEachen), the member for Laurier (Mr. Berger) and the Right Hon. Prime Minister.

As far as spending is concerned, this government claims that its expenditures—

[*English*]

Mr. Allmand: What hypocrisy!

Mr. Clark: I hear the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand), a former minister, talking about hypocrisy. At least he does not share in the hypocrisy of his Privy Council colleagues in government because he has been thrown out of the government. I would hope that if he sat there his standards would be sufficiently high that he would not associate himself as a minister with a government which has brought in a budget so full of deceit, so full of trickery and so empty of any hope of economic recovery.

[*Translation*]

I was talking about spending and restraint policies. As far as spending is concerned, this government claims that its expenditures have not increased more than 17 per cent, while in the national accounts, the government's own figures indicate an increase of 20 per cent. During the election campaign, the Liberals promised to keep the rate of government spending below the growth rate of the GNP. That is another promise they have broken, and now they are spending twice as fast as they promised to do during the campaign. As far as small businesses are concerned, the budget proudly announced a $400 million program to, and I quote:

—reduce interest costs for small businesses.

However, the program is restricted to new investment. To date, 4,500 businesses have gone bankrupt in the first five months of 1982. How many businessmen, how many farmers or fishermen, assuming they would be interested, are in a position to make new investments?

[*English*]

This budget is designed to deceive. It pretends to be doing things it is not doing. That pretence destroys confidence. Nobody trusts a trickster, and a budget so full of tricks and so full of deceptions is bound to destroy confidence which is key to any recovery.

Apart from trickery, what is in the budget? There is one important initiative—the introduction of restraint on public sector salaries. That is a field in which the government has lagged behind several Canadian provinces. We are relieved that it is beginning to accept that government spending is a major cause of current economic problems. As usual, its proposal is unjust. It pretends that life is as hard for a senior deputy minister as it is for a clerk or secretary, and it applies the same restraint across the board, except of course for the staff of ministers. But it is a step in the right direction toward the government admitting that its own practices affect the economy.

• (1600)

Beyond that, beyond imposing restraint on public servants, old age pensioners and families with children, what is the direction of this budget? What is its purpose? What philosophy or attitude inspires it? What is the government trying to do with this budget? I suggest that it is trying to do two things. First, it is trying to buy time for perhaps yet another budget in the fall or, if we can believe the President of the Treasury Board in his remarks last Wednesday and the parliamentary secretaries from Willowdale (Mr. Peterson) and Sudbury (Mr. Frith), to set the stage for wage and price controls in Canada. Apart from buying time, it is attempting to shift blame. The provinces have already been called in. No doubt big business will be called in and then the labour unions.

Anyone who has watched the confrontation tactics of this government for more than a decade will know that it is looking for someone to blame, someone to fight with, some scapegoat

to become its target and its excuse. The one area of unquestionable expertise in this government is setting up a straw man and attacking it. I would imagine that organized labour has been chosen for that role. The government wants to divert attention from its own failings and therefore it is looking for a fight with the unions. I hope that the leaders of organized labour will be wise enough not to be drawn into that trap.

Beyond buying time and shifting blame, what is the theme, the thrust, of this budget? Is it to restore confidence? With a $20 billion deficit and a hatful of tricks, is that the purpose? Is it to practise equity—that equity which was so much the siren song of the budget of last November; equity in a budget which increases taxes except for the rich; equity which singles out the elderly to pay for the government's mistakes; equity which imposes the same standard of restraint on a poor secretary in the public service as it does on a wealthy deputy minister? There is no equity in this budget.

Is its purpose to stimulate investment and thus create jobs? Obviously not when the government keeps in place the National Energy Program which has driven away billions of dollars of investment and when it offers small business, farmers, fishermen and the construction industry incentives which most of them cannot use.

The sad conclusion is that there is no purpose to this budget. There is no economic direction. This document is a short-term political response to an acute political problem. Since Liberal MPs just could not go home this summer with the government doing nothing, we have a camouflaged budget to make it appear as though the government is acting and then the subtle promise of another change in the fall.

We will see how comfortable Liberal MPs are this summer while defending a $20 billion deficit. We will see how comfortable they are defending a hidden 54 per cent increase in UIC contributions. We will see how comfortable they are this summer defending a $1.3 billion tax increase. We will see how comfortable they are defending a special plan to victimize old age pensioners. We will see how comfortable they are defending a special pay increase for the staff who work for Liberal ministers.

There is another remarkable feature of this budget, and that is the revelation that the June 28 budget did not belong to the Minister of Finance alone. It had a co-author, a co-conspirator so far unindicted. John Turner helped to write this budget. The Prime Minister smiles.

Mr. McDermid: He likes that.

Mr. Clark: John Turner helped to write it and the Prime Minister leaked the fact that John Turner helped to write it.

Some hon. Members: Hear, hear!

Mr. Allmand: You should be ashamed of yourself.

Mr. Clark: We have the hon. member for Notre-Dame-de-Grâce-Lachine East speaking again. I do not know if he is complaining that he was not consulted on the writing of the budget or if he is complaining about the fact that his friend, John Turner, is an unindicted co-conspirator in the preparation of this budget.

I must say that the Minister of Finance could not have chosen a more appropriate co-conspirator than the Hon. John Turner, because the spending policies that were begun by John Turner created much of the economic mess that we face today. It is entirely appropriate that we have a Turner-MacEachen budget because John Turner, along with the Prime Minister, the Minister of Finance and the Minister of Energy, Mines and Resources (Mr. Lalonde), are the four horsemen of the economic apocalypse that we face in this country today.

An interesting tradition has been started. Years from now, in this tradition, when the roof of the Washington embassy leaks we will get Arthur Erickson to get the bucket. But I want to congratulate the Minister of Finance on persuading John Turner to carry the can for an economic crisis that he did so much to create.

Some hon. Members: Hear, hear!

Mr. Cousineau: Those are John Crosbie's jokes.

Mr. Clark: We just heard the Liberal party's jokes.

The reality is that a large number of Canada's economic problems were created right here in Canada and they can be solved right here at home in Canada. We can have economic recovery in Canada, but first we must put our own house in order. When the co-author of the budget, Mr. Turner, was minister of finance for four years, federal government spending rose by 108 per cent. That was in the 1970s. However, many of those spending programs became a continuing drain on governments. They created a situation where the cost of interest on public debt this year will equal $700 for every woman, every man and every child in this country and will equal $1,800 per taxpayer. That is the cost of interest on the public debt alone. We cannot afford that. We cannot afford the attitude expressed by the President of the Treasury Board last Wednesday at page 18965 of *Hansard*, when he said:

> The essential attack on the federal deficit and on provincial deficits can only come when people contribute more out of their incomes to reducing them.

That comes from the minister charged with government restraint. He believes that the only way to cut the deficit is to force taxpayers to pay more. There, in a sentence, is what is wrong with this government. It expects others to act—the taxpayers, the Americans, the unions and the old age pensioners. That from the minister responsible for restraint, the minister who stopped the privatization program that would have cut government spending, the minister who stopped the introduction of sunset laws, the minister who stopped the legislation to control Crown corporations, if in fact he had any influence over legislation which comes under his jurisdiction. I quote again:

> The essential attack on the federal deficit and on provincial deficits can only come when people contribute more out of their incomes to reducing them.

That is the quote. That is nonsense. The essential attack on the federal deficit must come from the Government of Canada

cutting its spending, cutting its appetite and changing its attitude.

If the government does not want to start cutting expenditures, let Parliament start doing it. The Minister of Finance has set up a committee of outsiders to consider some of the measures he has announced, but measures he cannot produce, for this budget. Of course, that work should have been done by Parliament.

Mr. McDermid: That will save a lot of money.

Mr. Clark: As one of my colleagues says, it will save a lot of money by bringing in these people, paying their per diem expenses and whatever else is involved. That will save a lot of money. That work should have been done by Parliament. Among other advantages, as pointed out by my colleague for Kingston and the Islands (Miss MacDonald) during question period today, it would have allowed some women to take part in the process. The Minister of Finance discovered ten days after the budget that women constitute 52 per cent of the population of Canada. Before that, he had not deigned to allow one single woman to serve on this committee that he established. That eloquently indicates this government's position on the status of women.

In addition to recognizing the very existence of the majority of the Canadian population, a parliamentary committee would have acted with more authority than a group of advisers. However, that is behind us and it has been done. The minister preferred to go outside to bring in a group of men he could meet with in some dark room. Incidentally, I presume that women will be required to enter these committee meetings through the back door. The minister will probably not allow them to walk in through the front door as equals. He has indicated his chauvinism to such a degree that I imagine he will require them to go through the back door—once he finally finds a woman who is prepared to serve on the committee. However, the minister has made that decision and it is behind us. The minister went outside Parliament to do Parliament's work.

• (1610)

There is still a major job for Parliament to perform. It is a function that was proposed in this House some weeks ago by my colleague from Mississauga South (Mr. Blenkarn). He proposed, and we propose again today, that the government establish immediately an all-party committee of Parliament to go through the government spending estimates again, not with an eye to the traditional approval, but to find areas where we can save on spending that does not need to be imposed upon Canadians, to identify programs we do not need, inefficiencies we cannot afford and expensive practices that are out of date.

That committee of Parliament, with the authority of Parliament could recommend where spending could be cut. It can prove to the government that restraint is a better answer to deficits than taxing the people. That can be done. It takes nothing more than a simple reference by the President of the Privy Council (Mr. Pinard). The committee could work all summer. Certainly the members of our party would be prepared to work all summer. I would hope that the members of the New Democratic Party would do that, starting with what we learned in the examination of the estimates. Perhaps the NDP does not want to serve on a committee that works this summer. They had some difficulty showing up for a vote on their own motion the other night. Perhaps they would have difficulty showing up to undertake their responsibilities on that kind of committee.

Some hon. Members: Oh, oh!

Mr. Clark: I take it that the contributions from the members of the NDP indicate they want to be dissociate from the rest of their party and indicate their willingness to work through the summer even if others of their colleagues do not. I will take it as that.

The point on this serious proposal is that a committee of this kind can work effectively and can work all summer. The need to do it was made abundantly clear in that abortive and frustrating exercise we all went through some two weeks ago when parliamentarians stood up in robot-like fashion and approved estimates that very few of us would want to take responsibility for in the public eye. That was a farce. We all know it was a farce. We know that Parliament and parliamentary control of public spending has become a farce. That is a reform for another time, something we hope will be reformed by the committee looking into it.

This is an urgent problem, a problem of trying to identify areas where we can save the taxpayers of Canada money right now and cut spending right now. Let us look at some of those things we know about. For example, we know that the Government of Canada spent $110,000 on a metric cooking lesson for Madam Benoit and Bruno Gerussi to help them carry out the propagandizing of metric in the country. Did we really need that $110,000 cooking lesson?

We know that each year the Government of Canada spends half a million dollars to buy briefcases that are given free to public servants, $500,000 so that public servants can have free briefcases. On the day that the post office became a Crown corporation, the Government of Canada, practising its usual restraint, spent $300,000 for free coffee, doughnuts and souvenir envelopes. That was to celebrate getting rid of the post office, or at least putting it into Crown corporation form.

We know there was a payment of between $365 million and $486 million too much for the purchase of Petrofina shares. We know about the JetStars that are used to carry ministers who will not talk to each other, one minister per JetStar to Winnipeg.

We know about the number of consultants employed by this government at extravagant cost. The federal government today has an information and advertising budget of $235 million. By the way, that is the largest advertising budget in Canada. More important, that $235 million which this government spends on propaganda is 17 times the total cost of government in the first year of confederation.

Those are just some of the areas where we know that savings could exist. That is just the tip of the iceberg. What we want to do is let the House of Commons do its job. The House of Commons should be allowed to go after not simply the tip but the whole iceberg. If we could cut seriously into that iceberg, we could save the taxpayers of this country millions, perhaps hundreds of millions, of dollars.

If we did that, we would not have to go to the old age pensioner and say to them that because the Prime Minister will not let Parliament do its work and cut savings, they will have to pay for it. They have to pay for giving Bruno Gerussi a cooking lesson in metric. We would not have to do that if Parliament was allowed to look into the spending carried out by this government, to find areas where we can cut back, so that instead of raising taxes for Canadians in order to reduce deficits, government spending could be cut on those programs on which the government has no business or no right to be spending money.

A profound difference in attitude separates the parties in this House. It is evident in the means that we choose to reduce the deficit. The government believes in taxing people more; we believe in cutting government spending, that is a symbol of a deeper difference about the role of government and the role of the state. Everybody accepts the responsibility of government to help the needy, the elderly and others. I should qualify that: everyone did accept that until the Liberal government singled out old age pensioners to pay for their mistakes.

The difference arises over the question of whether governments or people best encourage the growth and the freedom that have been characteristic of Canada. There has been with this government a steady movement toward control by the state. It is evident in the massive propaganda budgets which other free countries do not consider necessary to persuade their citizens but which has made the Government of Canada the largest propagandist in the land.

It is clear in the National Energy Program where state control has a higher priority than energy production and where the government has become a predator in the marketplace. It is evident in the attitude toward investment, frightening foreigners with FIRA and changing policies on IAACs, capital cost allowances and savings plans which would encourage individual Canadians to invest.

This government has adopted a deliberate anti-investment attitude. It used to pretend it was nationalist. The accurate word today is unemployment. Those policies have driven billions of dollars out of Canada and have cost thousands of Canadians jobs they would otherwise be working at.

Two weeks ago I gave the House several examples of the direct job loss in Canada because of measures in the November budget. I will not repeat all those figures. However, as an example, I want to remind the House that the provision on capital cost allowances alone has not been changed since the November budget. If we accept the estimate put forward by Walter Gordon's Canadian Institute for Economic Policy that $1 million in direct investment creates 40 to 50 jobs, and if we take the lower figure, the 40 jobs, then the government's decision to allow only one half of the capital cost allowance results in the loss of 44,000 jobs in Canada. Forty-four thousands jobs are lost because the government wants more more money and leaves less money for Canadians to be put to work. Those 44,000 Canadians could be working and paying taxes. They want to work. Instead, because of Liberal government policies they are forced to be out of work and to collect unemployment insurance. That is an economic waste. It is a tragic human waste. We cannot stand more of it in this country.

Those are only some of the costs. The anti-investment, anti-job attitude of the Liberal policy also drives up interest rates. The National Energy Program is causing money to flood out of this country. Interest rates are used to bring that money back. If we had a pro-investment attitude in Canada, interest rates would be three or four points lower than they are today.

Projects that might be started in Canada are held back because the government's attitude creates a cloud of uncertainty. That affects large investors. It also affects individuals who have to make decisions such as buying a house, buying a car or starting a small enterprise. This country was built on taking risks, but no one takes risks in this atmosphere. It is interesting to note that when the uncertainty clears a little bit, Canadians will spend some of the money they have been saving. Canadians will buy.

I ask the House to consider what began as a fiasco. Consider the question of the Iraqi cars. Last month those cars went on sale at $6,500 each with a two or three-year guarantee. I spoke to a dealer in one city in Ontario who was allotted 200 cars for his dealership and 130 for his dealership in another city. Those 330 cars were sold out within 48 hours. What is interesting is that 95 per cent of the buyers paid in cash. That was the case with virtually every other dealer in the country. There were 12,000 cars put up in this country where risks are not taken because of this government. But in a circumstance where there is a good deal and a guarantee of two or three years, 12,000 Canadians went out and bought them in 48 hours—and 95 per cent of them paid cash. That means that they have cash waiting there to invest. They have cash waiting to put into the creation of jobs, but they will not put it into the creation of jobs in this country because they are afraid of what this government will do. That is an inexcusable situation in a country like ours.

• (1620)

Some hon. Members: Hear, hear!

Mr. Clark: The message from all of this is clear. Canadians are saving furiously. Why are they saving furiously? Because they have not got the foggiest idea what is going to happen to them in the future. There is nothing above them but a great black cloud of uncertainty about what this government is going to do next to gouge them. What old age pensioner would have thought, on the night of June 27, that he or she was going to be singled out for a special attack by the Liberal government? No

one knows who is going to be attacked next by this government. Consequently, people who have money are holding it; they are not letting it go to work for Canada. They are not letting it go to work for themselves. This government's attitude is driving Canadians away from the creation of the kind of wealth and job opportunities that are not only key to this country but are at the core of our growth and our development as a nation.

Canadians do not know whether they are going to keep their jobs or lose them. As they look down the street, almost every Canadian has a neighbour somewhere on his or her street who has lost a job. When you are in that situation, you worry whether you are going to be next. Those people do not know whether they will have to renew their mortgages at much higher rates.

Even with all those uncertainties, there are two circumstances under which Canadians will spend some of their savings. The first is an exceptionally good deal, as whith the Iraqi cars. The second is an improved economic outlook and some degree of certainty that removes their fears for their future personal security.

There will not be many Iraqi deals. We cannot count on them to stimulate the economy—although it is interesting that in this regard, by refusing a contract, the government of Iraq has probably done more to stimulate investment in this country than the Government of Canada has. We cannot count on that. What we have to do is remove the uncertainty that hangs like a pall over every individual Canadian with money to invest. As long as Canadians who are working and have money continue to save at such a high rate, the demand that results from consumer spending and risk investment will be soft. We will not be getting the jobs, we will not be getting the growth, we will not be getting the recovery we require.

The only answer is a set of economic policies that will restore confidence in the future of the Canadian economy. Those will cause increased spending by individuals, by companies, and that spending in turn will stimulate demand and increase production. But you do not create confidence with $20 billion deficits. You do not create confidence with a commitment to the continuation of the National Energy Program. You do not create confidence with a budget that tries to trick people.

What this country needs, and what it needed on June 28, is a new budget. What the country also needs is a new minister. What the country needs most of all, as suggested in the amendment, is a new government.

Some hon. Members: Hear, hear!

Mr. Clark: What a new government should do in quick, summary form is, first, to follow policies that encourage investment positively, investment by Canadians and by others, to make this again a country where people can count on their investment being respected, where they can count on being free from knocks on the door in the middle of the night, or expropriation by legislation—such as the Prime Minister is smiling about now and such as he has introduced. We need to establish that climate of confidence to encourage positively investment in Canada by Canadians and others.

Second, we have to develop encouragement by incentives which cause individuals to make their own decisions to invest. There is a choice for government. Two mechanisms are open to them. They can use grants which give control to the government; or they can use incentives which leaves liberty to individuals. We have had too much control by governments, too much of grants which are susceptible to that kind of control. We need to move again to a system that creates the incentives that will allow individual Canadians and others to make the decisions that will cause the nation to grow.

Third, when a government introduces new economic policies, it has to indicate very clearly that those policies are going to be there to stay. We cannot have a situation such as we had with the June 28 budget, where everything is under review; where they propose programs that might or might not be introduced. We have to have some degree of constancy, some degree of certainty, in the programs that are introduced by government.

Fourth, there has to be a restoration of the movement towards serious restraint in government that was a feature of the government of 1979 and 1980. There has to be a return, for example, to sunset laws that will require agencies when they have been established to prove their continued viability, their continued need to exist.

There needs to be some opportunity for committees in this House of Commons to hold to account groups like the Canadian Broadcasting Corporation, groups like the Export Development Corporation, others who function now, spending or committing millions of dollars of Canadian money without any effective control—no control by their board, no control by ministers, no control by the House of Commons, simply a licence to spend. That kind of thing cannot be allowed to continue. That kind of thing needs to be changed, and it can be changed in a way that is entirely consistent with our parliamentary traditions and that protects the nature of those agencies.

Again, we have to have a new government that emphasizes productive expenditures by government in growth fields, in fields like research and development. I believe the minister responsible for science and technology is due to speak next. I will be interested in his explaining why the government has reduced the target of the gross national product from the target established in 1979-80 to a much lower target. We should be investing much more now in productive fields like research and development, science and technology, which create jobs and give us a cutting edge for the future.

We should also be investing more money in long-term job creation, to allow men and women, particularly younger, but not exclusively younger, men and women, who want to play a full role in the modern work force, the opportunity to play that kind of role. We should also be creating a system of incentives to encourage individuals to invest in this country.

A new government that is trying to recreate confidence in the country should replace the National Energy Program with a program that will encourage Canadian companies to find oil and gas in this country, not simply to aggrandize, to expand,

the role of the state without increasing our capacity to become self-sufficient in energy.

Fundamentally, what we need of a new government in Canada is a recognition that we can solve in Canada economic problems that are caused in Canada. We need a government that will encourage individual initiative and that sense of adventure and risk that have always been key to this country.

Finally, we need a government that will establish an atmosphere of confidence and of trust so that Canada will regain the reputation we once enjoyed as a place where investment was respected, where the word of the government was respected, where the desire to work and to create was not only respected but encouraged.

Those things need to happen if we are going to pull this country out of the economic decline in which we are sliding. This government cannot do it. The only way it can be done is for the amendment before the House to be carried, for this government to lose the vote of confidence. The Prime Minister is in the House. If the Prime Minister is so confident about his economic policy, his and John Turner's, he should take those economic policies to the country. If he believes that his policies are correct, let him ask the people who are affected by them. Let him call a general election.

I hope that if he is not willing to do that, there will be at least enough of his former supporters in the backbenches who will recognize that the country is more important than their party, who will recognize that this nation needs recovery which it cannot get from this government.

• (1630)

Hon. Edward Broadbent (Oshawa): Mr. Speaker, never since the Great Depression have the people of this nation required a deeper, more profound and imaginative change in economic policy than precisely at this moment in our history. At the same time, never have I listened to a speech which was so systematic in its criticism of a government but which rested, in terms of its own fundamental analysis, on the same set of assumptions as those of the government party.

Some hon. Members: Hear, hear!

Mr. Broadbent: I will deal with that in a minute.

I do not want at this point to repeat a number of the truly alarming statistics about unemployment levels, about inflation levels and about people who are losing their homes. I do not want to repeat the pessimistic analysis provided by the OECD and the gloomy figures on the current level of the Canadian dollar. I will not repeat them. I will not do so because they are pretty well known. Day after day in the newspapers of Canada and day after day in all forms of news media the people of our nation are confronted with these figures. I will not repeat them, but that is not because they are not important. It is a basic task of politicians and political parties to see the relationships between these figures and to look for certain patterns in terms of analysis and in terms of a prescription for what might be done about them.

I want to say today that it is very important for us not to become jaded by these figures and not to become overwhelmed by the data because we see them day after day. That is a very easy tendency, and it is also very easy for us as politicians to become cynical, to say that because we see this unpleasant factual information hour after hour and day after day, there really is nothing that can be done and to use the data in a cynical fashion. Once there is the slightest impulse among politicians to see these figures in a cynical fashion, we should resign as Members of Parliament, because if there is one group of people in a free society which has the moral obligation not to become cynical, it is the people who are elected to do the government business of the nation.

Part of what stops me from being cynical, I suppose, in the face of this morass of figures is our actual confrontation with people who are the real entities behind the statistics. I have heard unemployment figures in the last couple of days. Two weekends ago I met a middle-aged man in the constituency of the hon. member for Vancouver-Kingsway (Mr. Waddell). That middle-aged man has two children and his wife is pregnant with a third. He was profoundly unhappy. For the first time in his life he was unemployed and saw his unemployment insurance benefits running out. He did not know what he was going to do. I thought he was on the verge of tears when he spoke to me, one man to another. When I hear these figures, I think also of other parts of Canada.

[*Translation*]

The unemployed fail to understand why a wealthy province like theirs is now experiencing such a high rate of unemployment, to the extent that in the manufacturing sector alone, 50,000 jobs have been lost since September. Unemployed Quebecers fail to understand why this is happening in a province as wealthy as Quebec.

[*English*]

In relation to mortgage problems, I am reminded of two weeks ago today when I met with people in my own constituency who had problems. Among them was a woman in her fifties who had two children and a mother to support. This woman was employed, and at a good salary for a working person in Canada. Her husband was killed a year ago and she came to see me about her home. For her it was not a residence, it was not a house, it was a home, and she described it in that way. She was concerned because her mortgage was coming up for renewal this month and she was to pay $200 more. To use her words, she was going to lose her home and her kids' home unless something was done, and done soon.

The point is that all these problems must always be remembered in terms of the personalities involved. They must be remembered in terms of the men, women and children out there in our country from one coast to the other who are experiencing real difficulty. These are men and women of emotion and frustration and, increasingly I regret to say, men and women who are experiencing fear about the future for themselves and particularly their children in this land of ours.

It is the context in 1982—not 1932—that we must assess the budget presented by the government.

I think there are three useful ways of looking at a budget. The first is to look at it in terms of its technical information, its own analysis of the economy, its own forecast for growth, its own predictions about inflation and also in terms of the technical prescriptions prescribed by the Minister of Finance (Mr. MacEachen) to deal with economic problems in the coming year.

Second, the budget should be looked at in terms of fairness or equity toward the problems faced by the people of Canada at this point in our history. Does the budget address those problems not only with some technical competence but also, in terms of its urgings upon the people of Canada, with a sense of fairness about the distribution of burdens in dealing with our problems?

The third way of looking at the budget is a little deeper and different from the first two, as important as they are. What does the budget, a financial statement, say about the government's understanding of the Canadian economy and, beyond that, Canadian society at a particular point? A budget does that either directly and explicitly or indirectly. It is very important that we understand budgets in that context. Where does the government want us to go? That is the relevant question one should pose at some time in looking at a budget. What does it want us as a people to do?

I want to discuss each of these points. First, in terms of the technical detail, what are the relevant facts in the budget as I, my colleagues and our financial critic who spoke so well the other day see them? First, we see that taxes are going up by $1.3 billion for all Canadians. We see that pensions and family allowances will be going down, in their net effect, by some $360 million. We see particularly that wages in the public sector will be held at 6 per cent in the coming year and 5 per cent after that in terms of increases. If we include the armed services in that, as we should, that will take some $1 billion out of the economy.

Then, as the Leader of the Opposition (Mr. Clark) mentioned in his speech this afternoon, in terms of budgetary analysis at this time we must include changes in the unemployment insurance fund. We note that every employed Canadian will pay somewhere in the neighbourhood of $140 more in the coming year as a result of drain on the unemployment insurance fund.

If we add all these together—taxes going up, pensions and family allowances going down, wage controls in the public sector and increased premiums for unemployment insurance—what we will see in the coming year, in the face of the most serious unemployment level in this land in the past 50 years, is the taking out of the economy of some $4 billion.

What is the result now? What are the implications of this program, first, for the so-called crusade that the President of the Treasury Board (Mr. Johnston) spoke about the other day and about which the Minister of Finance talked as well when he presented the budget? They spoke about the "crusade" against inflation. Was there anything in the budget that dealt with the most serious price increases that have affected the Canadian economy in the past 12 months and will continue to affect it, namely, interest rates and energy costs? There was not a thing, Mr. Speaker. Those prices are not going to be controlled and they are not going to be changed. Nothing is to be done about general interest rate levels, which are so pernicious in their effect on the economy. Indeed, as the Prime Minister (Mr. Trudeau) indicated in the House the other day, no attempt will be made to renegotiate or delay the energy price increase of another 30 per cent in the coming year. No attempt is to be made at this particularly difficult time in our history to talk in a co-operative and serious way with the producing provinces to see if we can delay the impact of these monumental price increases which are yet to come in the energy field. Nothing was done seriously about prices in the budget.

• (1640)

Where is this crusade—to use the wonderful word of the President of the Treasury Board—to have its focus? We know it is going to be on wages. I think it is relevant to ask whether an approach on wages in the past, in terms of government policy, had any impact. From 1975 to 1978, when the government was at least claiming to be dealing with prices, what was the result? The AIB program at that time was described as being aimed at bringing down the level of inflation by 4 per cent by the third year. Instead of going down by 4 per cent, the rate of inflation actually went up by 1.5 per cent to 9 per cent. It was successful in holding down the wages of ordinary men and women, however. The Conference Board estimated that there was a drop of some 8 per cent in wages compared to what there would have been had the controls program brought in by the Prime Minister at that time not been imposed.

Surely it is a relevant question from a technical point of view for anyone who wants to understand inflation, from the humane point of view or from the point of view of concern for moral justice, to ask why with this past record, the government is bringing in a program that singles out public sector employees for such controls.

The answer to that question was revealed in a secret cabinet document to which I had access last year and which I released to the public of Canada. In that document there was an analysis of the causes of inflation and of what the government might consider as options. The document said that the "main advantage"—and those are the words used in the document—is that the government would be seen to be doing something. Not that the program would be effective, or not that inflation would be brought into line—because they knew from the experience of 1975 to 1978 that it did not have an effect on prices—but the single merit underlined in that document was that such a program would demonstrate to the people of Canada that the government was at least doing something.

I think that when you make victims of men and women, in this case in the public sector, simply to save political face, then

the only way to describe such action is to say that it is despicable, and I say that without hesitation, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Broadbent: The reality is that in Canada in 1982 we do not have wage-generated inflation. The reality is that the Minister of Finance admitted that himself some months ago. The reality is that the so-called crusade and symbolic leadership is just the opposite of leadership; it is a cynical public relations exercise of the worst kind—the kind that first makes scapegoats of employees in the public sector and then sets up as future scapegoats every working person in this country. I repeat, Mr. Speaker, it is despicable.

Some hon. Members: Hear, hear!

Mr. Broadbent: This unfairness is compounded when you consider that not only are wages to be controlled, but that with this partial deindexing of family allowances and pensions, the same ordinary people are going to be hit twice.

It should be noted, however, that there is an interesting hypocrisy to be found in the budget. Investors will now be better off because the Liberals accepted a Tory idea. While the Liberals are busy taking away indexation provisions from the average taxpayer, they are simultaneously introducing new indexation benefits for investors that the Conservative Party, as its finance critic said some time ago, first advocated.

I think that is a perfect example of what has come to be known as supply side economics, which operates on the interesting moral precept, that in order to get the rich to work harder you have to give them more money, and in order to get the average Canadian to work harder you have to give him less money. Anyone who believes that would believe anything.

How does this budget stand up, Mr. Speaker? Over all, in terms of fairness and equity it is clear that it fails considerably, certainly from the point of view of distribution of burden. Obviously, also, it will not bring down the rate of inflation to 6 per cent. I repeat, in the experience from 1975 to 1978 at least there was some alleged attempt, in a comprehensive package, to control prices as well as wages, but in this budget there is not the slightest suggestion that determined action will be taken against any other group than wage earners. I say that there is not an intelligent person in the House of Commons or a member of the cabinet—and members of the cabinet are not stupid; they may do stupid things but they are not stupid, not even the Minister of Finance who is sitting opposite at the moment—who seriously believes that inflation will be brought down to 6 per cent by the end of this year. They claim to believe it, but it is a bogus argument.

I should like to deal with a different matter and that is one which the President of the Treasury Board dealt with in his speech at considerable length and which the Minister of Finance has dealt with time and time again. It is our so-called international position.

Are we as a nation going to remain internationally competitive? The great justification for this wage control approach that is at the core of this budget is that it is going to make us internationally competitive; that it is required for that reason. In this, Canadian workers are once again being made the scapegoat for the failures of Canadian governments and, to put it bluntly, for the major sectors of Canadian industry. In fact, perhaps the most serious failure of this budget is that it does not face directly the very real problems of Canadian industry in the tough, competitive international world.

What the budget does in this regard is to place the completely wrong emphasis on wages and salaries. That is an extremely serious mistake because it focuses on the wrong target and ignores what ought to be stressed. In this context I urge the minister, who is sitting opposite this afternoon looking rather bemused in some kind of metaphysical mist, to read an article written by two interesting people, R. H. Hayes and W. J. Abernathy. The minister will be interested to note that it does not appear in a socialist publication or a progressive liberal publication, if that is not a contradition in terms these days. This article, Mr. Speaker, appeared very recently in the *Harvard Business Review* and is called "Managing our way to economic decline". I urge the Minister of Finance, the Tory finance critic and his leader to read that article because it makes an extremely serious argument, one that I understand is now at last being taken up in American business circles. Perhaps their Canadian counterparts will soon take it up and hopefully the government will pay some attention to it. It diagnoses the problems of North American industry, but are they due to wage increases, government regulations, all the clichés I have just heard from the Leader of the Opposition and repeated in a different form by the minister himself in recent weeks? No. What it says—and I say it applies with much more relevance to the Canadian economy than to the American economy—is that the central failure of North American business is that for many years now it has wrongly put the emphasis on short-run profits and has insisted, as a fundamental part of its operation, on short-run cost reduction. That is to say, keeping wages down instead of emphasizing, as the authors point out, the necessity of looking at the long term, the necessity of doing more research and development and putting emphasis on quality products. Most specifically and relevantly to this budget is the authors' argument that northern European labour costs are now the highest in the world and this has not hindered them from becoming extremely competitive in the modern international atmosphere. The key, positive point that they make is that the Europeans and Japanese plan for the long run, put much greater emphasis on research and development, and, contrary to the methodology of the Conservative Party on my right and the practice of the Liberals across the way, both Japan and northern Europe have much more intervention in their economies by government than we have here in Canada or in the U.S.

• (1650)

I want to say in that context, Mr. Speaker—

Mr. Blenkarn: More government intervention!

Mr. Broadbent: Exactly. I want to say in that context that I listened to the Leader of the Opposition making his criticism of that hopeless gang across the way for the cruelty they have inflicted on the people of Canada, but I must say that he trotted out every old Conservative cliché that I have heard in this House for the past 14 years. The single important virtue of Ronald Reagan, Mr. Speaker, is that he at least was an honest Conservative.

We heard from the Leader of the Opposition the cliché about the need for less planning and government involvement. We heard him say that we need to have less of what he called control by government. In particular, there had to be less government spending. Well, I say to him that his own members have been demanding more government spending on pensions, more government intervention in housing, in fisheries and other areas, and I repeat: at least Ronald Reagan is honest. He wanted a cutback in government involvement and activity, but he laid it on the line about what programs he was prepared to cut. That honesty I can respect even though I disagree with it.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, the point I want to make about the serious problems of Canadian industry which should have been but were not addressed in this budget is that this government had made not only an unfair policy decision as it affects wage earners in this country, but a tremendously erroneous judgment about what is really at the heart of the malaise in Canadian industry. This budget completely lacks an industrial or manufacturing strategy, one that puts its emphasis where it ought to be, namely on the crucial need for Canadian governments and businesses to co-operate in more planning, not less. That is the real need of the Canadian economy and we should have had it firmly expressed in this budget.

Having said that, I also want to say something about the short-run effect of taking so much money out of the Canadian economy. I mentioned earlier that the net effect of tax increases, pension and family allowance reductions, control of wages in the public sector and the coming increases in unemployment insurance premiums is that it is going to take over $4 billion out of the economy. This, precisely at a time when stimulus is needed. It will not mean more jobs, it will mean less jobs. Instead of learning from the errors of the 1930s, the Liberals are repeating them. Instead of stimulating the economy this summer by a tax cut, we are mindlessly increasing taxes. Instead of improving upon the recession by creating more jobs, the Liberals are going to deepen it. In that context, Mr. Speaker, instead of clinging to office this government should resign.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, we desperately need more jobs now for the men and women who would rather be working, paying taxes, and producing goods and services than collecting unemployment insurance or welfare. We in the New Democratic Party say that now is the time to stimulate the economy, not shackle it. Now is the time to provide hope and confidence, not by false statements, silly clichés or contradictory policies of the kind we are getting from the Conservatives, but by describing the situation honestly and distributing the burden fairly.

We say in the immediate sense that what we need is a lowering of taxes now. We need a further expansion of housing programs. We do need and could have lower interest rates if the Minister of Finance would exercise his authority and tell Governor Bouey to bring them down. We do need a serious attempt by the Prime Minister or the Minister of Energy, Mines and Resources (Mr. Lalonde) to negotiate with the producing provinces a delay of the increase in the price of oil which came on the first of this month and the consequent and equivalent price increase of natural gas which will come—

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. gentleman but the time allotted to him has expired. However, he may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Before I recognize the hon. member, it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Esquimalt-Saanich (Mr. Munro)—Airports—Costs of Dorval. (b) Position of airlines; the hon. member for York North (Mr. Gamble)—The Economy—Foreign exchange controls—government position—request that special committee examine estimates; the hon. member for New Westminster-Coquitlam (Miss Jewett)—Canadian Radio-Television and Telecommunication Commission—Rate increases granted to British Columbia Telephone company. (b) Effect of company lay-offs on unemployment insurance fund.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. MacEachen that this House approves in general the budgetary

policy of the government, and the amendment of Mr. Wilson (p. 18905).

Mr. Broadbent: Mr. Speaker, I will not abuse the generosity of the members of the House by taking much more time. I have said we need more stimulus now, and I do not hesitate to say that at this particular point in our history. We should learn from the 1930s instead of repeating those errors. That is what we should be doing.

Having made three or four short-run proposals, I want to conclude by saying that the most damning criticism of this government at this point in our history, when other nations are taking their industrial development with greater seriousness and paying it greater attention, is that this government, this collection of individuals who call themselves a government, is totally indifferent to the need for planning a modern industrial nation.

• (1700)

What the New Democratic Party says, with more emphasis on this point than on any other, is that this was the time for us to have levelled with the people of Canada; that this was the time for the trade unions and the business community to have been called in. We ought to have said: "Yes, we will expect something of you. We will expect equivalent sacrifice, if you like, but in return we will give you a commitment over the next two, three, four or five years—because putting our house in order is not going to be done overnight—to rid ourselves of this old notion of continuing to be some kind of resource hinterland for the rest of the world, that instead with more government planning, not less, with co-operation of governments, the private sector and the trade union movement we will at long last do some serious planning and create in this country a manufacturing nation of the first order."

That can be done, Mr. Speaker. It ought to be done. The first step to be taken to bring it about is to get rid of the Liberal Party and the Liberal government. The next step is to elect the NDP.

Mr. Allmand: Mr. Speaker, would the hon. member accept a question?

Mr. Broadbent: Absolutely, Mr. Speaker.

Mr. Allmand: Mr. Speaker, the hon. member in his remarks said on several occasions that the government through its budget is taking considerable sums of money out of the economy. I believe he said that on the night of the budget as well. Could the hon. member explain to the House how he calculates that the government is taking considerable sums of money out of the economy? As I read the budget, every cent that is saved by putting limits on salaries, and so on, is going back into the economy in the form of job creation, housing and so on. As I read the budget, every cent that is saved in one place is going directly back into the economy in other places. Could the hon. member explain how he calculates that money is being taken out of the economy as if it were to reduce the deficit, which is not the case?

Mr. Broadbent: Mr. Speaker, I respect the hon. member, but I would also respectfully say in this context that he really has become a Liberal backbencher and been taken in by the old shell game of the cabinet. I would be glad to explain in detail to the hon. member, but I do not want to make another speech at this point the way as I did on budget night. What he says in fact is simply not the case.

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Mr. Speaker, the budget which was brought down by the Minister of Finance (Mr. MacEachen) is realistic, responsible and tough.

Mr. Blenkarn: There is nothing for R and D.

Mr. Roberts: The hon. gentleman says there is nothing for R and D. That clearly indicates how little he has studied the budget. If he waits in the House, I will reply to that point a little later in my speech.

This budget is realistic because it concentrates action on those areas where the federal government's action can have the most impact on our economic situation. It is not an abdication but an acceptance of responsibility, to say that Canadian policy changes in themselves cannot change, alter or correct all of the world's economic problems. Canada as a major trading nation obviously is going to continue to receive the impact within our economy of economic events that take place outside. However, there are things that we can do to respond to Canada's economic problems, and those things this budget does do. It concentrates particularly—and there are clear indications that this is important—on counteracting those factors which lead to cost-push inflation, that is the increasing wage rates in the economy. This is one area where the position taken by the leader of the New Democratic Party (Mr. Broadbent) and that of the government differ. The NDP does not appear to believe that wage rate increases taking place in the Canadian economy, particularly in comparison with that of our major competitor, the United States, are not a factor in the inflationary struggle that we face. Quite clearly, we on this side of the House believe that they are. The government has acted within its powers to respond to those wage rate pressures by bringing those wages in the public service under a capping control.

At a time when wage settlements in Canada are outpacing those in the United States by a factor of 100 per cent, it is quite evident that if the Canadian economy is to be ready to respond and take advantage of a potential upturn in the world economy, we must do something to bring wage rate pressures in the Canadian economy under some control.

The New Democratic Party does not feel that is a problem. We on this side of the House clearly do. I know members in this House generally have been crossing the country talking to people and I can say from my own conversations with a variety of people in industry, labour and banking and from conversations with my constituents that wage rate problems are a fundamental factor of importance in the Canadian economy.

This budget is realistic because it does tackle pressures of cost-push inflation. It does so in a way that does not undermine the restraint program, the monetary and fiscal restraint that we believe is necessary and which if not held would lead to a stoking up of the economy in ways which would be highly inflationary. It is a budget which does emphasize the need for improving the investment climate. It provides in the registered investment shareholders plan and in the incentives for indexed deposit certificates which will encourage investment in the Canadian economy. It concentrates, as my colleague, the minister responsible for housing, indicated to the House earlier this afternoon, an effort on the construction and on the housing side, important not only in terms of meeting housing needs in this country, but important in terms of giving relatively quick stimulation to construction. The budget does focus a relief or a cushioning of some of the impact of higher interest rates in those key areas of the economy where they are most strongly felt.

It is a realistic budget. It takes into account the real world in which Canada must operate. It is a responsible budget. It does not indulge in cloud-cuckoo-land fantasies that there is a quick fix. The budget recognizes the need for restraint. It does make efforts to move us toward new job creation, but in a way which will not increase the deficit. It is concerned, yes, but not panicked by the deficit figures which are projected, because we realize the level of savings in Canada is sufficiently high to finance that deficit and that that deficit flows from a set of temporary factors. It is not, as the United States government deficit is, a consequence of taxation cutbacks and taxation increases in military spending. The Canadian deficit flows from the automatic exercise of stabilizers in the Canadian economy which respond to the recession we are in and which will be overcome as we move out of that recession. Our deficit has not been built in in a relatively permanent way as the United States deficit appears to be.

In talking about a responsible budget, I would like for a few moments to remark upon the arguments presented to us this afternoon by the opposition parties. First, I would like to congratulate the leader of the New Democratic Party on what I think was an earnest and honest speech. There were points in it with which I could not agree, but it seemed to me that the leader of the New Democratic Party did outline, and fairly clearly, major divergences of attitude.

As I said earlier, we do believe the wage pressures which exist at the present time in the Canadian economy are an important factor in the cost-push inflation syndrome. We believe that it is important, through example on our part, that we try and get those wage pressures under control and that other players in the economy, provincial governments and the private sector, respond to the lead that we have given in order that these wage increases which potentially will price us out of international competition will be brought down to reasonable levels. We clearly disagree with the interpretation of the leader of the New Democratic Party in that area.

• (1710)

I listened for some indication in his speech of what alternatives he would suggest. He indicated that he thought we should move quickly to much lower interest rates and that we should engage to a much greater degree in consumer stimulation than we have. What he did not discuss at all—and I hope he will subsequently find the time to do it in a speech here or elsewhere—is how, if we follow that policy, we will be able to avoid the extraordinary, harmful consequences which a similar policy has had within the French economy. The French tried that tack. The result was just recently a second devaluation of almost 6 per cent, an inflation level of 14 per cent and 18 per cent wage increases. The result of what many economists have described as a blown fuse in their economy. Yes, he argued for much greater consumer stimulation, he argued for much lower interest rates, but he did not explain how we would avoid the consequences that a similar policy has clearly had in other economies.

Also he lamented that there was a need to bring forward a clear development and economic planning strategy at this time. What he completely neglected—and perhaps it was because he was unaware of it—was that last November we brought forward an economic development strategy, a document which outlined exactly how we believe those needs should be tackled in the Canadian economy. We have been discussing that strategy publicly and we have been implementing and following the direction which it has charted. It would have been useful in a positive sense this afternoon if he would have given us some indication of those areas of the strategy which he accepts and rejects, and the reasons for doing so.

It is more difficult for me to comment charitably on the speech presented by the Leader of the Opposition (Mr. Clark). Of course, he said—and I suppose it is not an objectionable sentiment—that we should all put people ahead of the party line. That is particularly understandable in his own case because as far as I can discover there is no party line on the Conservative side to follow. The function of an opposition is not just to oppose or criticize. It is also to propose alternatives and to bring forward some views, some strategy or some approach which it believes would be preferable to the path being pursued by government. That, singularly, the Leader of the Opposition failed to do.

I think it was last May 4 that he lamented he had not been able to find an alternative approach to that of the government, that there was not a better solution. Clearly he has not found one since May. There was almost nothing in his remarks which constituted a constructive endorsement of an alternative policy. He did not have a policy on May 4. He still does not have one.

Perhaps I could ask some questions. Does the Leader of the Opposition think that it is courageous to attack suicide? Does he think it is fearless to be against high inflation rates? Does he think it is brave to be opposed to inflation? Does he think he is being forthright when he attacks unemployment? Is the Pope in favour of peace? It takes much more than rhetoric and indignation, feigned or real, to constitute an economic policy.

A policy is not what the Leader of the Opposition came forward with today. He is opposed to higher unemployment insurance payments and to cutting indexation. He wants stimulative tax cuts for holders of capital. He is opposed to tax increases for others. Of course, with all that he wants lower deficits. That is supposed to be a policy. He wants more private sector consultation. Then when we bring forward proposals for the registered investment shareholder plan and deposit certificates, he opposes further consultation because of delays in implementation. He wants both more consultation and at the same time immediate implementation. He opposes lower interest rates and then votes in favour of lower interest rates. He opposes FIRA and then he voted for the strengthening of FIRA just the other night in the House of Commons. That is supposed to be policy. What it is quite clearly, to use his own language, is trickery and deceit.

The Leader of the Opposition spoke in the House today for 45 minutes, and in 42 minutes he used rhetoric and attack. He talked about the past, indignation feigned or real, but in his 45 minutes—and I am being charitable now—he used only three to bring forward proposals which he would make. What were his great proposals? What was the policy of the Conservative Party as he expressed it? First, a parliamentary committee to study the estimates again. Second, the encouragement of investment incentives. Nowhere in his speech was there a recognition that the government brought forward proposals to encourage investment incentives. There was no discussion, favourable or otherwise, of those suggestions. There was no proposal as to how they could be improved. There was no suggestion as to whether they might not work. There was no suggestion of alternatives, but a simple suggestion in 45 minutes of his speech that we ought to consider what indeed we considered and what the Minister of Finance brought forward for consideration in the House.

Third, he suggested that we should place greater emphasis upon research and development, apparently unaware that the performance in research and development in the country has shown great improvement over the past two years. There has been an increase from just over .9 per cent of the GNP to now well over 1.2 per cent of GNP devoted to research and development. We are not only well on but are above the track for increasing research and development expenditures which his government charted. There have been increases in the private sector in research and development expenditures of an average 25 per cent per year, exactly because the Liberal government brought forward incentives which encouraged a tremendous increase in the research and development field. Of 45 minutes, less than three were devoted to positive suggestions; those simply slapdashedly stated, not analysed. That was his performance today.

I suggest he has done a real disservice, not only to the House but to the country, in not speaking seriously in terms of analysis, as I must say the leader of the New Democratic Party did, and by not seriously coming forward with some indication of what a Progressive Conservative alternative would be. That he did not do. He cannot complain that he did not have time to do it. We endured 45 minutes of ranting and raving, and all we got were wild charges of deceit and trickery. To have the Leader of the Opposition accuse us of trickery after that speech matches the chutzpah of my Jewish constituent who wanted to be treated as an orphan after he had assassinated his parents.

I should say one other thing. When he went through his analysis of all the things he would like to do, such as decreasing the deficit while of course cutting back taxes and increasing a variety of our expenditures, he went on to complain that the real problem had been that we as a government had not seriously tackled the problems of government expenditure. He has been a member of government, if only briefly, and I suspect that he is aware of the facts. Certainly he should know them. The Public Service of Canada has increased over the past 20 years. It has increased on the average each year by 1.3 per cent. The annual growth of the population over that same period on the average has been 1.5 per cent. Over the past 20 years the growth of the public service has not kept pace with the growth of the population, even though public services have to grow to serve the needs of the population. In the years since 1978, indeed, the growth of the public service has declined at a rate even lower than that. It was a German politician of not great repute who developed the tactic of the big lie. The Leader of the Opposition has developed the tactic of the big panic and attacks rather mythical problems and exaggerates.

He talked about the need to get government expenditures under control. He should know that expenditure by the federal government on goods, services and fixed capital has been roughly constant over the last 20 years or so; indeed, in most recent years it has been declining. It is just over 20 per cent of gross national product. It is quite clear that it has not been extraordinary increases in government programs or government expenditures which have caused economic problems in Canada.

I do not ask him to accept my comments on that. I would just refer him briefly to the June report of the Investment Dealers' Association of Canada in which they provide figures which indicate the relatively static level of federal government expenditures as a proportion of the GNP. It concludes by saying:

> Government spending on goods and services has become a less important portion of Canadian aggregate demand. In recent years governments have been making serious and successful efforts to reduce growth in their spending.

• (1720)

What we heard today, when there was an opportunity and a need not only for serious analysis but for a presentation for the alternative view from the Leader of the Official Opposition, was 42 minutes of high school sarcasm and three minutes of non-constructive suggestions.

I said there were three characteristics of this budget. It was realistic, responsible and tough. These were characteristics which were certainly not shown in the speech by the Leader of the Opposition. The budget is tough because it recognizes, admits and communicates to the public of Canada that there are no quick fixes for the Canadian economic situation.

Mr. McDermid: John Turner said that in 1970.

Mr. Roberts: It does not attempt to evade responsibility. It admits that the standard of living in Canada will be lowered temporarily and argues that the burden of that lower standard of living should be shared within the country.

Nothing was more ignominious in a pretty ignominious speech by the Leader of the Opposition than his attempt to frighten—I do not know if that was his deliberate intention but it certainly would be the effect of taking his remarks seriously—old age pensioners and those who are greatly in need in our economy by his accusation of what the impact of this budget would be on their situation. I say that, Mr. Speaker, because it is the poor, those who are not as well-off and those who are on fixed incomes, who have the strongest vested interest in seeing the policies brought forward by this budget work. It is they who will most benefit if and when we bring the push for inflation within our economy under control.

Some hon. Members: Hear, hear!

Mr. Roberts: There has been no recognition on his part that those receiving the guaranteed income supplement, which is virtually half of the old age pensioners, will not have any capping placed on the inflationary adaptation of their pensions, that they will receive what they would have received as an old age pensioner and they would have received as a guaranteed income supplement receiver as if this budget had never been brought forward. Those who will have their incomes capped are those who are not receiving the guaranteed income supplement and those who are not in as great need as those at the lower level in our society.

It is true that this budget does increase taxes. It is designed to stimulate job creation and to help those who are in need, not by increasing our deficit but by increased taxes, so that those who do have income can help with their taxes to create jobs for those who are not so fortunate in our society. The employed will pay more on their unemployment insurance premiums and they will do so because they will be indirectly assisting those who are not fortunate enough to be employed to receive their benefits.

This is a tough budget because it recognizes that we will face the unpleasant fact of high interest rates so long as United States interest rates are high and that unfortunately there is not, as the NDP would like us to believe, a method by which we can lower our interest rates startingly below those in the United States in a quick move to resolve our problems in that manner.

The budget does say that we should cushion the impact of those high interest rates on those who need cushioning the most; those who receive the guaranteed income supplement and those receiving the child tax credit. The budget does say that we should assist farmers, fishermen, small-business men and house purchasers who are those most in need of some relief from high interest rates. However, it accomplishes this in a way which is responsible and realistic. It recognizes that we cannot cushion and insulate everyone in our economy.

I said that this is a realistic budget. It takes into account the real world in which we live. It is a responsible budget. It does not go haring after the impossible, simplistic, dramatic but counterproductive solutions. It is responsible because it recognizes the need to maintain restraint. It is responsible because it does move toward job creation through the construction proposals and it encourages increased investment through the rather inventive and imaginative proposals brought forward for the registered investment shareholders plan and the deposit certificates. It is a tough budget because it recognizes the difficulty of our situation.

It is also a Liberal budget. It is Liberal because it does not just stand aside, as the Conservatives sometimes seem to want us to do, and say: "Let us leave it to the private sector." We acknowledge and recognize that we have responsibilities and an active role to play. We have focused on the cost-push factors which lead to inflation. I suggest it is interesting that both the private sector and certainly the provincial governments as well have reacted to this budget much more responsibly than the members of the official opposition. This Liberal budget recognizes the need to create jobs and investment in Canada by finding new instruments to encourage that investment.

It is not a Tory budget. It is not one which adopts a hands-off policy. It is one that says the government has a responsibility to create a positive and constructive context which will support private sector growth because it recognizes that private sector growth is the motor of the economy.

This is also why it is not a New Democratic Party budget. It does not believe we should abandon restraint programs. It does not believe we should avoid the problems which are posed by galloping wage increases in the Canadian economy. It does recognize the need for the private sector to work with us to generate growth within the economy. It does reinforce the direction which was charted in the economy development strategy a year ago.

It is a difficult budget, one which avoids the excesses which I believe have been presented by both parties on the other side of the House. It is a policy excess on the part of the New Democratic Party and simply a rhetorical excess on the part of the Conservatives. It is a Liberal budget. It is tough, responsible, realistic and deserves the support of the members of the House.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, it is a privilege to take part in this leaders' day debate when the leaders are present or have been for part of the time. I am also pleased to hear from the party spokesmen some of the philosophies behind their policies. The hon. member for St. Paul's (Mr. Roberts) who just spoke for approximately 30 minutes spent about three minutes in defence of the budget and used the rest of his time to attack the Leader of the Opposition (Mr. Clark). We sat and endured it.

Mr. McDermid: Talk about being hypocritical. He read the polls in his riding.

Mr. Hamilton (Qu'Appelle-Moose Mountain): The only defence I will offer in support of the Leader of the Opposition is that he was only telling the House what the people of Canada are saying to him. That is who the government should be listening to. That is all I will say about that matter.

I believe the leader of the New Democratic Party (Mr. Broadbent) gave an honest speech. He wired himself thoroughly to intervention in the business affairs of this country. He knows that he is doing so. He is cutting off any chance he has to get the labour vote and he realizes that while doing that he is attempting to maintain the alliance with the government side with its tendency toward intervention.

I suggest that this debate has been worth while. I am more interested, however, in putting on the record the efforts that have been made in the House over the last number of years to put an alternative policy before the people of Canada that is distinctly Canadian, practical, economic and is fitted to today's situation. In other words, I want so speak about the budget in perspective. Over the past number of years we have had in intellectual circles, particularly among economists and businessmen, a debate on the theories of Lord Keynes. That debate reached its peak around the fifties. Many of our senior civil servants became great devotees of this pattern that was going to solve all our problems. I think of men like that very fine gentleman, Bob Bryce. I can think of the deputy minister of finance 35 years ago.

• (1730)

Second, we have had a debate among the economists mostly about the theory of monetarism. There has been a great deal of argument backward and forward. We have seen this theory accepted not only in Canada but in the United States, in Great Britain and in most countries in Europe.

Third, we have had a number of debates of a sundry nature of such things as the Phillips curve where you have to balance off unemployment against inflation. That is all we heard from the civil service 25 years ago. The only persons we hear talking about it today are members of the government who keep going back to their schoolbook knowledge gained 25 or 30 years ago.

We have had a certain amount of debate on Galbraith. He is the humorist who poses as an economist. This is the intellectual level which the upwardly mobile people in our civil service have reached. These men like Galbraith are just bad smells in a mist. They are here, they are there, they are every place, and you cannot put your hand on them.

In the last ten years there has been a series of debates in the United States on what I call, and I think it is the correct phrase, the Mundell-Laffer hypothesis. Mundell is a Canadian and Laffer is an American. All these fellows preached was a common sense approach in economics based on quantitative analysis. If in analysing what was happening in the various industrial countries of the world we saw that what the policy was resulting in was exactly the opposite of what it was intended to do, then common sense would suggest we go the other way.

About two or three weeks ago the financial spokesman for the New Democratic Party asked a question in this House. In my judgment, it was probably the most thoughtful question I have heard in this House in two or three years. He asked, in view of the fact that all of the policies the minister is carrying out or talking about are proven failures, would the minister not consider it wise to do just the opposite? At least it would not be any worse than what is happening to us now. That is an Irishman's way of saying, "If I cannot get the cork out, I will push it in." It makes sense. That is exactly what we have been debating here these last two or three years.

We have all the quantitative evidence in the world that certain things that are considered truths under Keynes and the theories of Keynes have become the religion of the guiding lights behind this government. When you have the evidence that these things are not working, commonsense demands you go the opposite way. That is all Reaganomics is, just go the opposite way to what you have been doing.

When I hear condemnations in this House about frightening away the business people, I simply say we should look two or three years down the road. On July 1 of this year the first major move of Reaganomics went into effect in the United States. They reduced their taxes across the board by 10 per cent. In this budget our government increased them 5 per cent, again going the wrong way.

Either on the last sitting day of the House or earlier today, I heard the Minister of Finance (Mr. MacEachen) say something that is pure Keynesian. He said in effect that inflation is caused by too much demand for too few goods, demand-pull. He does not realize that one third of our industry is working under a very limited capacity. To put it another way, only two thirds of our industry is being utilized today. The minister fails to recognize that 1.5 million people are either unemployed or partially employed.

We cannot have a demand-pull situation when the factories are full of goods and the mines are overwhelmed with their inventory. Demand-pull is pure Keynesian. Keynes did not know anything about cost-push, yet I heard the Minister of the Environment, the hon. member for St. Paul's mention cost-push. This budget increased the cost-push. Cost are those things that add to the price. The biggest thing used to be the cost of government. In the last two or three years, it has been overtaken by tremendous bursts in the cost of interest. The number one enemy in the last three years has been the cost of interest, then the cost of government, then such things as land costs, and the question of the money supply or monetary theory. Fifth place on the list is labour costs. All this budget does is take advantage of the popular opinion across this country.

It says the first guys that should be clobbered are the public servants. They have seen the example of the other provinces doing it, so they ask themselves, why not do it here. It does not get at the number one, number two or number three basic big costs of cost-push inflation.

We could get this debate on to a high level if the government listened carefully to some of the ideas that have been

presented. I am not going to go through them. I have been pleading for years to get the debate up to reality. Let us face the fact that the quantitative evidence shows the paradigm or pattern of Keynesian economics has never applied to Canada because it is such a big country. It is not applying to any country. It is not working.

Let us debate the fact that three years ago, in 1979, a budget was introduced by the hon. member for St. John's West (Mr. Crosbie). It had a tax increase of 18 cents on diesel and gasoline with a tax credit for the person who drove a car. That was the first budget in the history of the western world that tried to get at the budget deficit by decreasing taxes. That has never been pointed out in the House by anyone with the exception of myself.

Across the world it caused tremendous ripples. As I said two or three years ago, in the spring of 1980 *The Public Interest*, which is probably the most profound and widespread intellectual magazine in the world, put out a special issue entitled "Economic Theory and Policy in Disarray". One of the main articles in that magazine was headed "The dissolution of the Keynesian consensus" by James W. Dean. Let me read six sentences to the House:

> On December 13, 1979, the Government of Canada fell. For just six months the Conservatives had governed with a parliamentary minority, and they were defeated on a vote of no onfidence. The issue was their first budget—a budget that rejected Keynesian economic policies, replacing them with radically different recommendations. Unemployment and slow growth were to be fought not by increasing the federal deficit but by reducing it.

• (1740)

This is not a new philosophy. It was tried in a pragmatic way by Mellon, the Secretary of the Treasury under several Presidents of the United States in the 1920s. It was tried by Kennedy from 1962 to 1964. Instead of having a big budget deficit, by reducing the tax he got a surplus, because the demand factor was such at that time that everybody bought the goods, created new wealth and provided enough tax to give him a surplus.

It goes on to say, about the Conservative turnabout:

> Their turnabout mirrored that of much of the economics profession throughout the English-speaking world. It was the decade's last dramatic reflection of a dissolving Keynesian consensus. This paper traces how that dissolution came about.

I am not going to read the whole thing but what I have said should be enough to show that the Crosbie budget of 1979, with just six or seven small tax, decreases as a way of balancing the budget—it could not balance it in one year—was a small but important start.

Then the budget we got in 1980 stopped that. I remember my criticism of the first budget of the present Minister of Finance. I said he zigged when he should have zagged.

Then there was that disastrous budget of November 12, in which they went in a completely opposite way to what they had done over the previous ten years. They are creating a whole series of incentives for people to save money and they call them loopholes. That has put the country in a complete panic and in a paralysis. This frightened the government so much that it even had to recess the House in order to reconsider the budget. They took the brave, stout stand that they were not going to give in. But they gave in in the last part of June, and now they have brought down this budget of June 28.

Instead of learning from the series of mistakes that they made in 1980 and 1981, and heading the wrong way, they added to the costs by increasing the taxes, with no evidence of restraint. In other words, it was a wrong-way budget, but it has served one good purpose. It forced the government members to think.

It is no accident that in this debate minister after minister has got up on the government side trying to defend this budget. They know what the intellectuals think of it, they know what the businessmen think of it, they know what the common people think of it. So they brought in this new budget, in the hope that it would paper over what they thought were the mistakes of November 12. They did withdraw some of the things they did in the November 12 budget. But this is not an economic budget. It is not an accounting budget, it is simply a high tax budget.

They are doing exactly the opposite to what they should be doing. They are still working on the assumption that when you are short of money you tax for it. The truth is that if you want more money, you should lower the taxes, and you will get more money and get the country growing in the process.

I think I have said enough, Mr. Speaker, on the perspective, I think I have said enough on the Crosbie budget. I did not think it went far enough in tax reductions, but at least it was a start. I think I have said enough, if I may use the common phrase for the last three budgets, on the MacEachen budgets. In one case he zigged when he should have zagged; in the other case he brought on national panic and paralysis; and this one can only be described as a budget that brought on stupefaction. Even the Conservative Party members are stupefied. The Conservative Party is stupefied at the immensity of the ignorance that is coming out from the other side of the House. I used to blame this mostly on the mandarins, but I know that the mandarins do stick into the budget certain things which are a contradiction of what we hear, from the floor of the House from the minister.

I never thought that I would hear, in the question period today, the minister talking about a demand-pull type of inflation. He could not spend any more money because there would be more demand-pull and therefore higher prices and more inflation. The hon. member for St. Paul's is right. What we should be looking at is the cost-push. Every time you add to the costs, you force people into the recession, which is now changing into a depression.

We have gone so far into the hole that it is doubtful whether any government could get out of it quickly. So I think the action program has to be, not a single act, or what they call in the modern days of drugs as a single "fix". But there are some things that can be done. They would not hurt the balance of ways and means of the budget or increase the deficit and bring the taxes in, in a year or so.

These things can be considered seriously. They are not political. I think that members of all parties can support them. Let us take the sensitive subject of monetary policy as a starting point. I think that government, to start with, could first just ask the Governor of the Bank of Canada to be silent on the weekly bank rate. This is nothing but far-seeing psychology to convince bankers to raise rates. No one borrows from the Bank of Canada, so why bother announcing the bank rate each week? Just doing that is a negative thing. My suggestion would not cost anything, but it would take a little pressure off the banks which think they have to follow the central bank.

Second, I suggest that the dollar should be allowed to continue to float. Think of all the billions of dollars we have had to expend in this floating crap game. Banks have many more billions of dollars than we have. No country in the world can compete with the five or six hundred billion dollar available from your Eurodollars and other dollars and will look around for a situation where they can make a dollar quickly. That is all we are trying to do, with the bank interfering with the value of our dollar. We are putting a few pennies into a gambling game when the other fellow has got billions; but these few pennies amount to several billion dollars which we have to borrow at 17 per cent, 18 per cent or 19 per cent, adding to our costs. Let the dollar float. Let the world economy come to our assistance in a natural economic way; and do not put us under the control of the American banking system.

Third, let us work out a money supply formula based on reality. Reality is not just the M-1 figures that give the amount in the cash accounts in the banks or the amount of currency. Reality is the combination of money in circulation and the velocity with which it moves. A simple way to discover the velocity is just to do what the banks do; a weekly checkup on the cash flow will tell you how fast money is moving. Because if the money is moving twice as fast as it moved the week before, that has the same effect as doubling the money supply. That, of course, is very important in establishing the inflationary impact, in a quantitative sense, on the supply of money.

You do not have to get into a quarrel with the Governor of the Bank of Canada, you do not have to ask that he be dismissed; just ask him to lay off what he does not know anything about.

On this money supply formula, he knows all about velocity. Let us see if he cannot work out some sort of formula that will give him some indication of when to push forward and when to pull back. He still has all the power under the reserve sections of the Bank of Canada Act.

On the monetary point, these three proposals do not solve very much, they simply ease the restrictions of making adjustments that we have to make in the next year or so.

• (1750)

The next point is on fiscal policy. We have all sorts of ways on the fiscal side—and the government is using some of these in the present budget—of affecting our economic situation. Parliament has amended the Farm Credit Act so that the Farm Credit Corporation does not have to borrow from the consolidated revenue fund but can borrow money and get money by any means. It is in the act. All it has to do is get the permission of the Minister of Finance, but he has not given that permission yet. He is saying, "You have to do it my way", which is to pour public money into a subsidy to reduce interest rates three or four points for those who are in financial straits. The whole industry wants lower interest rates. That is its biggest cost factor. The Export Development Act has been amended in this House, with the support of all parties, to give the corporation the same power to raise money by any means. There is all sorts of money available not only from Canadians at half interest rates—they will provide it—but it is also available in the European market at half interest rates. We can get all the billions we want at 6 per cent to 9 per cent, and we do not need to worry about the exchange value fluctuating. We can cope with that; there is an insurance process already in effect now at Swiss banks. Why was the same power not given to the Canada Mortgage and Housing Corporation? I asked my Liberal friends. We proposed this in the House a year ago. We proposed this to the minister in debate, but he turned it down because he thought the Minister of Finance did not want him to support this type of thing. Why should the people who want houses not have access to money at half interest rates when it is not costing the government anything? Farmers have been given this right. Exporters have been given this right. Why should this not also be done for the small businessman through the Small Business Development Bond?

I would like to go on with more suggestions, and I am watching the clock carefully. I would like to see the Small Business Development Bond restored immediately, and let us get rid of those phrases "financial difficulties" and "in dire straits". It should be for everybody.

Second, I would like to see the saving techniques mentioned in the House over the last two years restored and put back into the Canadian budget. We could do that very simply, and it would not cost the government anything. Let hon. members not give me the argument about tax expenditures. We do not get any taxes if there is no business. We do not lose anything on nothing.

Then I would like to see action on that Conservative proposal of a few years ago, mortgage interest deductibility and property tax deductibility. Every year we could give that poor devil trying to buy his own home a $2,500 to $3,000 deduction from his costs. Let us compare that with the proposal of the government to hand out government money, which is borrowed at 18 per cent or 19 per cent, for one year only. These are proposals which can be demonstrated to produce a potential income to the government. They wipe out all costs and produce a profit. What is the matter with making money through sensible business management on the part of the government?

In winding up my speech I would like to suggest that there are a thousand individual, innovative programs the government could put into place without any cost to the government. In fact, the government would make a lot of money out of them.

These ideas are not new. Some of them were proposed in the Standing Committee on Finance, Trade and Economic Affairs three years ago. One is to allow lending organizations to lend money to people buying homes at 6 per cent. Who would lend money at 6 per cent? Everybody would, if we put in one little sweetener, and that sweetener is that if a person sold his house within ten years for a capital gain, half that capital gain would go to the lender. Let us just figure that out and see how quickly we could get our 6 per cent money. The government is not even into that. All it says is "legalize the contractual arrangement." This would not cost the taxpayer anything. It would not cost the government anything. It is not a new idea. I apply the same principle to business.

Second, in connection with businesses, instead of borrowing money, they should be asked to give an interest in their businesses to lenders in lieu of borrowing. Big companies are forced to do it now. They call it turning from bonds over to equity. How quickly we would get money for small business if we accepted the Stanfield proposal of years ago! Money would flow to small business very quickly if a person could invest $5,000 in a small business and take his returns out as part of the profits, instead of having a fixed interest rate. The same thing applies to the share proposal. If we are worried about unemployment and if companies are worrying about not being able to pay increased wages to keep up with inflation, let them pay extra wages in the form of shares or an interest in their businesses. Hundreds of people are doing it, and they give evidence about how it works all the time. The hon. member for Calgary South (Mr. Thomson) told the House several months ago that he did that in his businesses.

I could go on and list many things, but the following is the one I put forward above all things. In all capital intensive enterprises in any country, once interest rates go above 6 per cent, the interest payments become the major cost of running a business. At a 10 per cent level with a long pay-out, 75 per cent of the cost of a business is the payment of interest. Someone said in the House today that at the present time nearly two thirds of the cash flow of all our corporations in Canada—based on the frist quarter—is used to pay interest. Just think what the case would be for new business. That 75 per cent is the minimum. With interest rates now at 15 per cent to 20 per cent it is impossible to do anything. Such projects as the pipeline, heavy oil, tar sands and a national power grid from one end of Canada to the other—all of which we should have had 20 years ago—would become good investment opportunities. It has been pointed out by the hon. member for Mississauga South (Mr. Blenkarn) and others that Canadians do not act.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman, but his allotted time has expired. Nevertheless, he may continue if there is unanimous consent. Is there unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Thank you very much, Mr. Speaker. I was planning to wind up at six o'clock.

I am simply pointing out that all these things which were such a shock to us last winter could be corrected in a matter of months, not by way of big handouts but simply by our saying, "Let's finance them by getting rid of that interest cost". Or, as they say in the trade, "Get rid of your front end loading costs" so that businesses are not loaded down with 75 per cent or 80 per cent of their costs being interest. All of a sudden these things which are uneconomic would become economic, and the government, without spending any money, could get many megaprojects going as fast as we could get the manpower allocated to them.

I thank hon. members very much for listening to me. I have made that proposal in the House for 25 years, and I am still trying. No one argues the economics with me. Some years ago the then minister of energy, mines and resources, the Hon. Donald Macdonald, looked at that proposal with his officials and said, "Yes, it is practical". The then minister of finance, Mr. Turner, said, "Yes". His officials looked at it and said it was all right. Why do we not do it? Now that we are shaken up a bit by the stupid following of wrong-way policies for the last number of years, we are finally forced to think. Let us change that thinking into action. There is not a thing I have proposed today which would cost anybody anything. What I have proposed would just make money for everyone.

I would also like—

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until 8 p.m.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, St. Augustine once wrote:

> A nation is an association of reasonable beings united in a peaceful sharing of the things they cherish, therefore to determine the quality of a nation, you must consider what those things are.

Because a budget is so important to a nation, it follows that in framing a budget we should first establish what things we cherish and how they shall be peacefully shared.

The process leaves us with a series of questions that must be answered before the budget can be hammered out. How do we control inflation? How do we treat the unemployed? How can we alleviate some of the unemployment? How can we get our tradesmen working? How can we conquer high interest? How can we help manufacturers, farmers and fishermen? How much tax is permissible?

The use of tax moneys as a catalyst must be clearly defined and understood. For instance, we do not foster the building of homes in a vacuum. We do so because in our nation it is important that our tradesmen work and our people are properly accommodated.

In this budget we have tried to outline those things that we cherish and how they are to be shared. We have decided that we must set an example, and consequently we have said that next year there will only be a 6 per cent increase in salaries for Members of Parliament and civil servants, numbering 500,000 people, and a 5 per cent increase the year after. We could easily have said, and it probably would have been politically popular, that we were cutting back on the civil service. In hard times it is always acceptable to cut back on the civil service. We could have laid off 10 per cent or 15 per cent or even 20 per cent of these employees, but would that have been sharing? I do not think so.

I note that last weekend Governor William Milliken of the state of Michigan went even further than the Canadian government. Michigan's 11,500 unionized secretaries and clerks have agreed to an undisclosed wage cut and a freeze at the new level for the next 16 months. We have proposed a salary increase of 6 per cent, but in Michigan unionized civil servants are saying that they do not even want an increase; that they will take less than they are receiving now as long as they have job security.

Some provinces such as Nova Scotia are following the federal leadership, and some provinces even took the initiative before the federal budget proposals. Members on this side of the House are deeply concerned about the impact on fishermen, small business, farmers and home owners.

We are in hard times, Mr. Speaker; no one disputes that. Within his limited resources, the Minister of Finance (Mr. MacEachen) provided a budget which has reacted to our concerns.

I will say one thing about the economic downturn, Mr. Speaker. Each member of this House, from all parties, has learned a lot about budgets and economics and I am sure that each has gone through this budget with a fine-tooth-comb.

I think the minister knew this, and even though there was a great deal of criticism from hon. members opposite about where the funds are allocated, certainly there can be little criticism about how they are allocated and about the clarity with which this is set out in the budget document. The budget is concise, direct and to the point, and the minister is to be congratulated.

These are hard economic times. I do not want to go back to the election of the Liberal government or to the tenure of the Conservative government. These hard times go back to 1973 and are directly related to the Middle East oil price increase which occurred at that time. Even in 1979 we had been forewarned of 1981 and 1982. In that year the Economic Council of Canada pointed out that the United States economy was expanding too fast. There was excess demand, insufficient savings, high consumer spending, high levels of borrowing, and a large U.S. federal deficit. In 1981 President Carter noted that the Middle East price drain would take $40 billion out of the U.S. economy because of the increase in OPEC prices.

These are difficult times and government alone cannot solve them, Mr. Speaker. Roy Phillips, President of the Canadian Manufacturers' Association, has indicated that the role of government is to provide a supportive environment but that the task of turning things around must come from the private sector and that the private sector must not abdicate its responsibility. Mr. Phillips' words do not constitute an excuse for government to abdicate its responsibility. To amplify what he said, I think we must be more cognizant of the responsibility of government. I do not intend to go over every detail of the budget but in a general way I should like to look at some of the proposals contained in it.

I have dealt with the 6 per cent and 5 per cent increases to public servants. T here is one important thing that many members have overlooked, and that is the fact that these increases apply to regulatory boards, in some instances regulating the price of food, communications such as Bell Telephone, and transportation. They are not to be departed from except in exceptional circumstances.

We have tried to buffer senior citizens, so there will be no change in the GIS which will keep up with inflation and there will be no change in veterans' pensions. The child tax credit has been increased. Small business will be able to get loans at 4 per cent less interest than they can now, farmers at 4 per cent less, and fishermen at 4 per cent less. We have indexed term deposits. In other words, you pay tax only on the interest which exceeds inflation on a special type of term deposit. This money will be pooled, $3 billion of it, and provided to new home buyers. One hon. member says we have not done it yet. Let us get on with the budget, pass it tonight and do it. We will provide a fund of $1.4 billion for direct job creation. There will be a $3,000 grant for new home buyers and first time buyers. There will be 100,000 purchasers.

• (2010)

Mr. Deans: You know that housing prices went up by $3,000 the day you announced it.

Mr. Irwin: We will allocate an additional $30 million for a home renovation program. We will provide more low income and non-profit housing. I see hon. members are getting restless; the truth bothers them. We will provide new rules for the Canada mortgage renewal plan under which you do not have to defer your interest to the end as under the old criteria.

There is one particular aspect of the budget process which I find very discouraging. Perhaps it is the role of a vocal opposition, but they have cast a lot of darkness and very little light on the issues. Perhaps that is how democracy works. If the government proposes A, B and C, the NDP comes back and says yes, but you did not do E, F and G. If we do E, F and G, the Conservatives come back and say yes, but you did not do

X, Y and Z. And on, and on, and on. The opposition reminds me of some people I had back in my riding who deal in the gold market. They look for bad news. They will get up in the morning and say, "Oh, there is a war in Iran. Great, the gold market is going up." "There is a war in Lebanon. Great, the gold market is going up." "There are so many bankruptcies. Great, the gold market is going up." "There are so many suicides. Great, the gold market is going up." That is exactly what I hear from that Greek chorus opposite who spend most of their time wailing; unloved, unwanted and usually unnecessary. That may be the role of the opposition, but certainly it is not the role of a constructive democracy in difficult times. Let me deal first with the Progressive Conservatives.

Mr. Deans: Oh, please don't. You have dealt with them, that is enough.

Mr. Irwin: Only because there are more of them. One writer spoke about the hon. member for Etobicoke Centre (Mr. Wilson), the finance critic of the official opposition. He said:

> Mr. Wilson talks enthusiastically of 'a program of restraint to reduce the size of the burden of the federal government on the economy' and he talks of going through all government expenditures. But after he finishes with advertising, which he suggests might be up to $250 million of a $76 billion total spending package, Mr. Wilson becomes less specific, sounding more like a nibbler than a slasher.

How true. On November 12, 1981, the hon. member for Etobicoke Centre said:

> The small business community which enjoyed the Small Business Development Bond over about a two-year period now will have it taken away.

So we changed it, but the hon. member is still not happy. He wanted more for the farming community. Do you remember that? We allocated from our meagre resources—we are into deficit financing—an additional $100 million. The hon. member is still not happy. He wants $500 million, but he does not tell us where we are going to get it, and he wants us to spend less. Do you remember his famous 22 per cent speech? We have extensively augmented our rental housing program in this budget. The hon. member said in November that our program was only minimal. Will he be satisfied with the new budget? Probably not, because he says that we need 220,000 units, not 15,000. But he does not say where we are to get the money. At the same time he bemoans the 22 per cent and the deficit. He now talks about excessive government intervention and red tape. That is when he is not talking about his former days in the stock exchange, which he talks about a great deal. My grandfather came to this country at the turn of the century and worked in a steel mill. He died in that steel mill in an industrial accident. His widow received no help from the government. There were no safety regulations, but there are now. There are more inspectors now, there is now a more humane monetary approach to widows. These things cost money and they are government intervention. My mother was in an automobile accident and was paralyzed for 17 years. There was no government hospitalization plan, no aid for doctors or prescriptions. Today we have all that, and this is government intervention.

The Environmental Fund, an international non-profit organization, recently ranked the world's 150 nations based on three factors: infant mortality, life expectancy and literacy, which is basically what? How well we are doing in the social sciences, health care and educational facilities. Of those 150 nations, Canada ranked seventh, ahead of the United States, Finland, New Zealand and the United Kingdom. Most of our federal tax moneys are spent on social services, health and education. So what would the hon. member for Etobicoke Centre cut? What social services? What education and health costs?

The Leader of the NDP, the hon. member for Oshawa (Mr. Broadbent), wants us to help renters and home owners with a massive increase in funding for the housing sector. We propose $3,000 grants, and what did he do? Immediately after the budget he went out and gave a news conference. You all saw it. What did he say? He said, "Well, that is not good enough. All that will do will be to make sellers raise the price". In November he was saying "do it", and last week he was saying it will make sellers raise the price. That hon. member will probably never be happy and I will tell you why, because when he is on the same wave length as we Liberals—and periodically he is—it makes him feel uncomfortable.

An hon. Member: Darn right.

Mr. Irwin: Darn right. I should be thankful for small mercies, because this uneasiness is a hopeful sign. To their credit, Mr. Speaker, the NDP has been consistent on FIRA. In November FIRA was forcefully defended by the former hon. member for Broadview-Greenwood—now looking for a provincial riding somewhere in Ontario—and the hon. member for Kamloops-Shuswap (Mr. Riis). Moreover, the leader of the NDP, reaffirms his party's support of FIRA in "Trufax", a publication of the Better Business Bureau. There has been much criticism of FIRA, but that is basically because people are looking for a scapegoat, people who do not understand economic forces, foreign domination or just do not give a damn. We have backed away slightly from FIRA by loosening up the rules, but as a party we must never abandon the principles upon which FIRA was established. May I remind the House that these principles were adopted by an all-party committee of this House in 1970. How soon we forget. Why did a concept such as FIRA receive all-party support at one time? Well, between 1948 and 1968 approximately 87 per cent of Canada's foreign capital requirements came from the United States. This resulted in 57 per cent of our manufacturing and 60 per cent of our mining industries being foreign controlled. Approximately 80 per cent of that portion was controlled by U.S. companies. Specific industries where American control was particularly high were: motor vehicles and parts, 96 per cent; industrial electrical equipment, 90 per cent; small electrical appliances, 82 per cent; rubber products, 85 per cent; and synthetic textiles, 72 per cent. There has been some improvement in the intervening years but not a significant one.

C. W. Gonick wrote:

> Today, for example, between one-quarter and one-third of the goods produced in Canada are exported to the United States. These are mostly resource-based products—pulp and paper, nickel, iron ore, lead, zinc, and the like. Canadian jobs, profits, and prosperity in general are heavily dependent on the growth of

U.S. markets for these products. It is well known that Canada has never prospered in the face of a depression in the U.S. economy, has never been able to stabilize its prices in the face of American inflation, and has never been able to eliminate unemployment in the face of a downturn in the U.S. economy.

• (2020)

FIRA is a scapegoat because it is highly visible, but it is not in Canada's best interest to run scared at continued foreign domination of our economy this time. The opposition wants a made-in-Canada interest policy, a made-in-Canada job policy and a made-in-Canada trade policy. I suggest the opposition had better look to the decision process and call for decisions on Parliament Hill and not on Wall Street.

The government must act as a buffer in these hard times. I was a mayor one time. One cuts back on spending in bad times and spends in good times. I say that when good times come back we should start cutting back on our spending and pay some of our deficit. Now is not the time to cut back.

On the other hand, we cannot spend our way out of a recession. There must be some prudence. There must be some middle of the road. France found this out very forcefully. It tried to ignore inflation and economic principles, but it wound up with a 14 per cent inflation rate, and just recently it has had to devalue the franc and implement a four-month wage and price freeze. New Zealand has frozen prices, income and rents for the next 12 months. There is a time when reality must be faced and the reality now is that the pie is only so big and the pieces must fit the whole.

Mr. Siddon: Where were you two years ago?

Mr. Gustafson: Where were you ten years ago?

Mr. Irwin: Ten years ago I was out fighting Conservatives. Two years ago I was out fighting Conservatives, and today I am out fighting Conservatives.

Mr. Siddon: You are still wrong.

Mr. Irwin: If you want to go back 25 years ago, I was fighting Conservatives. They sit here today talking about the poor widows. You should have heard the Leader of the Opposition (Mr. Clark), Mr. Speaker, talking about suicides. You should have heard him talk about the widows. The Tories forget that it was this party that brought in welfare legislation for widows, for children, for the unemployed and for the immigrants. I remember that and I remind hon. members of that.

Mr. Domm: How much is the deficit?

Mr. Clarke: Now you are talking a different way.

Mr. Irwin: We have tried to accommodate the life insurance companies. They seem satisfied with the new legislation. We have tried to accommodate HUDAC. As a matter of fact, the president of HUDAC, Mr. Cyril Morgan, now feels that HUDAC was listened to as far as the implementation of some policies that have helped his sector, which is housing; are concerned. He feels that he was listened to when he brought criticism to this government in November. He has some praise for this budget.

We have tried to listen. We have tried to accommodate. Only time and the economy will tell if we are right.

Let me turn now to the national energy policy. In the oil and gas sector as a result of the national energy proposals there will be 50 per cent Canadian ownership by 1990. That is not straggering. I cannot think of a country in the world that has less than that. In Canada we seem to feel that the thing to do is to give away our resources as soon as we discover them. Because of public misperception of this goal usually fostered and inflamed by the Official Opposition, we have decided to slow down the process. The minister has indicated that we are ahead of our schedule and that therefore we can do that.

At the same time, as a reminder to members of this House of Commons, I refer to a recent article written by Mr. David Crane, in which he says that the ten most important foreign-controlled oil companies operating in Canada invested $2.5 billion by the end of 1970 and in the same period received dividends of $4 billion. They also hold 80 per cent of equity ownership in Canadian subsidiaries worth $40 billion, which is not bad for a $2.5 billion investment.

Mr. Deans: Which party was in power when that happened?

Mr. Irwin: These companies have expanded from this base into marketing lead holdings, uranium, manufacturing, copper, coal and the building industry.

Mr. Deans: You have been in government for most of the time, and that is why we are in such a mess.

Mr. Irwin: If the hon. member would just stay quiet for a few minutes, he will have a better understanding of resources.

Mr. Deans: I have a good understanding. I do understand, that is the trouble.

Mr. Irwin: The hon. member for York-Peel (Mr. Stevens) says "Drop PetroCan." I say, never.

Mr. Deans: You guys act like you just took over.

Mr. Irwin: Foreign investment in oil and gas has been welcomed by editorial writers and by people throughout Canada for almost four decades. Just check the editorials. For four decades everybody in this country welcomed foreign investment. We treated foreign companies well. They had a fair return, and they have no complaint about this country.

I return to what the hon. member for St. John's West (Mr. Crosbie) said, a one-time Liberal. That is the one good thing in his favour. He was a one-time Liberal.

Mr. Lewis: We will make you a one-time wonder.

Mr. Irwin: The hon. member for St. John's West was a one-time minister of finance and a one-time financial critic. What is he now? He is a leadership contender, a man in the lockup, I understand, who still thinks he is minister of finance.

Mr. Lewis: It would be nice to have one.

Mr. Irwin: I thought he is a man who has a certain amount of experience and that I could listen to him. I came to listen to him. But what did he do? He spent precious time in this House personally attacking the Minister of Finance of this party for almost 40 minutes without saying anything. The only flourish he had is that he ended by quoting from the poem "The Ancient Mariner". I say that the only bird in this House is a duck. It is a dead duck and it is sitting opposite.

Some hon. Members: Oh, oh!

Mr. Irwin: The Leader of the Official Opposition spoke today. This proves just how much I suffer because I came and listened. The Leader of the Opposition spoke again about using the provinces as scapegoats, that we are once again using them as scapegoats. Remember the argument used concerning the Charter of Rights? It was scapegoats. He has one argument and he goes with it. It does not matter whether we are talking dollars or rights. It is one argument. I suggest the Leader of the Opposition read the British North America Act, and perhaps the Constitution as well. He will find that the provinces do have significant powers. He will also find out that the provinces spend 75 per cent of the tax revenues in Canada. We spend only 25 per cent. When the Leader of the Opposition says that basically we are drawing them in, certainly we are drawing them in. It is their responsibility. It is everyone's responsibility to cure these economic hard times.

Today the Conservatives said, resign. Today the New Democratic Party said, resign.

Mr. Domm: We are unanimous.

Mr. Irwin: How would we govern? We could be governed by the party on my right, which would govern on wishful thinking. We could be governed by the party on my left, which would govern by platitudes. No, we will not resign. Our party has a tradition of hanging tough in hard times. Our party has a tradition of keeping this country together, a tradition of fine social legislation. Every good piece of legislation in this House was brought in by a Liberal government. Hon. members should not forget that. We have a tradition of scope.

Some hon. Members: Hear, hear!

Mr. Irwin: Our party is the party of Laurier, King, Pearson—

An hon. Member: And conscription.

Mr. Irwin: This Prime Minister (Mr. Trudeau) intends to lead—

Mr. Domm: Forever.

Mr. Irwin: —not like the party on my right that intends to go for a free ride to see what will happen, and not like the party on my left that shows up here every Monday afternoon asking, "What happened?"

Mr. Lewis: We have never seen a socialist quit yet.

Mr. Irwin: We accept these challenges, Mr. Speaker. We are not going to walk way from them. That is what the people expect of us. These are difficult times and this is a difficult budget. But if we pull together, chart our course, stick to our bearings and get on with other things we will reach our destination.

I will end the way I started with what St. Augustine said. He said this:

• (2030)

A nation is an association of reasonable beings united in a peaceful sharing of the things they cherish,—

I do not think he had the House of Commons in mind when he said that. He continued:

—therefore to determine the quality of a nation, you must consider what those things are.

Let us decide, let us share. After all the partisanship has passed, I know that it would have been the hope of each and every member of the House of Commons—and if it were not, he or she would not have run in the first place—that our country prosper once again. Let us get on with the job.

Some hon. Members: Hear, hear!

Mr. Doug Lewis (Simcoe North): Mr. Speaker, finally, after 7.5 months of drift, indecision, confusion and chaos, the Minister of Finance (Mr. MacEachen) has once again addressed himself to the nation's economy. Due to the crisis in confidence which the last budget created, Canadians knew that a new budget was necessary. Asking this same minister to bring in a budget is tantamount to asking the captain of the *Titanic* to chart another cruise through the icebergs.

Before commenting directly upon the budget, I wish to draw the attention of the House to the sorry economic record of the present Liberal government. Business bankruptcies have soared as a result of the Liberal high interest rate policy. In the first five months of 1982, 4,500 businesses closed their doors; that is a 55 per cent increase from 1980. Farm bankruptcies increased 111 per cent and unemployment has reached 10.2 per cent. Over 1.2 million Canadians are out of work. That calculation is based upon the number of Canadians who have recorded their willingness to work. Thousands more have given up because the Liberal government has destroyed their will even to register as being available for work. Inflation, which the Prime Minister (Mr. Trudeau) wrestled to the ground years ago, has come back. It is an every day occurrence at 11.8 per cent. In the United States, under an administration which the government loves to deride, inflation has been wrestled to 6.7 per cent. One of the main reasons for the huge gap is the cost of energy. The Liberal Party, which rode into power on the sole promise that it would not increase the price of gasoline 18 cents per gallon, now finds that the price of gasoline has risen 86 cents per gallon and federal taxes are 42 cents of that increase. Those were the things the constituents of Simcoe North told me they were concerned about during

the last three or four days. The nicest thing about coming to Ottawa from Simcoe North is returning after watching these monkeys day in and day out.

In December, 1981, the Minister of Finance projected a deficit of $10.5 billion. Seven months later he shocked Canadians and the world with a deficit of $19.6 billion. In any business a vice-president of finance who made a 100 per cent error in projections would be fired summarily, but he remains bland and confused as ever, smiling as he answers questions, while all around him Canadians are losing their jobs, homes, farms and businesses. This deficit will cause untold hardship for Canadians. Interest rates will be forced higher as the Government of Canada competes in capital markets for funds to finance the deficit and approximately $25 million worth of Canada Savings Bonds which mature this fall. The investors who supply those funds will not be impressed by a government which operates on such a high deficit and cannot forecast its financial situation with more accuracy. The high interest rate policy of the Liberal Party is killing Canadians. Home owners are giving up when they are faced with 20 per cent mortgage interest rates, farmers are quitting and going bankrupt for the same reason, small businesses are being forced to the wall.

The measures announced in the budget, with which I will deal later, will not deal with these problems. While thousands of Canadians are faced with foreclosures or are forced out of their homes by power sale proceedings, the Liberal government adopts the old diversionary tactic of offering grants to new home owners or to people buying new homes. While thousands of Canadians are going bankrupt, the Liberal government offers interest assistance to small businesses which will expand as long as they are in financial difficulty. The Liberal depression has caused Canadians to cut back on the purchases of appliances, furniture, cars and homes. As a result, those sectors of the economy are in a slump. In order to purchase those items, Canadians need more disposable income. It is therefore a strange time to increase taxes, but that is exactly what the Minister of Finance did in the budget.

As a result of the proposal by the Progressive Conservatives in 1972, personal income tax exemptions were adjusted annually to take into account inflation. This meant that Canadians would not find that inflation was pushing them into higher taxation brackets and higher taxes. It also prevented governments from benefiting from inflation and collecting more revenue. That is income tax exemption indexing.

In the past Liberals have threatened to abandon this principle of fairness. In fact, in November the Minister of Finance invoked the old hocus-pocus to claim that by maintaining indexing he had in fact reduced taxes for Canadians. No one was fooled then, and they are not fooled now. The 6 per cent limit on the indexing of personal income tax exemptions is a tax increase. It is about time the Minister of Finance admitted the truth. The honourable thing for him to do, if he felt in honesty that he needed a tax increase, would have been to maintain the indexing on exemptions and increase taxes, but once again the Minister of Finance abandoned the straightforward course and adopted the devious route known to all Liberals. It is no wonder the Liberal Party faces a crisis of confidence in the country.

The most unacceptable measure in the budget was the decision of the Liberal Party to fight inflation on the backs of the elderly. Up until the recent decision by the Liberal Minister of Finance, old age pensions kept up to inflation because they were indexed accordingly. The Liberals have abandoned that principle of fairness and equity. The Liberals have decreed that every Canadian receiving an old age pension will fall behind the rest of society. Our senior citizens who have given our country so much will be given a double whammy by the Liberals—once by the deindexing of old age pensions exemptions and once by the deindexing of personal exemptions for income tax purposes.

But days before increasing the taxes on senior citizens through the de-indexing of old age pensions and the de-indexing of personal exemptions, the Liberal government looked after its own. On June 17 the Liberals allowed pay increases of nearly 10 per cent for ministerial aides and the political staff of cabinet ministers. This is the government which piously preaches restraint, fairness, equity and untruth, and rushes through this increase for its private staff.

We have 1.2 million Canadians out of work. We have thousands more who have left the work force, utterly discouraged by the failures of the Liberal government. The measures in the budget to address this problem are another Liberal fraud. The Minister of Finance boasts of a $750 million expenditure. Most of that is represented by recycled previous programs. In fact, only $200 million is new funding. But with the misplaced pride of a minister who uses the term "I am announcing, I am announcing", three times within the space of 60 seconds, Canadians are advised that $300 million will be used—I want the House to focus on these words—to create permanent private sector jobs through levered investment incentives. Who in the world knows what that means? The same bureaucrats and the minister who destroyed incentives in the November budget are now going to give us levered investment incentives. That fancy wording comes from a finance minister who stood in the House on Monday night last and made this comment as reported at page 18882 of *Hansard*, and the same comment is in the printed budget papers—at first I thought it was a typographical error—where he said:

> Let me sum up by listing the items on both sides of the balance—

• (2040)

Every businessman in the country, and everyone who knows anything about balance sheets always says "balance sheet". However, here is the Minister of Finance and the bureaucrats who can just talk about balance. He does not even understand that it is a balance sheet which has two sides. This is the man who is leading us economically.

If the Liberal government desires to take tangible steps in the creation of employment for Canadians, it will get out of the job-creation business and out of the levered investment incentives and concentrate on funding training and retraining.

Mr. Kelly: We did.

Mr. Lewis: Sure you did. Two people came to my office in Midland a week ago seeking funding to enable them to take the registered nursing assistant course for 29 weeks commencing in September. They do not want those fancy words. They do not want these short-term projects. They want assistance while they retrain themselves. They do not want any levered investment incentives. They want legitimate assistance so they can obtain a job. They do not want the smoke and mirrors of the Minister of Finance and the Minister of Employment and Immigration (Mr. Axworthy).

At the same time that we are discussing jobs I would point out that I was shocked on the weekend to hear some civil servant telling me that a job means something that is created for two months. A job is employment that is created for at least one year.

While we are dealing with job creation, we witnessed a further fancy dance by the Minister of Finance when he dealt with unemployment insurance. You will recall how he said, "I am announcing." In the fine print of the budget an increase in unemployment insurance premiums was announced. There was no mention of that or no "I am announcing". The Minister of Finance and the Liberal Party proposes to implement a 52 per cent increase in unemployment insurance premiums for employees and 34 per cent for employers before the end of the year, but there was no announcement. I find that passing strange. Here we have a man who is so proud of announcements, yet he would not announce the increase in taxes. However, we elicited that information from him during question period.

Canada used to be a country in which there was plenty of adequate housing. This housing was available either by renting or by purchasing accommodation. The rents were reasonable and the apartments were available. Houses were being built and sold. We had a strong, viable industry which employed thousands of Canadians. Well, the Liberals have changed all that. The Liberal high interest policy is discouraging construction of apartments, and new home construction is almost nonexistent.

It is too expensive to buy and carry a home. A family income of $45,000 is required in order to maintain the average Canadian home listed in the Toronto Real Estate Board figures. As a result, housing starts have plummeted. After 1976 there were 273,000 housing starts in Canada. In 1981, after a lot of Liberal hard work, they got it down to 178,000. In 1982, with a lot more effort from the minister in charge of housing (Mr. Cosgrove) the Liberals are predicting 148,000 starts.

The housing industry is in the dire straits that the Prime Minister talks about. The unemployment rate in the construction industry is 19 per cent. How does the Liberal government address the problem? The same experts who brought in AHOP have come up with a new plan. It consists of grants for first time home owners and purchasers of new homes. It is predicted that it will help 8,000 people, not the 100,000 to whom the previous speaker referred.

The Progressive Conservative Party speaks for all home owners, not just the people who want to buy a home. There are tens of thousands of Canadians who have worked hard to own a home and are scared stiff that they will not be able to afford to keep it.

I was recently in a bank where a former client of mine approached me to ask if I was still practising law. He was dressed in mechanics overalls. He had his small son with him. I told him that I no longer practised law but that my partners would look after him. He said, "Mr. Lewis, I cannot meet my new mortgage payments. I will have to sell my home." Those are the Canadians whom we should be helping. They worked hard to buy homes without the benefit of grants. The Progressive Conservatives mortgage interest and realty tax credit plan would have meant $125 a month, $1,500 a year, to that family as a credit against today's horrendously high Liberal interest rates. It probably would have helped that family to keep their home.

Is it not interesting that the Liberals with a $20 billion deficit and a 42-cent tax increase on gasoline cannot afford to help the Canadian home owners? How they laughed at us when we suggested a $10 billion deficit and an 18-cent tax on gasoline! And yet we would have helped Canadian home owners.

Earlier today we saw one more attempt by the Minister of Housing to apologize for the dire straits that the housing industry is in. He went through program after program. Jobs, cheques and applications flowed from his mouth like a gentle rain from heaven as it has for the past few years. We have had the same nonsense from the same nonsensical minister for two years. While interest rates stayed unacceptably high, vacancy rates shrank and housing starts plummeted. If we were to listen to the Minister of Housing, every Canadian would have to move once a week just to move into all the new homes he has built. There would not be anyone working in anything else but the housing industry because he has employed so many Canadians. He has done all that while everything else has gone for a bath.

I would like to make a suggestion to the minister of housing. One Sunday I was at the opening of the Orillia Royal Canadian Legion building complex for senior citizens. I suggest to the minister of housing that, wherever possible when the government is dealing with social housing, that it be linked with the Royal Canadian Legion. I make that suggestion because that complex was planned and organized, as was the first phase, by Branch 34 of the Royal Canadian Legion under the chairmanship of my good friend, Ed Broomfield and his hard-working board of directors. Both phases were set up by the Legion and run by it with no problems and no civil servants. It all goes on smoothly. The Legions from all across Canada are run in a businesslike manner. They served Canada in the time of war and they have continued to serve Canada since the war. They perform a useful service to Canadians through social housing programs.

Mr. Fisher: Who paid for it? You would have ended that program.

Mr. Lewis: We are going to end you.

The federal government has dealt with small business in the budget. It is proposing to allocate $400 million in order to reduce interest costs by up to 4 per cent for two years on borrowing by small business to finance new investments and research and development. The criteria which were set forth in the budget papers are confusing. We really do not know whether or not a business must be going broke in order to receive assistance.

When will the Minister of Finance, the bureaucrats and the Liberal Party understand that a small business facing bankruptcy may not necessarily want to expand. Small businesses may not want to build a new building and fill it with machinery, equipment and staff in the hope that business will come in. That is how the Minister of Finance is running the country. We would all be bankrupt if we did that.

It is easy to become a small-business man under the Liberal government. You just buy a big one and wait. However, we will be saved because the Minister of Finance made a number of proposals in his budget in which he intended to refer these items to an ad hoc committee of prominent Canadians; individuals from the financial and accounting and economic community. I have no quarrel with the people who were named to the committee as I understand it at the present time. However, how could the Minister of Finance and the Liberal Party, with the very outspoken minister responsible for the status of women who claims to be doing such a great job, announce the membership of that committee without including one woman? Not one woman was named as a representative. There is no excuse for that error. The 52 per cent of our population that are women contain many highly qualified financial, accounting and economic experts. They should be represented on the committee. If the hon. member for Kingston and The Islands (Miss MacDonald)—

Mr. Kelly: Why?

Miss MacDonald: The hon. member for Scarborough Centre (Mr. Kelly) says why. He wants to know why.

Mr. Kelly: There is nothing automatic about it.

Mr. Deputy Speaker: The hon. member for Simcoe North (Mr. Lewis) has the floor.

Mr. Lewis: I suggest there are many competent women who can sit on that committee. Marie Josie Drouin, from Montreal, Gertrude Mulcahy, the director of research of the Canadian Institute of Chartered Accountants, and Dian Cohen, a noted economist whom the Grits did not want in the lockup because she will not support the party line. More than one prominent Canadian was missed but mentioned later.

• (2050)

Canadians were amused to learn that the Minister of Finance consulted ex-finance minister John Turner during the preparation of the budget. The question is who should be more annoyed that this fact has been made public, the present Minister of Finance or the ex-minister? There is no question that both the finance minister and the Prime Minister have heard the footsteps of John Turner up and down Bay Street and across the nation for several months. It is no wonder they wanted to have him included in this latest fiasco. Misery loves company.

I want to go on record with respect to the ex-finance minister. The Liberal government faces certain defeat in the next federal election as a result of its repeated failures since February, 1980. Nothing would made that defeat more convincing and more sure than to have the Liberal Party led by John Turner.

In Simcoe North John Turner is known as a Bay Street lawyer who quit. In the midst of the 1975 provincial election campaign, he resigned as finance minister of this Liberal government, and who wouldn't, to make a six-figure income on Bay Street. John Turner is no saviour of the Liberal Party or Canada.

This Minister of Finance has called for restraint. At the same time as they pound their chests and brag about increasing taxes on senior citizens, federal expenditures are rising; $62 billion for 1980-81, $75 billion for 1981-82 and $91 billion for 1982-83. That is restraint. They did not dare go beyond 1982-83.

At the same time as they restrain wages and salaries, they sit stupefied while Bell Canada applies to the CRTC for a 25 per cent increase in home telephone rates and a 35 per cent increase in business telephone rates. CN/CP say they will raise the minimum rate for a telegram by 20 per cent. That is how they operate. There is evidence to suggest that they do not know how to restrain prices within their federal jurisdiction. It was a last-minute addition to the budget. The regulatory agencies which are independent still have not heard from the Minister of Finance and the cabinet as to how they are going to restrain prices to the 6 per cent of the finance minister. There is no directive. What kind of operation is that?

The Liberal government has created a crisis in confidence. Canadians no longer believe that the Liberal Party and its bureaucrats have the ability or the desire to come to grips with the economic problems facing Canada. They have watched failure after failure and have seen promise after promise disintegrate in the same manner as the November budget.

How can Canadians have confidence in a government which predicted a $10 billion deficit in November and seven months later revised it to $20 billion? There have been 36 major and minor changes made on seven different occasions. Business, labour, farmers and fishermen, as well as home owners, have been driven to distraction by the indecision of this government.

In a recent discussion with the media in my riding it has been suggested that a coalition of the three political parties be formed. I personally reject that for several reasons. A coalition government is the same as a partnership or marriage. It must be based on trust. Who trusts the Liberal Party?

Our proposals for economic recovery are well known. The Liberals have none. The Progressive Conservative Party has

the trust of the Canadian people. We would be foolish to destroy our credibility through association with the Liberal Party. We have seen what it has done to the New Democratic Party.

Who wants to be associated with the Member of Parliament for York East (Mr. Collenette) who says, "Canadians have a cry-baby attitude, particularly in the Toronto area?" Who wants to be associated with the hon. member for Sudbury (Mr. Frith) who says, "People who expect the government to pull the country out of this mess are asking too much?" The Liberals like to pretend there are no alternatives to this disastrous course which is leading this country to economic ruin, but those alternatives do exist. I want to bring them to the attention of this House once again.

The Progressive Conservative mortgage interest and realty tax plan would have meant up to $1,500 for every Canadian family in 1982 as a reduction of mortgage interest and realty taxes. That plan would be implemented now if it had not been for the NDP.

The Small Business Development Bond criteria should be changed back to what they were when the Progressive Conservative Party introduced the concept in 1979. There should be once-in-a-lifetime interest relief to small business. The November 1981 budget should be withdrawn. The National Energy Program should be revamped. Government spending must be reduced to control the deficit and reduce interest rates.

In closing let me say that if the Liberal government does not want to follow a sensible plan of action, it should resign and make way for a government that will do something about Canada's economy, namely, the Progressive Conservative Party.

Mr. Herb Breau (Gloucester): Mr. Speaker, I am very happy to take part in this debate this evening. It is a very important debate on a budget that was brought forward last week by the Minister of Finance (Mr. MacEachen). It is a very responsible budget, a very realistic budget, a budget that attempts to deal seriously with the problems of this country and problems faced in the economy.

It is normal to hear the opposition continue to spread gloom and doom. It is normal to hear that from the Progressive Conservative Party. I mention this because it is important that those Canadians who listen to the debates in the House of Commons be reminded of how hypocritical these people are. They are the ultimate in hypocrisy. I just heard one of their members, the member for Simcoe North (Mr. Lewis) go on for about half an hour, talking about the problems of the country, the problems with the economy. Then he talked about the alternatives. I tried to jot down what the alternatives were.

• (2100)

Mr. Lewis: I will speak slower for you next time.

Mr. Breau: I would like to have people here this evening to share with me what his great program was. I noted, that he said he would do away with the direct job-creation programs. Never mind that there are hundreds of thousands of Canadians in poorer communities, in rural areas, where unemployment is high—

An hon. Member: Why?

Mr. Breau: —who benefit from these programs. The Tory party, if the member from Sincoe North had anything to say about it, and I am afraid he really would, would do away with these programs.

The second thing that he bragged about was the famous Tory program—that fortunately died in December, 1979—to institute the deductibility of mortgage interest and real property taxes. Mr. Speaker, that was an unjust program when they brought it forward, when they tried to put it into law, and it would be even more unjust today. That is so, first of all, because by permitting the deduction of interest for mortgages and real property taxes, whom would they help? They would help the people who have the higher mortgages. Therefore, that means the more expensive homes.

Mr. McDermid: Nonsense. That is not true at all.

Mr. Breau: That is really the position of the Tory party. Everyone knows that, as it happened in the United States, whenever there would be a mortgage interest deductibility program, people would mortgage their homes as high as they could.

Some hon. Members: Oh, oh!

Mr. Breau: They do not like to hear the truth over there, they do not like to hear the facts about their phony programs to help the Canadian people. As to real property taxes, they would permit the deductibility of real property taxes, the member for Simcoe North says. Now, look at the facts. Where are the real property taxes the highest in the country? They are the highest in the larger cities, that is where they are high. It is in Ottawa, Toronto, Vancouver. Has anyone in the Tory party asked his Atlantic members how high real property taxes are in Atlantic Canada? They are very low. What they would be doing Mr. Speaker, is to use the federal treasury to help the rich areas of the country.

Mr. McDermid Read the legislation.

Mr. Breau: I did read the legislation, very carefully. I spoke against it in 1979. I voted against it in 1979. I would still vote against it. If you want to come to my constituency to debate it, you are all welcome. Mr. Speaker, on their mortgage interest deductibility in real property taxes, the Canadian people will not be fooled by that. It is a program to help the rich, to use the federal treasury, which the poorer areas of the country need, to help the most expensive areas of the country where real property taxes are high and where you have the most expensive homes.

Some hon. Members: Oh, oh!

Mr. Breau: If a person has a million dollar home, he would be a fool not to go to the bank and get a mortgage for $200,000.

An hon. Member: $1,500.

Mr. Breau: He would get the interest deducted and reinvest his money somewhere else. That is the kind of policy that you get from the Tory party.

Mr. McDermid: You can do that now.

Mr. Breau: The member says we can do that now. Mr. Speaker, if they are doing it now, there is no incentive for them to do that now, there is no profit in their doing it now, because they cannot deduct the expense of mortgage interest, that the Tories would like them to do.

The Liberal approach, Mr. Speaker, is to use the federal treasury, to use the resources of the country, to help the people.

Mr. McDermid: Will the hon. member accept a question?

Mr. Breau: I will accept a question from the hon. member, later.

The Liberal approach, Mr. Speaker, is to use the resources of the federal treasury on a selective basis to help the sectors, the people and the regions of the country that need assistance the most.

Mr. Reid (St. Catharines): A 10 per cent pay raise.

Mr. Breau: The other day I was in the House and I listened very carefully to the speech of the member for York Peel (Mr. Stevens). I remember quite well when that member became President of the Treasury Board and what happened, what he tried to put forward. I remember the budget of 1979 of the Tories. I remember the months before the budget of 1979. The cancellation of the Canada Works program was one of the first things they did. The second thing they did was the cancellation of the Fishing Vessels Subsidy Program—stamped out. Social housing was going to go down the drain.

Mr. Kempling: Which budget are you talking about? That was two years ago.

Mr. Breau: That was two years ago, the member for Burlington (Mr. Kempling) says. Yes, it was two years ago. But the Canadian people have long memories. There are people in this House who are going to tell the Canadian people how hypocritical you can be. On the one hand, on the same day that the member for York-Peel was speaking—

Mr. Kempling: Let us go to the people now.

Mr. Breau: —the member for Kingston and the Islands (Miss MacDonald) was up, crying tears for people on fixed incomes.

Miss MacDonald: That is more than you would do.

Mr. Breau: She said, "You are going to reduce indexation." Yes, I would for sure. I do not question the hon. member's sincerity. There are a few Tories on the other side who really feel what it is that the Canadian people need, that the needy people need. The problem with the member for Kingston and the Islands and some others is obviously that they have no influence with their party. That is their problem.

Miss MacDonald: That is why you are not a minister.

Mr. Kempling: That is why you never made it to the cabinet.

Mr. Breau: The former President of the Treasury Board told us last Wednesday what the policy of the Tory party was. He said that this $19.6 billion deficit is a strangler, that it should be reduced, that it should be slashed. Why? Because, he said, the market did not like it, there are people obviously in Bay Street who do not like it. Where are you going to slash it, Mr. Speaker, so as to make any kind of difference? Suppose that you slashed it to zero or to $5 billion, or slashed it to $10 billion? If you slashed it to $10 billion, which programs are you going to cut out—so that the member for Kingston and The Islands will not cry for people on fixed incomes?

Miss MacDonald: I have not noticed anyone over there crying.

Mr. Breau: The fact of the matter is that this rhetoric about high deficit, about their caring about people, is a lot of hypocrisy. When they get the reins of power they will try. The first thing they will try to do is reduce the influence of the government.

This budget is a budget that provides leadership in the economy, a budget that says that where the federal government has an influence, and direct power to act immediately in the area of wages, it will act. It will limit increases in wages to the public service to 6 per cent in the first year and to 5 per cent in the second year.

• (2110)

[*Translation*]

Mr. Speaker, for many people who are receiving social benefits, such as family allowances, old age security, public service pensions and so forth, indexing will be limited, as is the case for personal exemptions under the income tax system, to 6 per cent and then to 5 per cent for the second year. The government is proposing this measure, Mr. Speaker, because it is absolutely necessary to convince Canadians and the country's social and economic agents that it can be done, and that the government truly wants to bring inflation down to 6 per cent, and in order to do so, all Canadians are being asked to make a collective sacrifice.

The Liberal Party's philosophy consists in protecting our country's and our society's resources in order to help those who are most in need of government assistance. Since family allowances have been limited to an increase of 6 per cent, child

tax credits will be increased by $50 as of 1982, to compensate for the resulting loss of income to low-income Canadians. This means they would suffer no loss of income as a result of the indexing ceiling on family allowances. Similarly, since old age security pensions will also be subject to a ceiling of 6 per cent, people receiving the guaranteed income supplement and therefore having no other income, will benefit from full indexation, because, although all Canadians are being asked to make sacrifices, the Liberal Party does not want the burden to fall heaviest on low-income groups. That is why people receiving the supplement will benefit from full indexation of both the supplement and the basic old age security pension.

Therefore, when the Progressive Conservative and NDP members are speading stories in the House, in the media and among the public that the government is penalizing pensioners and those whose only income is the supplement and the old age security pension, what they are saying is absolutely false, Mr. Speaker.

An hon. Member: Irresponsible!

Mr. Breau: People who receive the supplement—and I say this again because it is very important—senior citizens who are retired and whose only income is the supplement, should understand that their supplement and their basic old age security pension will not be affected. They will benefit from full indexation on January 1st and every three months, as before. Mr. Speaker, the budget contains other measures that are very important. Interest rates are high and have been for about two years. It started in 1979, then there was a slight drop in 1980. Afterwards, rates rose and dropped again in 1981, but they are rising again now. We have high interest rates because the American government has opted for a policy whose objective is to bring back all those American dollars that were financing world business. It is a fact that the American dollar has been financing a large part of the industrialized world for some time. The Americans have decided to bring back those dollars. In addition, in the U.S. budget for 1983 which has been brought before Congress, the deficit, with the approval of Congress, will be over $100 billion. Those are the two major causes of high interest rates in North America today.

Obviously, since Canada is experiencing the same inflationary pressures as the United States, there is the same incentive to keep interest rates high, because when inflation is running at 10 per cent, for instance, it is understandable that people want a higher rate of return than that on their savings, because if they agreed to a lower rate, they would be losing on their investment. The Canadian government cannot resolve this problem alone. And if we decide not to follow the monetary policy being applied by the Americans, the cost to Canada will be very high.

And the cost would be a drop in the value of our dollar even beyond that experienced during the past month. Consequently, since the government was aware that interest rates would remain high, partly because of unacceptably high levels of inflation in Canada and partly because of the monetary and fiscal situation in North America, it opted for bringing in permanent, structural changes to help the groups that are suffering the most from these high interest rates. These groups include first of all, owners of heavily mortgaged homes, a second group includes small businesses and also farmers and fishermen, in other words, people who are productive and are self-employed. The government is proposing to provide direct, tax-free cash grants of $3,000 to all first-time purchasers of new or existing homes. Small businesses wishing to expand or to purchase depreciable property will benefit from an immediate 4 per cent reduction in the rate of interest payable to the bank, which will be in the form of a cheque, a cash payment from the federal government, until this permanent policy, this structural change in the interest rate which I mentioned earlier, has become a part of our system.

The Minister of Finance has proposed a new plan for stimulating investment in residential and commercial construction, which will protect the investor from the effects of inflation. However, since the Minister of Finance wishes to ensure that the concept or philosophy behind his proposal and also the mechanism and the legal means for implementing it are accepted and understood and in order to benefit from the experience of people in the private sector, he has formed a committee of experts that is to report to him by September 30, with a view to setting up a program which, in the long term, will reduce interest rates for residential construction, small businesses, farmers and fishermen from 3 to 6 percentage points.

[*English*]

The proposal of the Minister of Finance to have a system of term deposits which will be insulated from inflation has not yet been understood by the public. The opposition, of course, is not interested in making sure the public really appreciates this because hon. members opposite realize how appealing and popular it will be.

While the system will be complex in its application, it is a scheme to create a new indexed term certificate which would pay the investors tax-free interest on that part of the interest which only reflects inflation. Funds accumulated in this way would be directed to purchasers of new homes and to small businesses, farmers and fishermen investing in new plant and equipment.

There will also be a new registered shareholder investment plan whereby the investor puts his money into a fund which buys publicly-traded common shares in Canadian companies. The important aspect of this is that the capital gains on the shares would be taxable at half rate as before, but only to the extent they exceed the inflation rate.

Because the Minister of Finance wants to have the knowledge and the wisdom of people in the investment community, and also because he wants this very appealing and innovative

approach to be well applied to make sure that the mechanics—if I can use that technocratic word—of the system will be smooth, he has instituted a committee of experts which will report to him by September 30. Today he said that he wants this report as early as possible, but September 30 is the latest date, so that he can attempt to implement these measures in this calendar year. These are measures that the government is taking to help Canadians immediately.

• (2120)

Earlier I said that the Conservatives say on the one hand that the deficit is too high and on the other they propose new spending initiatives every day. When we propose to limit the indexation of some very expensive social programs—all instituted by a Liberal government—some members opposite try to play both sides of the fence while those who have power in that party—whenever they take power—say that there should be a tighter fiscal framework, that the deficit should be reduced, and that borrowing should be reduced because the stock market does not like the government to borrow too much. These members tried to play both sides of the fence. They know that ordinary Canadians need assistance from the government. They know that some regions of the country need attention from the federal government. When that party was in power in 1979, we saw how they tried to slash programs that were essential in some regions of the country.

At this point I should like to deal with an aspect of the economy and public policy which bothers me, Mr. Speaker. I am disturbed when I hear some members of the public and of the Conservative Party talk about the negative effects of the Foreign Investment Review Agency. They say that investment in Canada has decreased because of FIRA; that we should do away with FIRA or that FIRA is a bad thing. It may be a good thing or a bad thing, Mr. Speaker, I will let history decide that, but I know on which side of the issue I stand.

Let us look at the facts of the situation. When it is said that because of FIRA there is no new investment in Canada, attention should be paid to how much new capital was coming into the country before FIRA was established. When the doors were wide open, there were no screening mechanisms that would make sure that Canadians had a chance to bid on the procurement of foreign-owned companies that had their head offices elsewhere. How much new capital was coming into the country at that time? In 1970 only 8 per cent of total business fixed investment was new foreign capital in the country; in 1971 only 7.6 per cent and in 1972, 4.7 per cent. There was no FIRA at that time.

What happened was that foreign owned companies, particularly American companies—because they had a larger market in the United States, because they were larger organizations, because they were modelled on the branch plant economy—would come to Canada, take over a Canadian company and make it into another branch plant. In most cases they were coming to Canada and borrowing money from Canadian banks in order to take over Canadian companies or to start new ones. In 1970 there was 8 per cent new direct investment; in 1971, 7.6 per cent; in 1972, 4.7 per cent; in 1973 5.1 per cent and in 1974 4.2 per cent. The idea that, if FIRA were disbanded, all of a sudden there would be new investment coming to Canada, is not true. Instead, American companies, in particular, would continue to come to Canada, buy companies with money borrowed from our banks, probably because they could convince the banks in those days that they had better management expertise or probably because of the volume of business they had in the United States.

One of the things that FIRA does is assure that, with a new corporation or with a take-over, Canadians will have a chance to bid on the procurement of the company. Formerly a lot of American concerns in particular, would come to Canada and not even give Canadians a chance to bid on Canadian companies. Surely we cannot accept that.

When people talk about the horrors of FIRA I wish they would look at the facts and see how much new investment was coming to Canada as a percentage of Canadian business investment in those days. The figure was not impressive. Foreigners were using their management expertise to convince our banks that they were better than Canadians so that they could borrow Canadian savings from Canadian banks.

[*Translation*]

Mr. Speaker, in concluding, I wish to emphasize that the government is determined to move this country from the world of 12 per cent inflation to the world of 6 per cent. To achieve this, we shall all have to make sacrifices. The federal government is acting immediately in an area over which it has direct jurisdiction, namely, the federal public service including federal members, senators and ministers, whose salaries will be increased by only 6 per cent instead of 11 per cent, and by 5 per cent the second year. In the federal public service the same rules will apply. The government also expects the private sector, which since August, September or October, when inflationary pressures started to be felt in Canada, has been telling the government to show some leadership, to show that it is capable of reducing inflation. I hope that these ladies and gentlemen will understand the government's message and realize that the government means what it says. I hope the private sector will follow the government's lead and reduce wage increases to more sensible levels. Of course I expect the New Democratic Party and the unions to protest loudly that it is unfair to set a 6 per cent ceiling on salary increases in the federal public service.

We should, perhaps, remember that the vast majority of federal employees, I would say 90 per cent, have complete job security. Whether the economy is in good shape or bad, these people keep their jobs. It is a different story for people working in the private sector. There, people are laid off—I agree that in some cases, it is for a very short period, but in many cases, these are permanent lay-offs, Mr. Speaker. The New Democratic Party will always say it is unfair. Of course, but whom does the New Democratic Party represent? It represents the big unions. It wants people in the public service and in the

private sector who have strong unions to go on having extravagant wage increases of 10, 11, 12 and 13 per cent, and others working in the private sector who are losing their jobs and have to live on unemployment insurance for part of the year, to be satisfied with no increase at all, in some cases. And that is what is happening in the real world today. So, Mr. Speaker, when the New Democratic Party talks about social and economic justice, we must not forget the people it represents. In Ontario for instance, it supports the United Auto Workers, a union that is claiming that despite the fact that there have been wage reductions or ceilings on wage increases in the automotive industry in the United States, in Canada they are not prepared to make such concessions. These people will continue to negotiate for 10, 12, 13, 14 or 15 per cent. Who is going to pay the shot, Mr. Speaker? People working elsewhere in the private sector, who, in some cases, are not unionized and have to live on unemployment benefits for part of the year. They will have to work to pay the wages of people who have jobs—I do not begrudge them that—just because they have big unions and work in safe industries. In fact, they work 35 or 37 hours a week and would scream at working 40 hours, while other Canadians have to pay for their wage increases. So, Mr. Speaker, the federal government must lead the way in this respect, and that is what the government has proposed to do in last week's budget. That is why this budget deserves the support of Canadians and of the House.

• (2130)

[*English*]

Mr. McDermid: Mr. Speaker, the hon. member said he would entertain a question at the end of his speech, and he is nodding his head affirmatively.

I know he is an honourable gentleman and would not want to mislead the House. He talked about borrowing money on your mortgage and increasing it to $200,000 to get the deductibility under our plan, and then investing it somewhere else. Well, you can do that now and write off the interest up to whatever the amount of the investment is. The Minister of Finance (Mr. MacEachen) has changed that to $10,000 of interest, and it comes into effect on January 1, 1983. Does he not admit that that already can happen, that people can borrow on their mortgages, invest the proceeds and write off all the interest?

Mr. Breau: Mr. Speaker, the hon. member obviously did not understand my argument. I did not mislead the House nor did I intend to. The record will show that what I said was if you have a mortgage interest and real property taxes deductibility scheme in the system, that would be an incentive to home owners, particularly the richest ones with the most expensive homes in the most expensive areas of the country, to go out and borrow money and deduct that from their ordinary income and invest it elsewhere.

Mr. McDermid: They can do that now.

Mr. Breau: You cannot do that now unless you are doing it for investment purposes only, Mr. Speaker, and you cannot do it on your ordinary mortgage. The Conservative scheme would permit the deductibility of real property taxes and mortgage interest and would be an incentive for people to use that money, not for investment but maybe to go on a trip around the world or perhaps buy some property in Florida. So, Mr. Speaker, the Conservative scheme was designed to help rich people in rich areas of the country.

The Acting Speaker (Mr. Blaker): Does the hon. member for Kamloops-Shuswap (Mr. Riis) rise on a point of order?

Mr. Riis: Mr. Speaker, without intending to cut into my hon. friend's time, would the previous speaker entertain a very short question?

Mr. Breau: Yes.

Mr. Riis: The hon. member during his speech indicated the equity and fairness in the government's guidelines for public service wage settlements. Was my understanding correct that he said he considered it to be fair that a person making $15,000 a year was going to have his or her increase limited to 6 per cent, and similarly the people making $60,000 a year and up were also going to be limited to a 6 per cent increase? Is that what he was referring to as being fair and equitable?

Mr. Breau: Mr. Speaker, I did not use only the figures that the hon. member did, but I said that the system the government had designed was a fair one because in order to start being selective about what increase you would give at what level, as we did with the Anti-Inflation Board—which the hon. member's party opposed in any event—but for this kind of system which applies to the federal public service only and is not intended to be a comprehensive wage and price control program, where there is no Anti-Inflation Board to look at every contract that is negotiated, I say that this is a fair system. I would rather that all government programs and all government initiatives be applied more equitably. Equity is a good and laudable objective, but this kind of program was designed to be administered very simply. It is simply an extension of contract at a given time, and in order to be selective, as the hon. member says, in order to achieve more fairness, it would have meant a bureaucracy such as we had with the Anti-Inflation Board, which would be undesirable.

Mr. Jack Murta (Lisgar): Mr. Speaker, surely what we are debating here this evening, as we have been since the budget and as we will be for the next few days, is more than a question of a budget per se. Rather, it is the whole question of a crisis of confidence that the Canadian people have in this government. It is this total lack of confidence which Canadians feel because the government cannot do anything toward achieving a reasonable solution to the problem of interest rates, or the falling dollar. I have never seen anything in my constituency which has unsettled Canadians as much as seeing and hearing daily about the state of our dollar. While not everyone understands the reason for it, it certainly has had a tremendously destabilizing effect on the confidence of Canadians in our institutions. It was a restoration of confidence, Mr. Speaker, as

much as anything else, that most Canadians, along with us on this side of the House, were looking for and hoping for last Monday night. Obviously that has not occurred. Canadians just do not think this Liberal government is managing the economy the way it should. Economists do not think so and most writers of newspaper editorials do not think so.

It is this crisis of confidence, Mr. Speaker, that we should be addressing this evening in our debate because it has the greatest potential to do damage to this country. If Canadians generally start to lose faith in their government, they really have no other place to turn to, and this is what is happening at the present time. We see this crisis of confidence and the fact that it was not addressed in any way in the budget, and we also see little things starting to seep out of the government, the cabinet and the bureaucracy which heighten this crisis. Small things in terms of dollars, but large things in terms of the destabilizing effect they have on the public's view of their politicians. As has been noted before, things like the 10 per cent increase given to political assistants of cabinet ministers shortly before the cabinet brought down its budget limiting pay increases to 6 per cent and 5 per cent. This is the kind of thing which has a damaging effect on the fabric of this country, and it is the kind of thing which people are going to remember for a long time. They feel the government has been hypocritical and is maintaining a double standard. That has had as damaging an effect on ordinary Canadians as anything I can think of.

Certainly, Mr. Speaker, other countries are in trouble. But if you look at the figures, Canada is suffering more than most, and certainly more than it should. We have a fantastically tremendous potential, and it is literally going down the drain because there is absolutely no economic direction from the present government.

• (2140)

We have a great potential and we are not using it in any way, shape or form in the way we should. Personally I think, and more people are thinking this way, that the government has set Canadians up for wage and price controls this fall. In my opinion, there is absolutely no doubt that this is what we will have. The scenario is there. The government has indicated to the public sector, a sector that it can control if it wants to, that it is imposing limits on the public service. The fact that labour unions do not appear to go along with the government will give the government leverage to return in the fall and bring in wage and price controls.

I think literally we will have the worst of all possible worlds if the scenario I have painted takes place. We are beginning very slowly to see the American economy starting to come out of its prolonged recession. Housing starts last month were up just a little, but they were up. Automobile sales were up just a little, but they too were up. There is some indication that items such as copper, which is used extensively, in cars and homes, is starting to increase in price in terms of building its own base-price mechanism on the commodity exchanges. But I fear that we will find ourselves—because the government has no idea where it is going and has no economic direction—in a situation this fall that while the American economy starts to move up and move out of the recessionary period, we on the other hand will find ourselves locked into wage and price controls that will be totally unacceptable.

Traditionally this country has been approximately six to nine months behind the American economy. It is the structure of the economy and the proximity we have in terms of the amount of trade we have with the United States, and they with us, that has put us in that general category. At the present time, we are about 18 months to two years behind the United States with regard to an economic upturn. I am worried that as the American economy comes out of its recession late this fall Canada will go into a wage and price control situation and that when we finally come out of this wage and price control period we will be in such a poor competitive position because the economies of central Canada will literally be in a shambles. The only thing we will have to export in any great amount will be our agricultural products, specifically and primarily grain from western Canada. That is a very bleak scenario. However, I am almost assured that it will take place. I think it will be disastrous for the country. It will be the wrong direction for us to go, but nevertheless it will be something that all Canadians will have to learn to live with in the future.

What are we looking at presently? What are we looking at in terms of the economy? What are we looking at in terms of a fiscal overview? We have heard lots of charges and counter charges in the debate on the budget over the last few days. Revenue projections for this year have fallen from the November forecast, and these are the government's own projections, of $65 billion to $58.6 billion. The expenditure projections have increased from $75.5 billion to $78.1 billion. As a consequence, the projected deficit has jumped from $10.5 billion to $19.6 billion, or just about $20 billion. Those figures have risen in the space of just seven months. These are the projections which the government made at that time.

The projected financial requirements have jumped from $6.6 billion to an astounding $17.1 billion. The worrisome part is that this $19.6 billion deficit is only an estimate. It is based on the fact that the third and fourth quarter figures, which usually fall, will pick up. I do not think this will happen. I would like to see it happen, but there is absolutely no indication that it will. That is why I believe the concept or the scenario of wage and price controls will, unfortunately, become a self-fulfilling prophecy. The deficit will probably be in the neighbourhood of $25.1 billion rather than the $19.6 billion that we have been told will be the case according to the present budget.

Over the past number of months we have seen the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. MacEachen) castigating the United States for the size of its deficit, the handling of its economy and the fact that most of what is happening to us is the fault of the United States. If, however, you take into consideration the size of the projected U.S. deficit of approximately $100 billion and you also take into consideration that the United States economy is about ten

times larger than the Canadian economy, and if you project that on top of what we have as a deficit of about $20 billion, and if the Prime Minister, the Minister of Finance and Liberal cabinet ministers were running the U.S. economy, they would be looking at a deficit of $200 billion plus.

Mr. Regan: Mr. Speaker, would the hon. member permit a question?

Mr. Murta: Yes, Mr. Speaker, I will at the end of my remarks.

Because the United States economy is some ten times larger than our economy we would be looking on a per capita basis at a budget deficit of $200 billion if we were operating the American economy. This deficit will have one immediate dramatic effect. It will drive up interest rates. It is another question in terms of a crisis in confidence. Canadians saw interest rates reach all-time highs this past winter. We have seen interest rates drop. They did not drop as much as we had hoped they would but they have eased somewhat. In my opinion, we are about to see interest rates move up again because of the borrowing that will have to take place. This borrowing will have to take place not only because of the Canadian deficit but also because of the U.S. deficit. The demand for money in the marketplace is fuelled basically by governments going to borrow. This borrowing will have a tremendous effect in terms of pushing up interest rates at a time when most Canadians are keeping their fingers crossed hoping that interest rates will ease and drop. We have truly a very bleak picture for our economy. Admittedly, it is bleak for other countries, but in comparison it is probably worse for Canada than for any other country in the world. That is evidenced by the kind of confidence that outside investors have had in this country, for instance, the way the market has discounted the dollar against other currencies and a number of other things that have happened.

We are in for a very long, dark and dismal economic situation at the present time. The budget projections for the economy—and these are the minister's own projections for this fiscal year—indicated in November, a few months ago, that in 1982 the real growth in the economy would be approximately 2.2 per cent and that employment would grow approximately 1.6 per cent. We were told that the unemployment rate would be about 7.8 per cent and that inflation would rise to 11.7 per cent. In less than seven months the Minister of Finance returned and told us that we would have a drop in the real GNP of about 2 per cent, almost exactly what he forecast, the worst record of any OECD country, and that the unemployment rate would be 10 per cent. He also indicated that despite the oil glut and lower than expected food prices, inflation would remain at approximately 11 per cent. In the November budget, inflation in the United States was projected at 8.7 per cent, and it ran at 7.2 per cent in the first five months and at 6.7 per cent in May, compared with 11.8 per cent in Canada. This is one of the main reasons we are seeing our dollar drop, and it will be another reason for seeing interest rate increases. We are not in the same league with most other major producing and exporting countries of the world.

• (2150)

The projected negative growth rate in the economy of minus 2 per cent is the worst since 1946, so no wonder Canadians do not have confidence in the government, in the Prime Minister, and in the Minister of Finance who really do not know the direction in which they are heading.

If one looks at the over-all budget, there are winners and losers as there are in any budget. I suppose the winners, if one wants to call them that, would be low-income couples with children and single parents who would have been receiving the refundable energy tax credit for two years. They will benefit from the $50 increase per child in the child tax credit, but this will be partially offset by the indexing of family allowances and income tax brackets. With somewhere between $12,000 and $15,000 of earned income, even these people end up being net losers.

Another winner would be small businesses which are able to finance scientific research and the purchase of depreciable property. They would benefit from the rebate of up to 4 per cent on interest rates, but basically it is a partial restoration of the Small Business Development Bond that was gutted by the Minister of Finance in his November budget.

Farmers on the verge of bankruptcy can also obtain loans and partial interest rate rebates to help them survive, but most of this money comes from funds which would have gone to farmers in positions to expand production. Even with the small business development bond concept, we will not find at this time many takers.

If one expands one's business, to whom will one sell it? Canadians do not have the confidence right now to purchase appliances, cars or homes. If they have money or any surplus in their disposable income, most of it will go into savings because they are not sure and are concerned about where we are going.

Basically that ends the short list of beneficiaries in this budget. The losers include virtually every taxpayer—all married taxpayers without children and all married taxpayers with children earning more than $12,000 per year. These people will pay more as a result of the partial deindexation of the income tax system. This will mean $1.7 billion in additional personal income taxes to the federal and provincial governments in the remainder of 1982-83 and in 1983-84. That takes in a lot of Canadians, virtually all Canadians.

Another loser will be old age pensioners who are ineligible to receive the guaranteed income supplement. As an example, single people with total incomes above $8,500 per year and married couples with total incomes above $14,300 per year will receive $80 less per person or $160 per couple in 1983-84 because of the 6 per cent cap on indexing in 1983 and the 5 per cent cap in 1984.

They may also have to pay more income tax because of the partial deindexing of the income tax system. Meanwhile

upper-income earners, people who earn more than $30,000 per year, continue to enjoy the full benefits of reductions in marginal tax rates in the November 12, 1981, budget. All high-income earners and employers will also likely be hit with a substantial increase in unemployment insurance premium rates. Low-wage federal public sector employees will also be losers. They will be subjected to the same restraints as those in the upper income ranges who will retain the benefits of the November reductions in marginal tax breaks.

Who else will lose? One group is the native people because the spending of government in this regard will be reduced by some $80 million over the next two years. This is spending by government on economic development for native people. It will mean higher social costs in years ahead to meet the needs of this group, perhaps the most economically disadvantaged in the country. While it appears we are saving $40 million a year on one hand, the cost could very well be much greater than that in the next two years.

The huge increase in borrowing requirements will translate into further downward pressure on the dollar and further upward pressure on interest rates. This will mean higher prices and delayed recovery, hurting both consumers and the unemployed. Virtually everyone in the country loses because of the budget. The people who could be considered winners are not really winners because they do not have the confidence they should have in the Minister of Finance, in the Prime Minister and in cabinet.

To sum up, the budget contains no measures to provide job creation or to stimulate lagging consumer demands. There are absolutely no projections in terms of unemployment or what we are to expect in coming months. There are no projections in terms of wages. The budget provides no projections in terms of investment. There are absolutely no economic indicators for 1983 to give Canadians, money markets, stock markets and investors some indication as to where we are going.

The budget is also sadly lacking in that it does not instil confidence in Canadians. Until that takes place we will find ourselves wandering aimlessly as a country, a country which at one time was viewed as one of the centrepins of economic stability with a good standard of living, a country which in the last few months and years has come under a cloud of suspicion as more and more people ask whether Canadians know what they are trying to do, whether they know the economic direction in which they are going, or whether the government really cares. That is the saddest part about the budget. It indicates to all Canadians that the government really does not care.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): The Chair will recognize the hon. member for Trinity (Miss Nicholson), but I also note that it is ten o'clock. Possibly the intent of the hon. member is to ensure that she will be recognized the following day. Whatever may be the case, it is ten o'clock and I will wait to hear from the hon. member for Trinity.

Miss Nicholson: Mr. Speaker, I would be pleased to call it ten o'clock and to continue tomorrow.

* * *

• (2200)

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Blaker): I have the honour to inform the House that a message has been received from the Senate informing the House that the Senate has passed Bill C-115, an act to establish a national program for occupational training, without amendment.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

AIRPORTS—COSTS OF DORVAL. (B) POSITION OF AIRLINES

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, on May 28, at page 17869 of *Hansard*, I asked the Minister of Transport (Mr. Pepin) a number of questions relating to the rumours that were then circulating about a transfer of domestic air traffic from Dorval to Mirabel. This question had already been broached in the House by my colleague for Central Nova (Mr. MacKay) as well as other members who also raised this very matter.

The matter of concern on both sides of the House was a proposal to shift from a self-operating and self-supporting airport which was actually making money—Dorval—to one which is limping and had been limping along for a number of years. The obvious intent was to spread the blessings somewhat—perhaps not blessings—which may be making them both run into the red, being one of the problems.

There is not enough time to go into the history of Mirabel this evening. I think perhaps you know about it as well as I do, Mr. Speaker, so I will not go into the history. However, some of the related matters are of considerable interest.

One of the questions I put to the minister on that occasion was whether any of the domestic airlines had literally asked to be moved from Dorval to Mirabel. The answer to the question was no, there were none. Not one domestic airline had asked for the privilege of moving from a well operated airport which had all the communications with the rest of Canada very well organized. Not one operating firm asked to be moved to the other airport.

At about that time there was an article in the *Gazette* following a press conference given by the Minister of Transport. I believe he was in Montreal at a ceremony connected with the port of Montreal at that time.

The press had asked him a few questions about Mirabel. He then outlined that there seemed to him to be only two alternatives. One was to transfer all Dorval flights to Mirabel except for flights within Quebec and flights to Toronto; presumably to and from, but I am not sure about that. The newspapers only say "to". I wonder if it is clear to everyone what this would mean. It would mean that all internal flights in the province of Quebec would go to Dorval and that flights to and from Toronto would go to Dorval. All other flights headed for Montreal and area would land at Mirabel. I do not know whether you have had any experience with Mirabel in landing from overseas flights, for example. I certainly have.

We were delayed on departure from the other side of the ocean and I suspected, because of the forecast arrival time, that when we arrived there would not be any transportation. We were to arrive at approximately 11.30 or twelve o'clock at night. I sent a note to the captain of the aircraft and asked if he would be kind enough when he was in voice contact with Mirabel to arrange for a bus to be waiting to take those of us who were bound for Ottawa from Mirabel back to Ottawa. This was a chartered flight. Happily I did that. When we arrived at Mirabel, there was not a single transport vehicle in sight; not a taxi, not a bus. The parking lot was empty as well. We could not even have stolen an automobile on that occasion. The bus was waiting. The bus driver was not too sure how to get to Ottawa, except by going to Montreal and then on to Ottawa. He could have cut across country, but he was not familiar with that route, and maybe he did not want to cut across country at that time of night. There were eight, ten or twelve of us on that flight who wanted to come to Ottawa. That was two years ago. To this day I do not know how the people got to Montreal. They may still be trying to get to Montreal by their thumbs.

• (2205)

I see, Mr. Speaker, you are signalling that there is a time problem. I can appreciate that.

I made a suggestion as to how to avoid involving the Canadian people in expenses of that sort. The minister strikes me as being very much like Mr. Micawber, the eternal optimist who thinks that something is bound to show up. In his press conference he said it might be possible the resulting increases from Mirabel would bury the issue. He was hoping that the decision could be delayed, primarily because the government was waiting for an upturn in the economy. This is where the "Mr. Micawber" aspect of the minister comes in. The minister might even conform to the G. K. Chesterton definition of Mr. Micawber when he said:

—the preposterous and sublime victory of the human spirit over circumstances.

He felt that perhaps the human spirit was great enough, perhaps a little bit like the Minister of Finance (Mr. MacEachen). It is catching because they sit across the aisle from one another. He feels that circumstances will improve matters and it will then be feasible to move the traffic from Dorval to Mirabel.

I would draw your attention, Mr. Speaker, to the fact that Mirabel stands as the forty-seventh airport in Canada as far as traffic is concerned, while Dorval is in the neighbourhood of fifteenth. It has maintained that position over the last three or four years. By comparison, Vancouver is second or third, and Victoria is twelfth or fourteenth. Victoria still does not have radar.

I suggested to the minister that rather than transferring the traffic and incurring another debt, he might use the funds he was planning to use for the transfer to instal radar at Victoria international airport. The thirteenth or fourteenth airport in Canada could then enjoy the benefits of that facility.

The Acting Speaker (Mr. Blaker): Despite the fact that we have gone well beyond the hon. member's allotted time, I think it is incumbent upon the Chair to suggest that there may be a conflict for the Chair in regard to this subject matter. My interest in the remarks of the hon. member for Esquimalt-Saanich (Mr. Munro) should perhaps be explained in that way.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): I guess, Mr. Speaker, that explains why you allowed the hon. member to go a full ten minutes instead of the normal seven.

The Acting Speaker (Mr. Blaker): Order. The hon. member is not correct. If he will notice the time, the hon. member for Esquimalt-Saanich began at 10.01 and completed his remarks at 10.08.

Mr. Flis: Mr. Speaker, I accept the correction. The point the minister made in his answer to the hon. member's question is quite clear. It is very difficult to calculate the economic costs of the proposed transfer of flights from Dorval to Mirabel. Nonetheless the minister committed himself to making public the cost benefit study done by his department when he announces the cabinet's decision on the future of Montreal airport. As the hon. member knows, the minister has now submitted his views to his cabinet colleagues and he expects a decision to be made in the next few weeks.

• (2210)

As to the possibility of installing radar at Victoria airport, using funds not spent at Mirabel, two points should be made here to the hon. member. The first is that radar is already scheduled for installation at Victoria.

Mr. Munro (Esquimalt-Saanich): When?

Mr. Flis: As the hon. member is aware, from correspondence with the minister, and I hope he reads his correspondence, Victoria is specifically identified in the department's plans for radar modernization. Until radar is installed, Victoria is adequately covered from Vancouver, and through a dedicated advisory service at Victoria.

The second point I would like to strees is that it is wrong to assume that a pot of money will suddenly become available if the government decides not to transfer flights from Dorval to Mirabel. On the contrary, should the decision be taken to make the transfer, one of the major considerations will be where to find the necessary funds. There is an almost unlimited demand on the limited funds available for airport improvement across the country.

The opposition deplores the great deficit, but, when it comes to a local project of interest in an individual member's riding, there is always great enthusiasm for more spending. The hon. member might recall the expenditure at Victoria airport last year on an instrument landing system amounting to a total of $1,644,600. That was spent right in his own riding, Mr. Speaker. Let us not hear specifically from that member, deploring the great deficit while at the same time wanting millions and billions for his riding.

THE ECONOMY—FOREIGN EXCHANGE CONTROLS—GOVERNMENT POSITION—REQUEST THAT SPECIAL COMMITTEE EXAMINE ESTIMATES

Mr. John Gamble (York North): Mr. Speaker, on June 21 I had an opportunity to put two questions to the Minister of Transport (Mr. Pepin), Acting Prime Minister in the absence of the Minister of Finance (Mr. MacEachen) and the Prime Minister (Mr. Trudeau). One question was with respect to any potential intention of the Government of Canada to impose foreign exchange controls. Another question related to an examination of the estimates by a special committee of the House.

In response to the first question, which I thought had some significance, the minister suggested that I discuss the matter in the debate which was to follow that day. The fact of the matter is that the question was raised because of an unsatisfactory response by the Prime Minister to a similarly worded question by the hon. member for the Yukon (Mr. Nielsen) a week earlier.

Since the date of that initial question and the unsatisfactory response, Mr. Speaker, the Canadian dollar has been consistently bombarded and reduced substantially in level of value vis-à-vis the American dollar, to the extent that it dropped below where it was earlier today. That decline has not been substantially remedied. I would have thought that any Prime Minister, or Minister of the Crown acting as Prime Minister for the day, would have relished the opportunity to dispel any concept that this country had become a banana republic, imposing foreign exchange controls where its own financial control had gone completely awry. That opportunity was not taken, much to my dismay and, I am convinced, to the dismay of many Canadians who might have feared that their opportunity to convert Canadian dollars into other currencies would come to an end very shortly.

In any event, since that time the minister has introduced his budget. Once again, fortunately, there was no provision for foreign exchange controls therein. If we wish to protect the value of the dollar, surely it is incumbent upon government to indicate in a very clear and unequivocal fashion to the general public that it has not sunk to the level of those states which have lost control of their financial affairs.

• (2215)

The second question I asked was a legitimate question, designed to take from this House and submit to a committee of the House the opportunity to examine the estimates. You and I know, Mr. Speaker, that there are members on the government side, just as there are members on this side, who are personally aware of waste and extravagance in government expenditures with which they would very much like to deal in an effective manner. They cannot deal with them in an effective manner in this House; they could have in a committee. Not only are there specific illustrations of waste but there are also circumstances in which, with prudence, expenditures of government may in fact be cut. I would have hoped that process might have got underway.

A multitude of substantial expenditures were approved in the budget of November, 1981, and again confirmed in the most recent budget, which, in my view, are the last vestiges of the days of wine and roses of this government. To spend $1.724 billion on foreign aid, and in the current budget to proclaim that these expenditures should increase by some $36 million—that appears at page 16 of the budget papers filed by the Minister of Finance—is reprehensible, having regard to the fact that those same budget papers make provision for the reduction in old age security payments of $5 million this year and $100 million to our senior citizens next year.

Because of this country's economic circumstances the time has come for the government to recognize that its primary obligation is to the people of Canada. If there are in fact excess funds available, those funds should be allocated to Canadians. We can no longer enjoy the luxury of spending our money in a foolish and reprehensible fashion. The Canadian public is aware of the circumstances which face them daily when they lose their businesses, their homes and their farms. If funds are available, and the government makes up its mind as to what funds are available, I think the funds should be used within Canada.

A closer examination of a variety of projects might be undertaken, but we are denied that opportunity because the government is fearful that if it refers such matters to a standing committee of the House for examination, the committee would produce a report which would be meaningful and result in the reduction of expenditures.

If the government really intends that people should lower their expectations, I submit it is the obligation of the government to do the same. It should not increase taxes; it should not increase expenditures; it should lower its own expectations. The public learns better from example than from exhortation, and that example has not been provided.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, it is a great pleasure for me once again to be able to say that the

government has no intention of bringing in foreign exchange controls. We do not intend to adopt that kind of magical solution in any of our economic approaches to Canada's current difficulties. In fact, in our budget we have stressed that we want to take a disciplined, long-term approach to Canada's inflation problems.

If we look at page 3 of the budget papers, we discover what has been happening to currencies all over the world between 1979 and June 24, 1982. In that period the Canadian dollar declined against the American dollar by 7.8 per cent, but other currencies declined against the American dollar as well. Let me give some examples.

The British pound declined 9.6 per cent; German money declined 9.5 per cent; the Japanese yen declined 13.9 per cent; the franc declined 16.7 per cent; and the Swiss franc declined 15 per cent. Currencies all over the world have declined in value against the American dollar. In fact, Canada's currency declined the least during that period.

Why is this decline going on at all? First, it is happening because Americans have come to grips with their domestic inflation, and there is less erosion of money inside their country. Capital from all over the world is attracted by that characteristic. Second, the United States has continued a policy of very high interest rates, and that acts as a second magnet. We ask Canadians to realize that exchange controls and other magical answers will not respond to that. We need the long-term discipline underlined in the budget to battle inflation and to bring down our own interest rates.

• (2220)

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATION COMMISSION—RATE INCREASES GRANTED TO BRITISH COLUMBIA TELEPHONE COMPANY. (B) EFFECT OF COMPANY LAY-OFFS ON UNEMPLOYMENT INSURANCE FUND

Miss Pauline Jewett (New Westminster-Coquitlam): Mr. Speaker, I want to raise the question of B.C. Tel and its flaunting of both the unemployment insurance program and the CRTC. On June 30 I requested that the government, through the Minister of Communications (Mr. Fox), instruct the CRTC to withdraw a substantial portion of the rate increases granted to B.C. Tel over the past two years. I asked this because B.C. Tel is planning to lay off over 2,000 employees throughout B.C. for up to six months. This will allow its services to customers to deteriorate even more seriously than they have already.

The CRTC has always made as a condition of rate increases the improvement of service to customers. I must criticize the CRTC repeatedly. For example, not very long ago I pointed out to the CRTC that it was taking this company over 30 days to meet the demand for new installations. But the service has not improved, Mr. Speaker, and now it will worsen even further as a result of the lay-offs.

B.C. Tel flaunts the CRTC and makes a mockery of it. It knows that the 2,000 employees are essential if it is to fulfil the charge that the CRTC has made upon it. It has admitted this, but as long as it can get rate increases, why should it worry? It flaunts the CRTC's instructions to improve service and it has been doing so for years. I call upon the government, through the Minister of Communications, to roll back the rate increases to B.C. Tel and I hope to hear that this is exactly what the government is going to do.

The B.C. Tel profit picture bears examination. At the very moment it announces this mammoth lay-off, it declares a dividend to its shareholders of approximately $13 million. Its total dividend payout for 1982 will be about $23.8 million, yet it claims that due to "economic conditions" it must lay off workers and deprive consumers of service.

It is odd that in the July 26 issue of *The Financial Post* Jack Shriner is quoted as saying, at the Pemberton Securities seminar, that only four B.C. companies are in good health and one of these is B.C. Tel. Yet a rate increase of 15 per cent has just been granted to B.C. Tel and service will become even worse as it short-changes consumers and lays off workers to the tune of a saving in wages of approximately $30 million.

My second question in this regard was directed to the Minister of Employment and Immigration (Mr. Axworthy), who should be concerned about the whole caper since it is an assault on the UIC as well as on the CRTC.

The other day in the House the minister said that both employers and employees contribute to UIC, so the federal government has no responsibility if it is being abused. What absolute nonsense. The government is always very concerned if an individual abuses the UIC. It is always checking individuals to see if they are abusing the UIC. But a private company can lay off 2,000 or more workers for up to six months and the government says it has no concern. Apparently this is not regarded as an abuse of UIC. The government's only concern is with abuses by individuals, not possible abuses by private companies.

Apparently in the minister's mind, what is good for B.C. Tel is good for Canada. I think it is time the minister woke up to the possibility that by the unnecessary lay-off of workers, private industry is not only depriving consumers of services but is actually abusing the unemployment insurance program.

I hope to have answers to these two questions tonight. Why have rate increases granted by the CRTC over the past two years not been substantially reduced, since B.C. Tel is constantly flouting the CRTC, and why has the Minister of Employment and Immigration not been concerned about the possible abuse caused by this deliberate and unnecessary lay-off of employees at B.C. Tel?

• (2225)

There is a third question I have not yet raised and did not raise in the House. Perhaps the parliamentary secretary cannot reply to it tonight, but in case he has looked into the matter perhaps he could also tell the House whether or not in his view the Canada Labour Code has been circumvented with this minimal six-week notice of lay-off which B.C. Tel gave its employees. Is six weeks the correct length of time or should it not, under the Canada Labour Code, have been substantially longer than that?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): Mr. Speaker, the question posed by the hon. member raises two issues: the relationship between the level of service quality and rate increases approved by the CRTC; second, B.C. Tel's recent announcement regarding the lay-off of some 2,200 employees.

As you may know, service quality has been a central issue in the last several rate case-proceedings. Since the CRTC took over the job of regulating the telephone companies, it has spent considerable time and effort to develop suitable service level objectives for all of the carriers it regulates. The commission has been very persistent in encouraging B.C. Tel to improve its performance where necessary to meet these new objectives.

In its decision 81-3 in January, 1981, the commission stated that the approved rates were "predicated upon the expectation that adequate service quality will be available to subscribers while those rates were in effect and that the minimum acceptable level of service quality will have been achieved by the fourth quarter of 1981."

In its next rate decision, 82-5, issued in May, 1982, the CRTC again addressed the issue of service quality. The commission noted that while certain service standards had improved, others had not been met. In considering what action to take regarding rate increases, the commission noted that the company suffered a considerable work stoppage as a result of a strike by the TWU and that this may have delayed some expected improvements. However, since the company has not attained the required level of service quality, the commission granted lower rate increases than would otherwise have been the case.

Miss Jewett: Fifteen per cent.

Mr. Masters: It is clear, then, that the commission in its very recent decision has already held down rate increases as an incentive to improve levels of service quality. I believe that this action by the CRTC is just and reasonable both to the company and its subscribers, and provides the appropriate incentive to company management to work toward raising service quality to levels set by the commission.

With respect to the issue of the proposed lay-offs by B.C. Tel, I must say it is indeed unfortunate that this situation has developed. Certain business sectors, particularly in B.C., are heavily dependent on the U.S. market, and the downturn in these sectors has now severely affected B.C. Telephone as its revenues have suffered a sharp and continuing decline, particularly in the long distance and local service areas. Growth generally has been very slow, but in May the total number of telephones actually declined. Fewer long distance calls were made in May, 1982, than in May of the previous year. This is the first time this has happened since the end of World War II. My understanding is that there is less work for B.C. Tel employees to perform and there are significantly less revenues coming in.

Miss Jewett: That is not true.

Mr. Masters: Company management has explored a number of alternatives in an effort to deal with this situation and maintain the financial stability of the company. As a result, a work-sharing proposal was put forward to all employees, both management and union. The proposal, involving a reduction in the work day, was accepted by management employees but rejected by the TWU. It is now an issue between the company and the union and I sincerely hope it will be resolved to the mutual benefit of all involved.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock in the afternoon.

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

HOUSE OF COMMONS

Tuesday, July 6, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

VACANCY IN REPRESENTATION FOR TIMISKAMING—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, the riding of Timiskaming in northern Ontario has been without representation in the House of Commons for six months since the tragic accidental death of Bruce Lonsdale. Therefore I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the Prime Minister set a date immediately and call a bye-election so the people of Timiskaming can have a Member of Parliament to represent them.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

BILINGUALISM

SENDING OF PUBLIC OFFICIALS TO FRANCE FOR LANGUAGE TRAINING—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, recently the hon. member for York East (Mr. Collenette) was quoted as saying that Canadians, particularly in the Toronto area, have a cry-baby attitude with regard to the recession and recent budgets. What the hon. member and his colleagues fail to understand is that, if Canadians are crying, they are shedding tears of rage and frustration caused, for example, by such actions as sending the likes of Ed Clark of the Department of Energy, Mines and Resources to Paris on a year's sabbatical, and Ms. Janet Smith of the Privy Council Office to the south of France for four months to study French, both at the expense of the taxpayer, at a time when the government is cutting the incomes of old age pensioners. Therefore I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the government start listening to what Canadians are really saying and cut wasteful and extravagant spending such as that mentioned in the examples above.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FITNESS AND AMATEUR SPORT

CONGRATULATIONS TO PARTICIPANTS IN ONTARIO GAMES FOR THE PHYSICALLY DISABLED—MOTION UNDER S.O. 43

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I rise under the provisions of Standing Order 43. This week world class athletes will be competing in Sarnia. The Ontario Games for the Physically Disabled will commence July 8. I move, seconded by the hon. member for Don Valley East (Mr. Smith) and, I am sure, by the hon. member for Brandon-Souris (Mr. Dinsdale) and the hon. member for Hamilton Mountain (Mr. Deans):

That Madam Speaker be directed by this House to forward congratulations to all participating athletes and organizers of this splendid event.

Some hon. Members: Hear, hear!

Madam Speaker: The House may want to applaud the motion, but I cannot put it to the House.

* * *

PETRO-CANADA

LOAN GUARANTEE TO DOME PETROLEUM—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I too rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas Dome Petroleum has massive debts, which are reported to be up to $7.7 billion, and seems to be selling off assets even in Canada, including ships—one of them from Davie Shipbuilding in Quebec—and whereas it has been suggested that a large Calgary law firm has prepared a bankruptcy proposal for presentation to the federal government, which has probably already been presented, and whereas the federal government has just guaranteed a $100 million loan through Petro-Canada for Dome Petroleum, I move, seconded by the hon. member for Beaches (Mr. Young):

S.O. 43

That this House instructs the government to make public any bankruptcy or bail-out proposals put to it by Dome Petroleum and reminds the government that it is not the objective of Petro-Canada—at least that the Canadian people can see—to guarantee loans to private companies and, finally, that if there is to be a bail-out provision for Dome Petroleum, the Canadian people, through Petro-Canada, get equity in the company.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

DOMINION DAY

CELEBRATION EXPENSES—CHEQUE RETURNED BY VILLAGE OF BELLE PLAINE, SASK.—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, on Thursday, July 1, Dominion Day, residents of the village of Belle Plaine, in the constituency of Moose Jaw, handed me a $1,250 Government of Canada cheque which they had received to celebrate Dominion Day and asked me to deliver the cheque and a letter to the Prime Minister (Mr. Trudeau), which I intend to do later this afternoon, asking for the government's resignation. In view of the serious concern expressed by the citizens of Belle Plaine with respect to the budgetary deficit of almost $20 billion, and the failure of this government to exercise fiscal restraint, I move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That the government immediately cancel all give-away programs, work toward a balanced budget and build up a feeling of optimism and confidence in our country so it will not be necessary to bribe citizens to celebrate Canada's birthday in future years.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

CALL FOR REDUCTION IN TAXATION—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise under the provisions of Standing Order 43. As a result of the Devine PC government recently elected in Saskatchewan, the consumers of Saskatchewan now enjoy the cheapest gasoline prices in Canada. I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the Minister of Finance take a positive lead from the Saskatchewan government and begin to reduce non-productive taxation of the consumers of Canada which, in turn, would stimulate the sagging economy of this country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

VETERANS AFFAIRS

TRIBUTE TO AIRMEN WOUNDED BY BURNS IN WORLD WAR II—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, 170 Canadians were among the over 700 Allied airmen who suffered severe burns during World War II and who did thereafter volunteer their assistance and co-operation on a continuing basis to the study of burn treatment methods and techniques. Forty of those 170 Canadians are to be honoured today and tomorrow in Calgary at a special reunion of that Canadian Wing of what is now called the Guinea Pig Club. I therefore move, seconded by the hon. member for London-Middlesex (Mr. Bloomfield):

That this House join in the tribute honouring those 40 veteran airmen and commend them for their unselfish dedication in the interest of their country and medical science.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE PRESS

PUBLICATION OF NEWS OF GOOD TIDINGS—MOTION UNDER S.O. 43

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, I move the following motion under the provisions of Standing Order 43, seconded by the hon. member for Scarborough West (Mr. Weatherhead):

That the attention of the print media in Canada be directed to the confidence building measures taken by a Canadian magazine called "Today" in publishing 115 best things about Canada judged by world standards, about which Canadians can boast. Such positive factual information is long overdue in order to balance the indifferent reporting so commonly practised.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

PUBLIC SERVICE

HIRING OF TEMPORARY EMPLOYEES BY REVENUE CANADA—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Madam Speaker, I should like to move a motion under the provisions of Standing Order 43. Recently the Minister of Labour circulated employers across Canada urging them to eliminate overtime for their employees in order to share all the available work and so reduce unemployment. At the same time as the Minister of Labour was making this appeal, Revenue Canada was hiring temporary employees who were told that they would only be employed for 18 weeks even if they had to work overtime to finish their work. The only possible purpose for such a directive was to prevent these employees from qualifying for the unemployment insurance benefits they would be entitled to if they had worked for 20 weeks. I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That the Minister of National Revenue be instructed to direct his department to rescind that very unfair decision which is so detrimental to the rights of the employees hired to process income tax returns.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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GRAIN

UNITED STATES PROPOSAL TO LOWER EXPORT PRICES—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. There is a threat of a grain price war if the United States government goes ahead with its export credit buy-down program that would subsidize commercial credit rates by up to four percentage points. This move would have, as its ultimate effect, the lowering of grain prices for all grain exporting countries. I therefore move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That Canada communicate its concerns at once to the United States Department of Agriculture and that Canada, in conjunction with other grain exporting countries, impress upon the U.S. administration that a lowering of grain prices will not necessarily sell more grain but will only sell grain at lower prices, causing hardships for producers in all exporting countries.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

THE ROYAL FAMILY

COMMISSIONING OF GIFT TO CELEBRATE BIRTH OF PRINCE WILLIAM—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, according to a recent media report, as Canada's official gift to Britain on the birth of the Royal baby, Prince William, the Government of Canada commissioned a distinctly Canadian gift, a sculpture of an Indian woman noted for her devotion to motherhood. However, for unknown reasons, this gift was commissioned not from a Canadian artist but one from Trenton, New Jersey, in the United States. Therefore I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the government make sure that preference is given to Canadian talent and Canadian expertise when such decisions are made in the future.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRANSPORT

URBAN TRANSPORTATION ASSISTANCE PROGRAM—MOTION UNDER S.O. 43

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, I rise under the provisions of Standing Order 43. Forty-seven per cent of Canada's total petroleum consumption is in the transportation sector, and 20 per cent of Canada's total petroleum consumption occurs within urban boundaries. Reasonable and significant reduction in petroleum consumption can be achieved through proper urban public transit. The Urban Transportation Assistance Program terminates next year, and if discontinued will seriously affect the ability of provinces and municipalities to provide suitable mobility for their citizens, as well as failing to take advantage of the possible decreases in need for imported oil. I therefore move, seconded by the hon. member for Peace River (Mr. Cooper):

That the Minister of Transport and the Minister of Energy, Mines and Resources ensure that the Urban Transportation Assistance Program be continued and strengthened to benefit Canadians who live in urban areas, to benefit the Canadian economy, and to benefit energy self-sufficiency.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

EXCHANGE VALUE OF DOLLAR

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the loss of $2.3 billion in Canada's foreign exchange reserves last month, almost equivalent to our total reserves, demonstrates the total failure of the high interest rate policy of the government in defending the Canadian dollar. Since Canadians cannot afford to lose another $2.3 billion, and we certainly cannot afford the high interest rates which are killing many of our industries, has the Minister of Finance any new proposals for the House to head off the impending fiscal and monetary crisis?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, of course the hon. member again has used false terms in describing this situation when he talked about the loss of currency. That, of course, is an error; it is wrong, a mistake, misleading, and totally false. I have pointed out more than once that when U.S. dollars are spent from our reserves, Canadian dollars are acquired. These dollars become part of our cash balances and are used to finance the requirements of the government. To call them a loss is an error that the hon. member ought to get out of his head.

Mr. Wilson: I suppose the minister is going to tell us that the $2.3 billion spent to support the Canadian dollar was not spent, that it stayed there all on its own, and that the high interest rates which have been kept much higher than they should have been by the minister's policies were not high at all—they were just low, low, low, in comparison to the United States. He knows interest rates in this country are two or three percentage points higher as a result of his policies.

INTERNATIONAL MONETARY FUND

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, since there is some speculation in the markets today to the effect that the government is going to call in the IMF to bail it out, would the minister state whether or not any approaches have been made to the IMF and whether or not this is an option the minister is holding as an ace in the hole?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Absolutely not, Madam Speaker. That allegation is as inaccurate as the hon. member's first question. There is absolutely no intention and there has been absolutely no contemplation of any such action. We have substantial holdings of foreign exchange at the present time in the amount of almost $3 billion. We have access to $7.5 billion U.S. in the form of standby credits. In addition to that we have gold reserves in our foreign exchange holdings with a market value of almost $7 billion U.S. So why go to the IMF, I wonder.

Mr. Wilson: Because it would be the ultimate cop-out on the part of this government, because it does not have policies to deal with the situation.

QUERY RESPECTING POSSIBLE INTRODUCTION OF ALL-EMBRACING CONTROL PROGRAM

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, clearly the budget has been a flop, a disaster, and has done nothing to restore the confidence needed in the marketplace to get the economy turned around. Is the minister considering the possibility, as the President of the Treasury Board and some government backbenchers have indicated, of a full-blown control program for wages, prices, profits and foreign exchange, sometime in the fall when the budget he brought forward has proven to be the disaster that it is?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member was wrong on his first question, he was wrong on his second question, and he is wrong on the third.

Some hon. Members: Hear, hear!

• (1420)

RAILWAY FREIGHT RATES—APPLICATION OF GOVERNMENT GUIDELINE

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is for the Minister of Finance. In the minister's budget speech last Monday night he said that price increases for services provided under federal jurisdiction would be restricted to the 6 per cent and 5 per cent two-year guideline. Since transportation was specifically mentioned, can the minister tell the House whether railway freight rates will be restrained to that 6 per cent and 5 per cent level, since there is a clear perception in the minds of the public that that is what the minister intended?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, what I intended to say was that the government expected the regulatory agencies, in establishing rates in the various fields mentioned, including transportation and communications, would observe the 6 per cent and 5 per cent rule unless justification existed for a contrary course of action. That is the policy, and it will be implemented in various ways by the government.

ROLE OF CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

Hon. Don Mazankowski (Vegreville): Madam Speaker, I am sure the minister knows that the CTC does not regulate freight rates. They are merely filed and published. Is the minister intending to bring in legislation to effect the 6 per cent and 5 per cent guideline?

Furthermore, since public communication was specifically mentioned, can the minister tell the House whether he intends to instruct the CRTC to limit the latest CN-CP Telecommunications application, which is calling for increases at the level of 25 per cent to 30 per cent? Is the minister going to ask the CRTC to restrict those increases to the 6 per cent and 5 per cent guideline level?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, we have already indicated to the regulatory agencies, including the CRTC, that we wanted the 6 per cent and 5 per cent guidelines to be observed. As I mentioned yesterday, in the normal course these boards will examine applications and make their findings. If in their conclusions they exceed the 6 per cent or the 5 per cent rate, then it will be up to the government to determine whether any such abridgement of the rules is justified. If it is not justified, it will be overturned where the law permits the government to do so.

Mr. Mazankowski: Madam Speaker, we would be very interested to know how this will be implemented inasmuch as many of the regulatory agencies do not have that residual power in legislative form to dictate what the rates will be.

REACTION OF PROVINCES TO GUIDELINE

Hon. Don Mazankowski (Vegreville): Madam Speaker, I would like to address another supplementary question to the Minister of Finance. Inasmuch as the minister is calling upon the provinces to invoke similar action with services which are provided under provincial jurisdiction, what sort of response did the minister receive from the provinces in the recent meeting held last week as a result of his budget? Are the provinces going to comply with the minister's suggestion that the 6 per cent and 5 per cent guideline should be followed in those services which are provided under provincial and/or federal jurisdiction?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I regret that I cannot throw light on that question because I was not present at the meeting between the Prime Minister and the premiers of the provinces.

INSTRUCTIONS TO REGULATORY AGENCIES

Hon. Edward Broadbent (Oshawa): Madam Speaker, I want to follow up on the questions which the minister has been dealing with concerning the important matter of prices. Could the minister tell us whether the cabinet has sent quite specific guidelines to all the federal regulatory agencies to ensure that prices will be kept, in terms of increases, within the 6 per cent limit? More specifically, can the people of Canada rest assured that Bell Canada's rates will not go up more than 6 per cent; that CN's and CP's train tickets and Air Canada's plane tickets will not go up more than 6 per cent, and that that institution endeared by every Canadian, the Bank of Canada, will be forced to hold its increases within the prescribed rates laid down by the government?

• (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the general policy was established in the budget speech. The hon. member has asked whether a direct instruction or a direct message has been sent to the regulatory agencies. That is in the process of being done at the present time, with specific indications as to the expectations of the government. I believe the hon. member would agree that where Parliament has provided for due process in establishing prices, that due process ought to be observed in such a case as Bell Canada, for example.

Mr. Broadbent: The government did not wait to see if the men and women who work as public servants in the country would voluntarily negotiate contracts within the 6 per cent limit the government deemed desirable, and it brought in legislation to control those increases.

QUERY RESPECTING INTRODUCTION OF LEGISLATION GOVERNING PRIVATE SECTOR

Hon. Edward Broadbent (Oshawa): Madam Speaker, since we have seen the bill—it has been tabled already—which sets a ceiling on wage and salary increases in the public sector, when can we expect a bill to be introduced which will set the same kind of precise, enforceable ceiling for price increases within federal areas of responsibility?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member spoke about volunteerism, or that the government did not wait for workers to accept voluntarily wage improvements of 6 per cent and 5 per cent, and of course that would be the preferred approach. We will be meeting with representatives of organized labour later this week, and if there is any indication that there would be a voluntary acceptance of 6 per cent and 5 per cent, then of course that would be another matter and a very much preferred option for the government.

REQUEST THAT LEGISLATION BE INTRODUCED TO CURB PRICE INCREASES

Hon. Edward Broadbent (Oshawa): Madam Speaker, I hope the minister will at least deal with the question this time. We are talking about prices now. No one in the House is under any illusion about what the government intends to do in terms of controlling the incomes of ordinary Canadians, but we would like some fairness when it comes to prices. Will the minister assure the House that the government will bring in a bill which will ensure that price increases within federal jurisdictional authority will be held within the 6 per cent limit?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe our approach

is to use every possible lever at our disposal to ensure that a 6 per cent and 5 per cent regime will operate in the Canadian government and its agencies with respect to the costs that were mentioned in the budget. It is not intended to introduce legislation to achieve that, because there are considerable ways in which that can be developed within the current system.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF PARLIAMENTARY DELEGATION FROM JAMAICA

Madam Speaker: May I draw the attention of the House to the distinguished presence in our gallery of a delegation of parliamentarians from Jamaica which is led by Mr. Granville Williams, Parliamentary Secretary, Minister of Labour, Public Service.

Some hon. Members: Hear, hear!

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[*Translation*]

THE BUDGET

ALLEGED ABSENCE OF ADEQUATE MEASURES TO CURB PRICE INCREASES

Hon. Roch La Salle (Joliette): Madam Speaker, I also have some questions for the Minister of Finance, since the answers he gave just now were far from clear. If I remember correctly—perhaps the minister will agree that I am right, unlike my colleague whom the minister accused of being wrong three times just now—the November budget was based on the principles of equity and justice. How can the minister invoke these principles today, when he is putting a ceiling of 6 per cent on wage increases for federal employees and is unable to give us the assurance that the same ceiling will apply to price increases, particularly those made by fedeeral agencies? In the circumstances, could the minister inform the House whether he still believes in or supports the principles of equity and justice with respect to people who are being penalized because of a lack of sufficient measures to control price increases?

● (1430)

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker, I take it for granted that the hon. member also subscribes to the principles of equity and justice. I do. Yesterday his leader stated that the proposals which we made with respect to wage restraints, in his view, were a step in the right direction. I wonder if the hon. member shares the view of his leader on that point. I did not hear his leader suggest that we bring in an over-all system of price controls, which seemed to the implication in the hon. member's question.

[*Translation*]

REQUEST THAT GOVERNMENT TAKE JUSTIFIABLE SALARY INCREASES INTO ACCOUNT

Hon. Roch La Salle (Joliette): Madam Speaker, I have a supplementary.

This is not the first time the minister has failed to answer a question. He knows perfectly well that Canadians are very worried about the possibility of price increases. Yesterday the minister, in referring to federal agencies and Crown corporations, said that in cases where there was sufficient justification, the matter would go before the regulatory body, which would determine whether or not there would be an increase. If inflation does not go down to 6 per cent next year, could the minister inform the House whether he is willing to justify, before the regulatory body, wage increases that are now subject to restraint and have been reduced by the budget? Is the minister prepared to reconsider wage increases on the same terms as a price increase that would seem to be justified?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is our conviction that if we get the co-operation of all the partners in the economy it will be possible to bring down price increases to 6 per cent. That is a possibility that can be achieved if we do receive the co-operation that is required. Then, of course, the impact of all these changes that have been mentioned, including the wage restraint, will be minimized as we get ourselves into a 6 per cent world of recovery, rather than remain as we are now in a 12 per cent world of stagnation and recession.

Mr. Broadbent: You have really got that phrase down pat.

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FISHERIES

NATIVE FOOD FISHERY PROSECUTIONS IN BRITISH COLUMBIA

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans. It concerns the western fishery. On May 10 the Standing Committee on Indian Affairs and Northern Development held hearings in Vancouver, British Columbia. During the testimony we heard from native people that over the last several years the department has had 66 court cases involving the native food fishery and lost 64 out of those 66 cases. Would this not indicate to the minister that there is something dreadfully wrong with his native food fishery policy in British Columbia?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I do not accept the hon. member's arithmetic without checking it very carefully. There is no doubt that these are cases which are very difficult to prove, and in some cases witnesses have been subject to intimidation. However, my feeling is that the Fisheries Act is there to conserve the species and the fishery and also to allow the native food fishery to be

pursued properly and legally by those who want to respect the conditions under which the permits are given.

Mr. Greenaway: I am sure that the figures will check out. I do not think that the fact that 64 out of 66 cases have been lost says much about the lawyers in the Department of Fisheries and Oceans.

BAN ON SALMON SPORTS FISHING IN UPPER FRASER AND THOMPSON RIVERS

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my supplementary question concerns the freshwater salmon anglers in British Columbia. The minister will know that for the last three years there has been a total ban on salmon fishing in the Upper Fraser River watershed and the Thompson River. Yet, Saltwater fishermen are allowed a bag limit of 30 salmon per year. Why can the minister not allow freshwater anglers—there are only a few of them—to catch a small percentage of salmon, instead of having the whole load of conservation dumped on them? Why can he not take some of the bag limit away from the saltwater fishermen and give some to those who angle in fresh water?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, the problem of allocation between those who use the resource is one which we recognize always has immense difficulty. However, the matter which the hon. member raises is one where the fish have moved beyond the commercial and native food fishery barriers and are practically on the spawning grounds. Of course, when this occurs the requirement of escapement and spawning must be the priority.

We have consistently tried to respect the needs of all groups. There are some cases where this presents a difficulty, and the hon. member has underlined one of them.

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PUBLIC WORKS

CONSTRUCTION OF MONTREAL AREA POSTAL DEPOT

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Minister of Public Works. I want to thank him for the letter I received about a half hour ago in which he acknowledged that indeed problems had occurred in the Montreal area postal depot but they were in the process of becoming resolved.

Will the minister go a step further and give the House some specifics? Could he inform us whether the cost increase of $210 million for the construction of the postal plant, which is the difference between the $61 million estimated at the time of project approval and the $271 million paid out by March, 1979, was due entirely to inflation, or were there other causes?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, without notice of those specifics which I asked the hon. member for in the letter to him, I have no way of commenting on the accuracy of them this afternoon. But if the hon. member, a minister in the former government which was nine months in office in this country, was interested in that question, why did he not bother himself to talk to his colleagues to find out what those facts were?

Mr. MacKay: I anticipated the minister would give me an answer like that.

ROYAL CANADIAN MOUNTED POLICE INVESTIGATION

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, would the minister confirm that, as of last November, some time since we left office, there were still some 6,500 change orders of the contract unresolved, that out of these orders 200 cases were subject to criminal investigation, and finally, that the investigation led by Sergeant Whitson of the commercial crime squad of the RCMP was called off by government order?

Some hon. Members: Oh, oh!

Hon. Paul J. Cosgrove (Minister of Public Works): No, Madam Speaker, again without request for specific information and without notice of the facts—or supposed facts—introduced by the hon. member, I could not confirm that. Hopefully I will not have to confirm, and hopefully, if the facts as introduced by the hon. member are incorrect, he will apologize.

[*Translation*]

MIRABEL LAND COMPANY—INQUIRY WHETHER RENT CEILINGS WILL BE APPLIED

Mr. Robert Gourd (Argenteuil-Papineau): Madam Speaker, further to the government's excellent proposal aimed at getting inflation finally under control and keeping it down to 6 per cent, my question is directed to the Minister of Public Works, responsible for administering the Canada Lands Company (Mirabel) Limited.

Could the minister inform the House whether he intends to recommend that the company put a 6 per cent ceiling on rent increases at Mirabel?

[*English*]

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I doubt that the terms of the mandate of the Mirabel Land Corporation, being a subdivision of the Public Works Land Company, falls within the definition of the administrative body in the statement made by the minister. However, in order to follow the spirit of the government initiatives in this area, yes indeed, I have already communicated with the land company and I have confirmed that in the case of commercial and agricultural leases the 6 per cent and 5 per cent rule will be adhered to voluntarily and, as far as residential properties are concerned, of course that corporation in that jurisdiction is governed by provincial legislation, and we will honour the provincial laws as we do in all jurisdictions.

Oral Questions

NATIONAL DEFENCE

PURCHASES FROM CANADIAN COMPANIES—DEPARTMENTAL POLICY

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my question is directed to the Minister of National Defence, who, I am sure, is not used to receiving questions of an economic nature. Does his department play a part in the government's efforts to stem the flow of capital from Canada during the current recession when unemployment, bankruptcies, and interest rates are at an all-time high and the dollar is at an all-time low? Specifically, does the Department of National Defence, as a matter of policy, buy its goods and services, wherever possible, from Canadian companies?

[*Translation*]

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, it is always interesting to listen to questions on defence from NDP members, especially since their policy on defence seems to be pretty vague. In any case, as far as this economic question is concerned, I can inform the House that in all defence-related contracts and undertakings that come under our jurisdiction, whether purchasing or contracts, we always try to maximize Canadian content. That is the Canadian government's policy.

• (1440)

[*English*]

INSURANCE CONTRACT WITH UNITED STATES COMPANIES

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I would like to ask the minister why the Department of National Defence contracts the Serviceman's Income Security Insurance Plan, a plan which would involve some 40,000 members and tens of millions of dollars, from American-owned companies? Will the minister commit himself at this time to reopening that contract, and limit the bidding to Canadian companies?

[*Translation*]

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I was expecting this question, since the matter had been raised by the hon. member in a motion under Standing Order 43 some time ago. I can only say that the contract was awarded a few years ago, under the public tender system, and that although the headquarters of some insurance companies are in the United States, most of these companies have branches in Canada and employ Canadians.

* * *

[*English*]

THE ECONOMY

REQUEST THAT TAX INCENTIVES BE INTRODUCED TO INCREASE PRODUCTIVITY

Hon. George Hees (Northumberland): Madam Speaker, I would like to direct a question to the Prime Minister. As the latest OECD report pointed out, Canada rates fifteenth among industrial nations with regard to annual rate of increase in productivity, a situation which must be very materially improved if we are to be able to sell our manufactured products in competitive world markets, and stop the serious decline in our economy at the present time. Would the Prime Minister and the government give very serious consideration to introducing generous taxation incentives, to be paid in direct proportion to increases in productivity, as a means of persuading Canadian producers that it will be worth their while to invest the very large amounts of money usually necessary to buy the needed machinery, production systems and new plants required to increase productivity, and thereby reduce costs and selling prices and, as a result, increase sales, production and jobs?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on previous occasions the hon. member has indicated his interest in increased productivity and he will recall some of the answers given by the various ministers and myself to the effect that the problem of productivity is not quite as simple as the suggestion makes it seem. I do not have the list of 15 to which he refers, but I am sure that if he looks at the list he would find some of our strongest and most important competitors way down low on the list, and that relates to the age of the economy and the fact that some economies were rebuilt after the war and they have more updated machinery. There are many explanations for that. As to the suggestion of tax incentives, the hon. member will realize, of course, that there are incentives in the corporate tax structure for companies to invest in equipment, and that is their purpose.

LEVEL OF PRODUCTIVITY

Hon. George Hees (Northumberland): Madam Speaker, one does not have to look around the world to find out that Canada's progress in productivity is a very sorry one indeed, that our rate of increase in productivity, year to year, was formerly relatively good, but it has steadily decreased year by year, until it is now something of which to be thoroughly ashamed, forgetting all other countries, just examining Canada as a country on its own.

Would the Prime Minister not agree that the incentives which he has mentioned, which are very hard to recognize, have been ineffectual in the job that they should have done to increase Canadian productivity, and will he not constructively look at the possibility of doing something a whole lot better, which could be done, and has been done in the past, and can be done by him and his government if they want to do it? Would he please give consideration to that constructive thought?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I point out to the hon. member that in his first question he suggested that we rank fifteenth.

Mr. Hees: We do.

Mr. Trudeau: In his second question he said that we should forget about all other countries and look at Canada on its own.

Mr. Hees: I did not. I said we are bad, no matter what.

Mr. Trudeau: He should make up his mind.

Mr. Hees: Madam Speaker, I said we were disgraceful, no matter what other countries are doing.

* * *

EXTERNAL AID

REQUEST THAT PROGRAMS BE REVIEWED

Mr. Ron Stewart (Simcoe South): Madam Speaker, my question is directed to the Minister of Finance, whose 6 per cent society brings austerity to centre stage in this House, especially on the backs of public servants and pensioners. Concurrently, foreign aid, much of it dubious, such as mega-millions to Algeria for a monument to socialism at a 10 per cent rate, a sweetheart loan to the Soviet Union for a gas pipeline, and loans, grants and gifts to communist-leaning nations, is growing at an alarming rate. Within two years, despite the piddling little bit that was in the budget—

Some hon. Members: Oh, oh!

Mr. Stewart: —the cosmetic cuts announced in his budget, the total program will eclipse $2 billion, and then $2.5 billion by 1985-86.

Some hon. Members: Question!

Mr. Stewart: Yes, I have a question, and it is simply this: will the minister assure this House and the people of Canada that his department will review the so-called aid programs and eliminate all those outside the purview of humanitarian and emergency relief until such time as we Canadians can put our own house in order and then extend charity beyond our borders?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I understand the hon. member's question, he is suggesting that we review our total foreign aid program and eliminate all its projects with the exception of humanitarian and emergency assistance. If that were implemented, I gather that it would involve almost the total dismantling of our foreign aid program because a very high proportion of the foreign aid program is not humanitarian nor of an emergency nature. It is intended to assist in the economic and social development of other countries. Therefore, I do not believe that the hon. member's suggestion would be supported, even by hon. members in his own party. I certainly hope it would not be supported by the hon. member for Kingston and the Islands.

Mr. Stewart: May I add economic reasons as well, Mr. Minister, economic and humanitarian, but not wasted money on communist countries.

INCREASE IN AID

Mr. Ron Stewart (Simcoe South): Can the minister justify his nickel and diming of the farmers and home owners of this country? Can he justify the high interest rates? He takes away the indexing from pensioners, yet foreign aid is indexed. It is indexed at .05 per cent of the GNP to .07 per cent of the GNP by 1990. We are wasting $100 million on loans for statues.

Some hon. Members: Order!

Mr. Stewart: How about grants of $78 million to Tanzania? Mr. Minister, does the 6 per cent society belong only to Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I understood the hon. member's second question, he began by a special request that we somehow cease our commercial relations with communist countries. I believe that if he thought about it a little bit, he would understand that our commercial relations—

Mr. Lalonde: No wheat sales?

Mr. MacEachen: —with the Soviet Union, for example, are extremely important, that our sales of wheat are of great benefit to farmers, and that all of these aspects would have to be considered before adopting what I would regard as a very irresponsible suggestion by the hon. member. I believe that most of his colleagues are rather embarrassed at his questions this afternoon.

Some hon. Members: Hear, hear!

* * *

THE ECONOMY

ROLE OF PROVINCIAL AGENCIES IN CURTAILING PRICES

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is directed to the Prime Minister and it is identical to the one directed by my colleague, the hon. member for Vegreville, to the Minister of Finance.

Mr. Lalonde: Out of order.

Mr. Baker (Nepean-Carleton): It is the same subject area.

Mr. Lalonde: It is the same question he says.

Mr. Speyer: What commitments has the Prime Minister received from the provinces with respect to regulatory agencies and the provinces' jurisdiction to curtail prices within their own jurisdictions?

Right Hon. P. E. Trudeau (Prime Minister): I did not hear the question through all the noise, Madam Speaker.

Mr. Speyer: Since last Wednesday what commitments has the Prime Minister received from the premiers of the provinces to regulate their own agencies with respect to prices within the provincial jurisdictions?

• (1450)

Mr. Trudeau: Madam Speaker, I think the hon. member and some of his colleagues have missed a little of the thrust of the discussion I had with the premiers. Indeed, the motive of the budget itself is to try to get all Canadians to co-operate in establishing a lower rate of inflation. We have given that example by bringing forth legislation which will be before the House for discussion very soon. I have asked the premiers—as I asked the parties opposite—if they would like to see inflation come down to 6 per cent rather than stay up at 10 per cent or 11 per cent. They are suggesting regulatory means which can be used. The Leader of the New Democratic Party was suggesting controls on prices and so on. The House should understand that we are not attempting to do it that way. We are trying to get Canadians to understand that 6 per cent inflation is better than 12 per cent inflation, and that 6 per cent inflation can only be reached voluntarily if people co-operate. Otherwise, there will have to be legislation. That is the message we are trying to get across.

Some hon. Members: Hear, hear!

POSITION OF PROVINCES ON CONTROLLING PRICES

Mr. Chris Speyer (Cambridge): Madam Speaker, as the Prime Minister knows, the Minister of Finance gave a very specific undertaking that the federal government would ask the provinces to take similar action. What commitments did the Prime Minister receive on Wednesday, or since Wednesday, that action will be taken to control prices within provincial jurisdiction of provincial regulatory bodies? What commitments did he receive?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, several provincial premiers discussed the subject at our meeting last Wednesday. They indicated that in some cases it would be very difficult, because costs of regulated industries are going up very high. Of course, the point I am making is that if we can bring inflation down to 6 per cent then costs will not go up so high. And if we are to bring inflation down to 6 per cent in a voluntary way, it does call for leadership not only from this government but from the provincial governments. The first place to try to do it is in the cost structure, the prices, the salaries, the wages to the public sector. If we can do this, then we will have gone a very long way indeed to bringing prices down. That is the sequence in which you do it. Otherwise, you bring in controls, you forget about voluntary restraint, and you say that it cannot be done because Canadians do not believe in freedom, that they must be regulated.

THE CHARTER OF RIGHTS

APPLICATION TO COLLECTIVE BARGAINING FREEDOM

Mr. Sid Parker (Kootenay East-Revelstoke): My question is also to the Prime Minister. Madam Speaker, last week the government tabled Bill C-124 which removed the right to strike and bargain collectively from the Public Service for two years.

Last year our party attempted to have these rights included in our new Charter of Rights. At that time we were told by the Acting Minister of Justice that the government's position on the suggestion that there be specific reference in the Constitution to freedom to organize and bargain collectively was that "that is already covered in the freedom of association that is provided already". Could the Prime Minister tell us how he justifies breaking his new Charter of Rights? Or has he celebrated Canada Day by turning our new Charter of Rights into just another piece of scrap paper?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, surely the hon. member in asking his question should reflect on the fact that there are many areas where the right to strike does not exist in Canada, and it does not exist in many other countries. That does not mean that there is not freedom of association. The right to strike is a right which is given in special circumstances. The member's very own party has frequently voted against that right to strike when we take it away in a particular strike, when it is necessary for the common good.

Some hon. Members: Hear, hear!

* * *

PUBLIC SERVICE

EFFECT OF CONTROLS LEGISLATION ON WOMEN EMPLOYEES

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I believe it was a question of collective bargaining, not the right to strike, that was the matter in question.

My question is directed to the President of the Treasury Board. The minister knows that most lower wage earners are women and therefore they will be the most hard hit by the government's 6 per cent curtailment of the cost of living indexing. These are increases that many single parents need to put food on the table.

Even more serious is the fact that women, through this legislation in Bill C-124, will in effect lose all their bargaining power for equal opportunities in the work force. Does the President of the Treasury Board believe that this bill will curtail their bargaining for affirmative action, for equal pay for work of equal value, for maternity leave benefits, and for health and safety measures essential in these times of high technological change? I want to ask him also is this what the minister wants. Does he want to curtail equal opportunities for

women? Will he withdraw this bill in order to enforce the Charter of Rights, which supposedly is to guarantee equal opportunities?

Some hon. Members: Hear, hear!

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, with respect to the preamble to the question and the reference to the 6 per cent, as the Minister of Finance has said, and as the Prime Minister has just said, the intention is to bring inflation down to 6 per cent next year, in which case no one will suffer. That is the whole thrust of this approach regarding increases, as the hon. member knows.

With respect to the other aspect of the question, as it relates to equal pay for work of equal value, it was certainly not my intention in introducing this legislation to deprive working women—or for that matter, working men—who might be discriminated against under Section 11, of rights that they would have under the Human Rights Act. That is not the intention. The bill, of course, is subject to legal interpretation, but I can assure the hon. member that that is not the purpose of it.

In addition to that, I would hope that during this period when the right to strike is suspended, the National Joint Council will continue its deliberations; that in each department the management-union teams will continue to work out mutually satisfactory solutions in such instances as conditions of health and safety in the workplace, and so on.

Some hon. Members: Hear, hear!

* * *

EXTERNAL AID

CONSTRUCTION OF NATURAL GAS PIPELINE FROM SIBERIA TO WESTERN EUROPE

Hon. Erik Nielsen (Yukon): Madam Speaker, I have a question for the Minister of International Trade, following on that which was put by my colleague, the member for Simcoe South. Is the Canadian government, or any of its agencies, supplying, directly or indirectly, any financial aid to the Soviet Union for the construction of a natural gas pipeline from Siberia to western Europe? If it is, could the Minister indicate the extent of that aid; and indicate how such aid benefits Canadians?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I am not aware of any Canadian Company bidding on a present contract to supply a natural gas pipeline in Siberia.

REPORT OF FISCAL ASSISTANCE

Hon. Erik Nielsen (Yukon): Madam Speaker, that was not my question. It is my understanding that at least a quarter of a billion dollars of fiscal aid is being supplied to the Soviet Union, to assist the Soviet Union in the construction of that natural gas pipeline. Would the minister look into it and report to the House at the earliest opportunity, as to the details. While he is doing so, would he also look into the circumstance that the Government of North Vietnam has shipped one half million political prisoners from South Vietnam to work on the construction of that pipeline? Would he indicate how that is—

Mr. Lalonde: What would you do about it?

Mr. Nielsen: I hear the Minister of Energy, Mines and Resources ask what I would do about it. I know what I would do about shipping one half million, or one half billion, political prisoners from one country to another, assisted by Canadian financing. Would he please look into the matter and report to the House at the earliest opportunity?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as I said in my original answer, I am not aware of any Canadian companies providing assistance, financial or otherwise, for the natural gas pipeline. I am aware, as are hon. members of the House, over five years, a Canadian consortium of western businessmen, Quebec businessmen and Ontario businessmen has been bidding on a sour gas plant which will create about 8,000 or 10,000 jobs in Canada.

* * *

THE ECONOMY

SIZE OF GOVERNMENT DEFICIT

Mr. Paul E. McRae (Thunder Bay-Atikokan): Madam Speaker, my question is directed to the Minister of Finance, and it has nothing to do with the magnificent trade surplus this month—

Some hon. Members: Oh, oh!

Mr. McRae: —which the opposition has not mentioned. It has to do with the belief of a lot of Canadians that our deficit proportionately will be double the American deficit. Has the minister looked at the OECD figures yesterday, which indicate that the American deficit will be something like $147 billion, and also at the effect of that deficit on the very, very small saving ratio or gross fixed investment that the American government has, as compared to Canadian growth fixed investment or the gross savings ratio?

• (1500)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have indeed looked at the OECD figures and have seen its estimates of the proposed deficit in the United States. I believe the hon. member is aware that some forecasts of the gross national product in the United States are very optimistic in their magnitude and that that affects many of the comparisons. However, I point out, as the hon. member has mentioned, that the savings rate in Canada is substantially higher than in the United States. It is in excess of 13 per cent, and on any comparison this country can finance its financial requirements and its deficit more easily than can the United States, if one takes the comparison

between financial requirements and gross domestic savings. That is a fact that is often overlooked in comparing this country with the United States.

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PETITION

MR. McKINNON—CELEBRATION OF CANADA'S 115TH BIRTHDAY

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred ninety-second report of the Clerk of the Petitions stating that he has examined the petition presented by the hon. member for Victoria (Mr. McKinnon) on Monday, July 5, 1982 and finds that it meets the requirements of the Standing Orders as to form.

* * *

POINT OF ORDER

MR. SARGEANT—REPLY OF MR. LAMONTAGNE DURING QUESTION PERIOD

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise on a point of order arising out of the answer I received today from the Minister of National Defence (Mr. Lamontagne). I have information which shows that with respect to the Canadian Forces insurance program the lowest bidder was in fact Confederation Life, which company did not get the contract, contrary to the claim made today by the minister.

Madam Speaker: Order. That is not a point of order. I am sorry, I cannot hear that.

ROUTINE PROCEEDINGS

[*Translation*]

STANDING ORDERS AND PROCEDURE

PRESENTATION OF FIRST AND SECOND REPORTS OF SPECIAL COMMITTEE

Mr. Thomas H. Lefebvre (Pontiac-Gatineau-Labelle): Madam Speaker, I have the honour of tabling the first and second reports of the Special Committee on Standing Orders and Procedure.

[*Editor's Note: For above reports, see today's Votes and Proceedings.*]

[*English*]

PETITIONS

MR. MITGES—EFFECT OF BILL C-103

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I have the honour to submit a petition today on behalf of a number of residents in the riding of Grey-Simcoe and adjacent areas condemning Bill C-103, as I do, because it allows for a huge ongoing increase in the price of gasoline to consumers. The petitioners do not oppose a modest tax, but it is felt that through Bill C-103 the tax increases proposed place a totally unnecessary burden that is completely unwarranted.

MR. BRADLEY—RECONSIDERATION OF GUN CONTROL LEGISLATION

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, I have the honour and duty to present a petition on behalf of my constituents. The purpose of this petition, signed by 843 constituents of mine and individually submitted to me by groups from the Dunnville, Lowbanks, Port Rowan, St. Williams and Simcoe areas, is to indicate to the government the great concern of the petitioners about the implementation of Bill C-451, which deals with gun control. The nature of the petition is to ask our government's insistence that this bill not be approved, as the petitioners feel it would infringe upon the rights and privileges of law-abiding citizens who own and use guns for legitimate purposes.

The petitioners hope, Madam Speaker, that in your examination of their petition you will find it in order, sense its urgency and allow its reading in the House.

MR. DOMM—PACE OF METRIC CONVERSION

Mr. Bill Domm (Peterborough): Madam Speaker, it has been brought to my attention that there are a number of federal ridings across Canada collecting petitions and that they have found it increasingly difficult to get hon. members on the government side to present them to the House. So it is my pleasure at this time to present a petition signed by 883 petitioners from ridings across Canada represented by government Members of Parliament in the hope that their plea that the pace, degree and nature of change to System International, metric, should and must be determined voluntarily in the various sectors of trade and industry by the individual firms or industries directly concerned and with minimal government intervention. It is their hope that these petitions will be reviewed, and they wish them to be presented to Your Honour at this time.

MR. FULTON—SALE OF NUCLEAR MATERIAL TO ARGENTINA

Mr. Jim Fulton (Skeena): Madam Speaker, I rise to present a petition to the House. It is signed by residents of the Queen Charlotte Islands including Tlell, Sandspit, Tartu Inlet and Queen Charlotte City. The petition expresses concern about Canada's continued use of nuclear reactors and the sale of

nuclear fuel bundles to Argentina. It also calls on the government to stop the testing of weapons on Canadian soil.

In light of the reckless decision of the Secretary of State for External Affairs (Mr. MacGuigan) yesterday that the Liberal government will allow the nuclear deal with the military dictatorship in Argentina to go ahead, we trust that the Prime Minister (Mr. Trudeau) will instruct the Secretary of State for External Affairs to cancel the project immediately. Canada should not be exporting this kind of material to a country which has the record Argentina has and which publicly espouses the use of the Candu reactor for military purposes.

MR. FLIS—POLAND—POSTAGE OF FOOD AND MEDICAL SUPPLIES

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Madam Speaker, it is my duty to table on behalf of 956 Canadians the following petition: That the government permit postage-free or postage-reduced deliveries of packages and parcels that contain food and medical supplies to Poland while that country is under martial law. Such an arrangement would speed up delivery and, to some degree, alleviate the hunger and pain experienced by the people of that country.

The petitioners hope Your Honour will find the petition in order and that the appropriate ministers of the Crown will consider this request.

* * *

[*Translation*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83

MEASURE TO ESTABLISH

Hon. Pierre Bussières (Minister of State (Finance)) moved for leave to introduce Bill C-125, to provide supplementary borrowing authority.

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

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,220 and 4,241.

[*Text*]

EMPLOYMENT AND IMMIGRATION—CODE OF CONDUCT

Question No. 4,220—**Mr. Crosby:**

1. Under what specific written legal authority was the code of conduct for employees of the Department of Employment and Immigration prepared, established and enforced?

Order Paper Questions

2. Does the (a) President of the Treasury Board (b) Prime Minister approve and condone the code for employees of the department?

3. Are the employees of the department subject to different rules of conduct than employees of other departments and, if so, for what reason?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. Section 7(1)(f) Financial Administration Act; Section 106 Public Service Terms and Conditions of Employment Regulations.

2. (a) and (b) not applicable since authority lies with deputy head.

3. Generally, Canada Employment and Immigration Commission/Department employees are subject to the same rules of conduct as are employees in other departments; however, under the authorities noted in part (1) above, each deputy head may establish rules of conduct or standards of discipline which more specifically and precisely relate to his/her departmental organization and operations.

QUEBEC STUDENT LOAN PROGRAM

Question No. 4,241—**Mr. Herbert:**

1. What amount was paid or is estimated to be paid in the fiscal year 1981-82 as alternative payments to Quebec under the student loan program?

2. Are the payments conditional and, if so, what are the conditions?

3. Does the government require that all Quebec students have equal access to the Quebec student loan program and, if not, does any other government initiative attempt to ensure that there is no discrimination by course of study, university of student, residency requirement or language?

Hon. Gerald Regan (Secretary of State): 1. The amount was $17,452,507.63.

2. A province must operate a provincial loan program and so notify the minister in order to qualify for an alternative payment. Section 12(1) of the Canada Student Loans Act specifies this condition.

3. The terms and conditions of a provincial loan program are entirely within the jurisdiction of the province concerned hence the federal government does not require any particular eligibility or mobility conditions. As far as the government is aware, all Quebec students have equal access to the Quebec student loan program for the considerations mentioned in the question. The program would, of course, require that applicants be financially means tested for eligibility.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

Mr. Taylor: Madam Speaker, I rise on a point of order. I would like to ask the parliamentary secretary when we might expect an answer to question No. 2,329. This question was tabled on April 2, 1981. The list surely should have been

prepared even at that time. What is the difficulty in getting an answer to question No. 2,329?

Mr. Smith: Madam Speaker, I am not able to assist my friend offhand, but I will be happy to look into that matter on his behalf.

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Monday, July 5, 1982, consideration of the motion of Mr. MacEachen that this House approves in general the budgetary policy of the government, and the amendment of Mr. Wilson (p. 18905).

Miss Aideen Nicholson (Trinity): Madam Speaker, in introducing his budget, the Minister of Finance (Mr. MacEachen) said:

> The government has pointed the way to recovery, but it alone cannot get Canada on the move. We must tackle this task together.

Canada is one of the most fortunate nations in the world. We have tremendous natural resources. We have well-educated and competent workers, and we are better equipped than many countries to survive the worldwide recession. However, we want to do more than merely survive. We want to work our way out of the present difficulties in a way which leaves us well positioned to take full advantage of the upturn in the world economy when it comes.

• (1510)

The budget measures in themselves are worthy of serious attention, but before addressing them I would like to echo the minister's call for all Canadians to involve themselves in serious consideration of how best we can shoulder our responsibility to work our way out of current difficulties and prepare for better times.

Budget bashing is a traditional Canadian occupation. It is traditional that special interest groups respond with more and more requests to help their particular situation; it is traditional that opposition parties attack and give no credit for positive measures. In our present situation, budget bashing can easily become Canada bashing. Financial markets are skittish and respond in an exaggerated way to any evidence of political division or uncertainty.

But Canadians have a remarkable ability for compromise, for working together to overcome difficulties, for balancing the need of regions, of minorities, of conflicting groups so as to arrive at the common good. This is a time that calls for all our goodwill and all our patriotism and pride in Canada.

Two years ago, on May 21, 1980, this House was united in a way we rarely see. Statesmanlike speeches on the Quebec referendum results were made by the Prime Minister (Mr. Trudeau), by the Leader of the Official Opposition (Mr. Clark) and by the Leader of the New Democratic Party (Mr. Broadbent), and it may be useful today to remind ourselves of that spirit and of some of the statements made then.

The Leader of the Official Opposition described the referendum vote as "an expression of pride and belief in this country in which we can all joyfully share" and spoke of uniting Canadians in "a common determination to build a renewed federation which can make this a stronger country, a richer country, and a better country in years ahead".

The Leader of the New Democratic Party said:

> We have . . . reached a level of political maturity of which all civilized nations of the world are envious. . . . last night we showed that we can get along together despite deep differences.

Later in his speech, he said:

> Fishermen in Newfoundland, farmers in Saskatchewan, miners in Sept-Îles and people in every region of Canada must see the federal government as an ally, as their government. This is our objective.

The spirit which animated this House on May 21, 1980 is needed again as we face difficult times to which we can find solutions by working together.

At this time of very delicate balance, it is important that we all play a constructive role—otherwise, to quote the *Financial Post*, "The extreme and the implacable, egged on by the excitable in the media and unable to see merit in a middle way, may blindly help precipitate" a crisis for Canada.

Canadians are concerned about inflation, about high unemployment, about the deficit, about high interest rates; consumer, business and investor confidence are at a low ebb. To deal with all these problems requires a careful balance and mix of policies.

Most people who talk to me are more concerned about unemployment than about inflation. As long as people are working, they usually can manage in one way or another to deal with increases in the cost of living, but being unemployed takes the heart out of people. Yet we know that if inflation goes unchecked we will lose our competitive position in world markets and the long-term result will, in fact, be more unemployment. Therefore, inflation must be addressed as a high priority.

In inflationary times people try to protect themselves by negotiating higher wages, but when wages and prices chase each other, purchasing power does not increase; a 12 per cent increase does not improve the situation of a family if prices have also gone up 12 per cent.

One measure that the government proposes in the budget is to limit increases for Members of Parliament, civil servants and staff of Crown corporation to 6 per cent next year and 5 per cent the following year. It is hoped that provincial governments and the private sector will follow this example. To be sure, public servants have not caused inflation and have no responsibility for it any more than other Canadian citizens. Those who were expecting increases higher than 6 per cent next year will naturally be disappointed, but this country has been built on sharing and on working for the common good, and if limiting an increase to 6 per cent helps to create jobs for Canadians who are unemployed, helps to protect our future, I think most people will agree to that limit.

Federal regulatory agencies are being asked to restrain prices of the goods and services that they control. The provinces are being asked to do the same in their jurisdictions as part of a two-year national effort to reduce inflation.

Unemployment is at a higher rate than most of us have seen in our lifetime; the expectation that Canadians may find and hold a job and plan their future on that basis is threatened. It is important that we move quickly to deal with unemployment, not only because of the distress to the individual and family but also in terms of the economy as a whole. Unemployed people do not pay taxes as they did when they were employed; businesses which are in difficulties do not pay taxes and contribute to the economy as they do when they are prospering; and in fact, much of the increase in our deficit now is a direct result of the recession. The deficit is not growing because of increased federal spending; expenditures have been held in check, but revenues are down and unemployment payments have greatly increased.

Therefore, the government has to take prudent, selective measures to support the economy and preserve jobs and so, ultimately, help to contain the deficit. The November budget allocated some resources to job creation and the budget before us targets further resources for that purpose.

However, while direct job creation relieves immediate distress, helps people to maintain skills and perhaps acquire new skills, and can have other values in terms of improving communities, for long-term job creation we must look to a dynamic, confident private sector, and particularly to small business which has traditionally played an important role in job creation.

High interest rates, depressed sales, production cost increases and other factors have presented our private sector with difficulties that have challenged all its resources and ingenuity.

To help business cope with the present and prepare for the improvement in world markets which must come, the budget includes a set of tax proposals that lower the tax on interest income and on capital gains on selected investments. The measures proposed will result in significantly lower interest rates in priority areas—the housing sector and borrowings for new investment by small businesses, farmers and fishermen.

• (1520)

The proposals also increase the attractiveness of equity investment for individual Canadians. These proposals have received less attention than they deserve in the discussions on the budget so far. Perhaps they are not regarded as being firm since a committee has been established to examine them. Indeed, some have said that these measures should be put in place immediately. However, since they are quite innovative and involve new financial instruments, surely it is wise to test them with experienced accountants, lawyers, economists and business people before they are actually put in place later this year.

Canadians can feel just pride in our private sector whose enterprise has made possible a standard of living and social security system which is the envy of many countries. Success in revitalizing the private sector will also protect Canada's advanced medicare, unemployment insurance, pension, education and other programs essential to social justice and social progress. Over the past 20 years Canadians put in place a social security system which avoids the excesses or shortfalls of some countries while reaching out in support for all Canadians.

In difficult times there is all the more reason for society to help those in need. That is why, although this budget will hold the increases in old age security to 6 per cent and 5 per cent in the next two years, those senior citizens in need who qualify for the guaranteed income supplement will continue to receive fully indexed increases and they can also receive a supplement in order to offset fully the limitation on indexation of their old age security payment.

Similarly, while family allowances will for the next two years increase by 6 per cent and 5 per cent rather than by the full cost of living, in order to ensure that this limitation does not hurt families with modest incomes the child tax credit will continue to be fully indexed and increased by $50 for the 1982 taxation year.

In conclusion, Mr. Speaker, may I say that difficult times always bring with them requests for radical reappraisal of all our economic programs and policies. This is a healthy and constructive exercise. The more one understands of constraints, international and domestic, the better the chances of being able to advance practical solutions. This budget represents a sane middle-of-the-road approach which tries to reduce inflation, increase confidence, create jobs and hold the line on the deficit while protecting social programs.

If all Canadians can work towards those goals, we will survive the present recession, we will be prepared to take advantage of world recovery when it comes and make full use of our great advantages so that we continue to be one of the most prosperous, stable and progressive nations of the world.

Mr. Derek Blackburn (Brant): Mr. Speaker, the speech I just listened to reminded me of speeches I used to hear from Buckingham Palace on Christmas Day 25 years ago. Smooth sounding but with very little substance; reassuring, but nothing substantive to prove an argument. The hon. member, in defending the Liberal budget, said that if we remain calm—I am paraphrasing her now—and all segments of the community

get together and restrain themselves, then inflation will come down and happy days will be here again. However, she neglected to say—and I hope this does not sound like a cheap shot because we are all in this bag together—that it is a lot easier for her, the Conservatives and myself with incomes around $60,000 to $65,000 gross a year to give that advice to our constituents than it is for them to follow.

So I just hope that the Liberal backbenchers realize that they cannot go home to their constituencies and tell the unemployed, those who are on mother's allowance and welfare, to hang in, tighten their belts, restrain themselves and happy days will return. That is not the way it is done. The Canadian constituency has grown very old and very wise in the last two years. They realize that most of their financial problems, in a personal way, are directly related to the non-thinking which has been going on in the Liberal cabinet since the last election.

Until June 28, Mr. Speaker, the majority of Canadians who were hurting at least had hope. They thought there was some light at the end of the tunnel. But as a result of the June 28 budget most of that hope is gone because most of the light at the end of the tunnel has disappeared.

I am very briefly going to touch on three or four major issues in the budget and then I want to pinpoint three major aspects which are either in or not in the budget.

I think it is absolutely cruel that at a time of tight and expensive money, when consumer demand is down with the resulting massive lay-offs and unemployment of about 1.5 million, the government has decided to constrict consumer spending power even further by taking some $2.6 billion out of circulation, money which is badly needed to stimulate the economy in a recession which is bordering on an absolute depression. For example, tax increases of the order of $1.3 billion; the scapegoating of the public sector by saying that civil servants—and by implication all wage and salary earners—are the major cause of this inflation. That is nothing but patent nonsense and the Minister of Finance (Mr. MacEachen) and his cohorts opposite know it. Real wages, in terms of purchasing power, have declined by 10 per cent over the last six years. Now the government is saying that purchasing power is going to decline another 5 per cent or 6 per cent in the next year because it admits that inflation is going to remain at 9 per cent or 10 per cent.

Another very cruel aspect of this budget is the partial deindexing of family allowances and deindexing of pensions. I should add here that former government employees now retired paid an extra 1 per cent contribution to their pension plans as a hedge against inflation but now that has arbitrarily, and I think illegally, been withdrawn. And they have no clout and no way in which to fight back.

On the supply side, again we are slavishly following President Reagan. But maybe we should not blame President Reagan; we should go back to Mr. Bouey, Governor of the Bank of Canada, in 1975 when he started it all with this supply side economics. We are going to give tax breaks to business. Well, normally tax breaks do result in an increase in investment in business, but at a time when more than 30 per cent of our plants is underutilized, those tax incentives are going to fall on barren ground. There is no possible way that those small tax incentives will fill that manufacturing and productivity gap of between 69.2 per cent and 100 per cent capacity. There again is another major blunder on the part of the Minister of Finance.

• (1530)

Now we come most certainly to the focal point of the budget and the focal point of our economic woes today. That, of course, is the interest rate in this country which is absolutely outrageous. It is the principal cause, almost the sole cause, of business bankruptcies, farm foreclosures, massive unemployment, a general malaise in the economy and an emotional depression that is spreading across our country. This budget as of June 29 has only exacerbated the problem of high interest rates, about which I will go into detail a little later.

Suffice it to say that high interest rates are strangling our economy and the finance minister has sluffed off the whole problem. He has put it into the hands of so-called experts who often cannot agree among themselves. They are to report back in three months' time, three lost months as businesses slide under, as farms go out of business and as unemployment increases. The Minister of Finance has again sluffed off the whole problem of interest rates for another three months, supposedly to be included in yet another budget next fall.

There are other inequities, such as controls in public sector salaries and later in private sector salaries, as I have mentioned. There is to be a reduction in pension increases, a reduction in family allowances and so on.

This budget lacked a new economic strategy. There is no new economic program in it. Senator Olson came forth with a paper in 1980 in which he outlined a prescription for recovery and prosperity. This was based on resource megaprojects. These projects are all down the tube. They were all highly capital intensive at a time when the cost of money was skyrocketing. They were low labour intensive. They did not create the jobs which the manufacturing sector normally would. The megaprojects are, at least for the time being and for the foreseeable future, finished.

This budget which the Minister of Finance had the nerve to introduce on June 28 makes no reference whatever to an alternative economic strategy to bring us out of our economic doldrums. There is nothing whatever. Again, the minister has used the band-aid, quick-fix approach so characteristic not only of the Minister of Finance but indeed of the government which has ceased to govern. That is why the New Democratic Party has called repeatedly since the budget was introduced for the Liberals to have the common decency to step down from power and hand it over to those who are not only willing to govern but have some intelligence about how to govern this country.

Some hon. Members: Hear, hear!

Mr. Blackburn: Mr. Speaker, there are three major parts of this budget to which I want to make reference in some detail.

First is the premise on which the budget is based. Repeatedly in the House of Commons during question period the Minister of Finance has said: "Look, fellows, we do not have a high interest rate policy, we have an anti-inflation policy. If we bring down inflation, interest rates will come down, businesses will get turned around, unemployment will drop as the demand for goods and services increases." I say balderdash to that because the Minister of Finance also likes to make reference to things which happen south of the border. The Liberals are great ones to blame others. From the day the Prime Minister was elected, I do not think he has ever admitted he was wrong about anything.

Let us take a look at what is happening in the United States. Inflation in that country on an annual basis has now declined to 6.5 per cent. But where are the interest rates? The prime interest rate in the United States of America is still over 17 per cent. Where is unemployment now that inflation is down in the U.S.? Unemployment in the United States is just under 10 per cent. Yet the Minister of Finance has premised the logic of his budget on the United States model. The U.S. model is not working. Interest rates are remaining high, businesses are remaining strapped financially, and unemployment is high, widespread and causing considerable anguish in that nation. So much for the minister's model and so much for his reference to fighting inflation which in turn will automatically, according to him, bring down interest rates and unemployment, all of which is nonsense.

Mr. Riis: I think he believes in fairies too.

Mr. Blackburn: Second, there is no new economic strategy in the budget. There is nothing to replace the failed resource-based projects which, as I said earlier, were highly capital intensive when money was very expensive. There was no hint of a move to an industrial strategy to end the branch plant approach.

I would like to expand on the branch plant approach right now. I was very gratified last Wednesday evening when our Conservative friends supported us in our subamendment to the budget calling for a stronger FIRA. That was a complete turnaround on the part of the Conservatives. I am overjoyed that members such as the hon. members for Mississauga South (Mr. Blenkarn), York-Peel (Mr. Stevens) and Etobicoke Centre (Mr. Wilson) joined with socialists in this corner and said "Enough is enough: we cannot afford to have our industrial sector bought out any more by loosening up FIRA." We were united on this side of the House to strengthen FIRA. It is the Liberals who now want to loosen FIRA.

An hon. Member: The Tories would vote for anything to dump the Liberals.

Mr. Blackburn: Somebody has just said the Tories would vote for anything to dump the Liberals. That shows how much creative thinking they put forward in the House these days.

On page 7 of the budget we find the following:

> First, the threshold for review under the small business procedures will be raised from $2 million and 100 employees to $5 million and 200 employees for new investment or direct acquisitions in Canada.
>
> Second, where a foreign-controlled Canadian company is acquired in the course of the acquisition of its parent or another foreign-controlled company, the small business procedures threshold will be $15 million and 600 employees.

FIRA has been greatly abused, but there is one thing FIRA has done. It has reduced the acceleration of a U.S. takeover of our industrial sector here in Canada. The reason we in the New Democratic Party are opposed to loosening FIRA's regulations is because the branch plant economy is not good for Canada.

In the 1950s and 1960s it is true the branch plant economy gave us an accelerated rise in our standard of living. It produced jobs, it built warehouses and distribution centres, and in a limited sense it was beneficial. A recent study has strongly indicated that since 1976 the branch plants in this country have created a net outflow of $1.5 billion in capital. So it has not been beneficial as far as capital intensity and capital investment in this country are concerned.

Second, branch plants are very soft indeed on research and development. Most research and development is done by parent companies back home, and "back home" is usually Indiana, Ohio, Iowa, Chicago or wherever.

• (1540)

Third, when times get tough it is branch plants which shut down first or lay off first or pull in their financial horns and say: "We have to close." There is no way that branch plants will compete with their parent companies back in the United States.

With respect to the Foreign Investment Review Agency, we have heard many Conservatives, some Liberals and many businessmen in the country say that the Americans do not like FIRA and therefore it is shutting out capital investment in Canada. This is more of a perception than a fact or reality. Since FIRA was implemented, 91 per cent of all applications have been accepted. I think it is atrocious, it is sad and it is deplorable; I do not know why we hear all the whining on the Conservative benches, all the whining by their business colleagues and their corporate friends outside the House. It just does not make any sense.

Let us look at the other side of the coin or, more appropriately, the other side of the border. I should like to refer to an article which appeared on page 9 of *The Financial Post* of March 13 entitled: "U.S. stringent on foreign investment." It was written by Nicholas Patterson and reads in part:

> First a look at some of the federal restrictions.

He was referring to United States federal restrictions with respect to foreign investment in that country. He continued:

> The report says: "There are a number of U.S. restrictions which prohibit direct investment by non-resident aliens in enterprises engaged in intercoastal shipping, domestic radio, television, telegraph, domestic air transport, mining on federal land, hydroelectric power and atomic energy."
>
> This means that in the U.S. it's illegal for a Canadian company to control a telephone company. In Canada, a U.S. company, General Telephone & Electronic Corp., controls British Columbia Telephone Co. Does that sound like investment reciprocity? In the U.S., the policy is that a foreigner, including a Canadian, can't get an offshore oil or gas exploration licence. In Canada,

offshore exploration is dominated by U.S. companies. The same goes for uranium mining. Where is the reciprocity in that?

The article continued and was very enlightening. I hope Conservatives and business people across the country realize that the Americans have even tighter restrictions on foreign investment in their country than FIRA ever had.

The Americans have a Buy America Act which was brought in at the time of the great depression by Franklin Roosevelt. It means that a very large percentage—and I believe it is 50 per cent at the federal level and at the state and municipal levels very often it is higher—of all government procurement of goods, products or whatever it happens to be must be from American companies. We still do not have such a provision in Canada.

We have listened to the Conservatives, who have gone full circle historically. They used to be the protectionists, traditionally and historically. The Conservatives now want to sell out every square foot of factory space in the country for a quick buck to help us out of a time of economic distress. But we in this party are saying we should tighten FIRA laws, otherwise when the recession is over in the next two or three years, if it is over, we will end up with 65 per cent or 68 per cent of our manufacturing sector owned by foreigners, not 57 per cent, as at present. Let us not be foolish at this time of economic restraint.

There are two ways of approaching our major problems as we in the New Democratic Party see them. First, there must be a long-term structural change in the economy, a transfer of emphasis from resource-based megaprojects, most of which are based upon non-renewable resources, to a reindustrialization of the country which is job or labour-intensive and produces jobs at the rate of about $100,000 per job rather than the several millions of dollars per job that it costs in resource industries.

Second, in the short term we are talking about injecting capital into the economy at a time when there is plant underutilization to the tune of 31 per cent and at a time when there is an extreme downturn. On the one hand we are calling for a restructuring of our economic goals or a redirection away from the resource-based megaprojects to the employment-intensive industrial sector. On the other hand, in the short term we are saying, "Let us pump money into the economy now to get it moving again." This is not inflationary. It will not overheat the economy because, as I said a moment ago, we are underutilizing our plants.

The traditional Liberal policy is to gain short-term prosperity by selling off our resources to pay for our imports. That is the historical Liberal approach. But the megaprojects have fallen victim to the recession and the government must recognize the manufacturing sector as the engine of economic growth and recovery. Last year there was a $21 billion deficit in trade and manufactured goods alone. This helped to pressure the dollar down, and the government also failed to create the 200,000 jobs represented by that deficit. In the United States 24 per cent of the work force is in manufacturing; in Canada it is only 19 per cent. Again this is caused by reliance on imported manufactured goods and selling off unprocessed or semi-processed resources to other countries.

Imports also drive down the value of the dollar. Incidentally, at the present time the government is bragging about its positive balance of trade. The reason for the net favourable balance of trade in this quarter and in the previous quarter is that Canadians cannot afford to buy imports. We are not importing the way we were during more prosperous times. This is not because of any great genius sitting on the treasury benches; it is not because of the Minister of Finance or any deliberate plan.

The plight of the country today is that we cannot afford the imports we would normally purchase. In the long run this may be a good thing. If the dollar dropped to 70 cents, we might then have to use our own initiative and creative capacity. We might have to start thinking about a change and we might return some backbone to government which is responsible to the people of Canada. Indeed, we might begin to manufacture goods which over the years we have allowed to slip away because it was easier and for a while cheaper to import them from offshore. I think those days are over.

Also the fact that we have to import so much in the way of manufactured goods drives up interest rates, which is another major cause of the depression that I mentioned at the outset. We would target certain industries where we have the largest deficits, such as the machinery industry. In 1981 Canada had an appalling deficit of $6.9 billion in its trade of machinery, or a loss of 69,000 jobs just in machinery industries alone. I represent the federal riding of Brant where there are two major farm implement manufacturers, Massey-Ferguson and White Farm. The government has made great efforts to try to keep these two companies afloat. I appreciate it personally and on behalf of my constituents. There was an ILAP designation for Brant. There were loan guarantees to Massey-Ferguson and several millions of dollars to White Farm for research and development. There will probably be in excess of $50 million of capital infused into the local economy as a result of ILAP.

The long-term prospects for my constituency are good, but let me look at the two agricultural industries. Last year, 1981, in the agricultural equipment field alone we had a net deficit of $1.3 billion, which represents a loss of 13,000 jobs in Canada despite a trade agreement with the United States. I notice that the Minister of Agriculture (Mr. Whelan) is listening to my remarks at this point. He would be interested to know that when Massey-Ferguson and White Farm were going full steam ahead a few years ago, their combined workforce in Brantford was approximately 5,000. As well, there were approximately another 2,000 workers in Toronto, which made a total of 7,000 workers.

• (1550)

If we did not have this net deficit in trade and agricultural equipment vis-à-vis the United States, we would be employing twice the number of agricultural implement workers than we are just in the City of Brantford, and this was during the good times. Today, Massey-Ferguson is down to about 1,400

workers from a workforce of 3,000 or 3,200. I understand this morning that White Farm is down to approximately 400 from a workforce of 1,200. This is one area where much can be done to return jobs to Canada without being protectionists or economic nationalists. We simply say that during tough times you must look after yourself first and then, if you have enough left, go abroad.

The story of the mining and construction equipment sector is a sad one, too. Finland mines about one-third of what we mine in Canada but our mining companies buy two-thirds of all their heavy underground mining equipment from Finland and Sweden. What a loss and embarrassment that is. What the hell has this government been doing for the last ten years? Not much. It has been plastering one band-aid on to another and pretty soon the whole bag will fall through. In fact, it already has.

There is a $563 million deficit in power generation equipment. There is a $898 million deficit in industrial machines. There is a deficit of $1 billion in machine tools. Last year these deficits were higher than Canada total balance of payments deficit and this is all in the manufacturing sector.

We would target the transportation equipment industry. We would establish Enterprise Canada, a Crown Corporation capitalized initially at $2 billion, to promote research and development in those healthy industries. We would promote those forward-looking, third wave industries in high technology in order to hold on to them, because I very much fear that if the Foreign Investment Review Agency is tampered with as a result of this budget, we will lose those small but up-front, state of the art, third wave high technology industries in Canada, as suggested by the hon. member for Yorkton-Melville (Mr. Nystrom) during question period yesterday. Those businesses are small and vulnerable, and as sure as I am standing here, "Silicone Valley North" will rapidly become "Silicone Valley South", controlled or owned outright by the Americans.

Finally, we would then force agreements on the multinationals if we could not make amicable agreements to make sure that for every dollar of sales that the multinationals enjoy in Canada, we must have a dollar's worth of production here. What is wrong with that?

I see that you are rising, Mr. Speaker, to indicate that my time is up. I could go on but I will not seek the indulgence of the House for extra time. I simply want to say what the classical Greeks said, that those whom the Gods hate, they first make mad. The gods obviously must hate this government.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I have listened with dismay to the attacks which have been made against the budget in the past week. I have read *Hansard* as well as the newspapers. I personally believe that this budget outlines a positive course of action toward economic recovery. This is true whether I look at it from the viewpoint of my constituents in Essex-Windsor, from the viewpoint of the food and agriculture industry or from the viewpoint of the nation as a whole.

My constituency is one that generally represents the content of Canada on a percentage basis. It is approximately 95 per cent urban and 5 per cent rural. I believe that I have a good understanding of what is happening in our country.

As my colleague the Minister of Finance (Mr. MacEachen) pointed out last week, the task before us is to bring down inflation and increase productivity in order to get our economy going again. I will reiterate some of the proposal the Government of Canada has made to lead the country toward this very desirable goal. I realize that some of these proposals have already been mentioned but I do not think it hurts to repeat them again.

Some of the proposals involve cutbacks in pay increases to cabinet ministers, MPs and senators; ceilings on pay increases for more than one-half million federal employees; limits on indexation of personal tax exemptions, family allowances and old age security benefits; restraint in price increases regulated by federal agencies; $750 million in spending for job creation and economic development incentives as well as $300 million to help Canadians buy homes. There is an extension of programs to stimulate home renovation.

With respect to co-operative housing, I was very much involved with co-operative housing in a co-op organization I was associated with before I came to this place. It had rough times and tough sledding then. I remember when we allowed people in co-op housing to establish their rent as a downpayment over one year and rent was about $60 a month at that time. Therefore, you know how long ago it was, Mr. Speaker. I was in the Toronto metropolitan area when we were involved in those operations at that time.

Another proposal provides for the construction of new rental units and to offset problems with mortgage renewals. As well, there is $400 million to reduce interest costs for small business undertaking new investment. There is $200 million to be made available through the Farm Credit Corporation for farmers to refinance debts at lower interest rates. Consultations are to take place with the private sector on proposals that could be implemented this fall to reduce taxes on Canadian investment and to reduce interest rates for small business, farmers, fishermen and buyers of new homes.

This is a comprehensive and positive package. A number of these measures are of particular interest and benefit to the agri-food industry and I would like to explain them in a bit more detail.

First, the special farm financial assistance program. The government recognizes the severe economic difficulties facing many farmers in certain sectors of our agricultural community. In the past year interest costs have grown to become the leading input cost in Canadian agriculture, accounting for almost 20 per cent of total production costs. Last November we set aside $50 million to help farmers desperately in need to refinance their total debt load. Under this program, 382 farmers were given much needed interest rate reductions. Now

that assistance will be offered to a further 1,600 to 1,800 farmers over the next few years.

This should be measured against bankruptcies. It is said that the maximum you must save from bankruptcy is 261 farmers who needed assistance last year, who did not receive it and went bankrupt. Some of them, no matter how beneficial a program could have been worked out, could not have been assisted anyway because they were that far down the road. Some of the economic plight or conditions they found themselves in took place before high interest rates, as shown if one checks their financial statements. As I said, this measure could help at least 1,800 farmers.

That does not mean that we will not continue with the right of the Farm Credit Corporation to enter the private money sector even in a bigger fashion than it has been involved before. Loans will be made at the going FCC interest rates for this special program to which I have just referred. Now the going rate is 16.5 per cent, but with an interest rate rebate of four percentage points for the first two years of the loan, and loan limits for the individual farmer, he or she will be able to borrow $300,000. Jointly, a farm partnership will be able to borrow $500,000. That is the maximum which will apply under those conditions.

• (1600)

The funding for this program comes from the budget allocation of $100 million and a reallocation of $116 million from existing Farm Credit Corporation funds. That is not all. Farmers will be able to continue to borrow money from other places.

Second, there is the small business investment grant. Both incorporated and unincorporated Canadian businesses, including farmers, are eligible to share in this $400 million federal interest subsidy program. Interest rate reductions under this program of up to four percentage points will be available for loans for new assets, such as farm buildings, machinery and equipment. The program covers loans of $10,000 to $500,000 for purchases made between June 28 this year and March 31, 1983.

One of the very important aspects of this program which has received little publicity so far is the fact that expenditures for scientific research are also eligible for interest rate reductions. I would certainly hope that the agribusiness and food industry firms take advantage of this provision to boost their research efforts in the next few months. The grocery products manufacturers of Canada spend less than one tenth of one percentage point on research. I hope they are listening. I hope they study this legislation. Maybe we can get them up to 1 per cent. Anyhow, they spend very little, so little that one can hardly measure it. They spend the least amount of any group in Canada. I hope they grab on to this incentive and go ahead with it because research in food production is our most important tool.

The small business bond, as set out in the November budget, will remain in place until the end of the year to help farmers and other small businesses refinance debt at reduced interest charges. The federal government is offering tax concessions to commercial lenders which should enable these lenders to make refinancing loans at just a little over half the normal lending rate. We know from experience that these programs can be worked out and be very beneficial for many people in the farming community and in the small business operations of this country.

The new budget also contains a new capital gains reserve provision that answers many of the concerns expressed by farmers following the November budget. Anyone studying the ways and means motion will see what I mean. This provision is more liberal than the one proposed last December 18 and was modified from the November 12 budget. So, I think what is being offered at the present time is pretty darned good and that most in the farm community will be well satisfied with it.

I know that the agricultural community also has a special interest in the proposal to change the tax system to permit significantly reduced interest rates, perhaps three to six percentage points below the prevailing rates, on loans for new capital investment in this country. At the time we were debating the recent amendments to the Farm Credit Act in this House, many members of this House, many members on the agriculture committee and many farm groups indicated their support for special tax concessions to investors in farm mortgages. I am sure this support will again be voiced during the consultations which will take place, as outlined by the Minister of Finance last Monday night.

Wherever possible, the federal government will hold price increases in regulated sectors to 6 per cent in the coming year and 5 per cent in the following year. This could affect industrial milk producers and egg and poultry farmers, but not in the way in which many people think it will. Many think that those who are in regulated agencies or marketing boards will suffer tremendously. Let me tell Your Honour that the people in marketing boards are inflation fighters. They have accepted a form of control that no one else in our society will accept. Through Your Honour, I intend to outline to the House why and how this is taking place.

So many people in our society condemn marketing boards but they do not know anything about them. The only thing they know about them is what someone else said about them. They have never studied them. I recently addressed over 300 people at a meeting in British Columbia. Before the meeting I asked them for their opinions on marketing boards. Nearly everyone condemned them. When I then spoke to them in a forum, I asked: "How many of you have ever studied a marketing board?" Only two out of the whole group had so studied. The remainder were basing their opinions on editorials or radio commentaries. I would say that 99 per cent of the people who make those comments or write those articles have never ever studied marketing boards and what they do.

Let me just go into a few details as to how these price ceilings will be applied. For instance, concerning the regulated agencies, they are still being worked out, but I would offer a few observations on this point. Prices in the regulated sector which we are discussing have been below the general inflation

rate in the past year. Therefore, if everything else were in the same category, we would probably be asking people to accept these rates.

I will state some figures. Retail prices for dairy products in May were 10.9 per cent more than a year ago, but that is below the national rate of inflation. Poultry products were only 1.48 per cent more expensive than in May, 1981, and eggs were actually 2.66 per cent cheaper than a year ago. Therefore, how will a regulated agency be affected? Some farm leaders said: "What a terrible thing this will be!" Some of them should check what is going on in the regulated industries because, for instance, whole milk production in Ontario only increased 5 per cent for the whole of last year, and that is below what we are asking them to accept for the first year. We are asking that for the second year. Therefore, if the input costs are down, if everyone is productive and these people will meet some of the production figures, we will be inflation beaters and be very productive at the same time.

Producer prices for eggs have dropped four cents a dozen in the past 12 months. I am referring to producer prices, not retail prices. Producer prices for chicken and turkey have dropped three to five cents per kilogram. Producer prices for industrial milk have increased by $4.01 per hectolitre, or 11 per cent in the last year. That is also below the national rate. Because of the current weakness of feed grain prices, we do not expect the formula prices for eggs and poultry to trigger increases of more than 6 per cent in the coming year.

As I said, many people in our society, even in some farm organizations and some who are going bankrupt, are actually the biggest condemners of marketing boards. Many consumers think that marketing boards lead to higher and higher food prices, but that is just not so. Canadian marketing boards have a good track record as inflation fighters. I do not mind repeating that over and over again. That is because it is contrary to what some of our so-called brilliant economists in the country say. I know that Your Honour is very familiar with brilliant economists. I believe you obtained your economics degree from the University of Wisconsin. For instance, the Ontario vegetable marketing board has many members, some of them from the constituency of the hon. member for Elgin (Mr. Wise) who is present in the House, and some from my own constituency of Essex-Windsor. They have negotiated prices for processing vegetables this year which, on the average, are only about 5 per cent higher than they were in 1981. These farmers are doing that because they recognize some of the problems in our nation. Provincial marketing boards are doing this. How many headlines or commentaries have hon. members seen about what they decided to do this year?

At the same time, Ontario producers are increasing productivity, mainly because an incentive was provided by the federal government and by the Ontario government. For instance, we have placed a tariff on tomato paste to give tomato growers protection of 13.4 per cent, plus a devalued dollar. The province came in and gave outright grants of several million dollars to build tomato paste facilities. That means there will be thousands of acres of tomatoes, hundreds of thousands of dollars will be spent, more jobs will be created in southwestern Ontario, and it will cost less than anyone ever estimated, not a 9 per cent, 10 per cent, 12 per cent or 14 per cent increase but, rather, a 5 per cent increase.

• (1610)

Take the price of pumpkins. Some people get $30.75 per tonne. If any of you ever buy a pumpkin, you will find you will pay $2 or $3 for it. Weigh it and then see how much the farmer receives for that pumpkin. He receives only 3.4 per cent more than last year, that is all.

Carrot prices are $72.30 per tonne. That is 4.8 per cent more than in 1981. The highest increase was for green and wax beans, up 7.5 per cent at $226 per tonne. These are products that are for canning, for processing.

Overall food price increases for 1982 are expected to be less than 10 per cent, and this easing in food price inflation is certainly good news for Canadian consumers. Individuals can keep their own food budgets from rising by even this amount by substituting seasonal Canadian fruits and vegetables and frozen and canned produce for costly imports of fresh produce. For instance, many Canadians think they have to have their head lettuce from Florida, Arizona or California. They might as well just take a good drink of water. There is no food value in head lettuce whatsoever. It has a little cellulose in it. If you want to eat something that is good and nourishing, many people say: "Who are you to tell us what to eat?" Well, we make a study in our department of what people should eat. The scientific evidence is there that cabbage will do you much more good and has many more proteins, vitamins and minerals than the costly head lettuce that you bring into Canada from the deep south about seven months a year. You can store it, you can keep it under controlled temperature storage. The temperature-stored cabbage will last for one year and it will be all Canadian. I see the member from Fraser Valley West (Mr. Wenman) opposite. He knows that in Agassiz and in Saanichton on Vancouver Island they are growing cauliflower all year round, except for six weeks in the year. If that industry expands, as we think it will, a big part of western Canada can be supplied by cauliflower all year round. It is excellent cauliflower; I have eaten it. They have shipped it here and I have eaten it there. Right in the stores in British Columbia there is Canadian cauliflower for two-thirds the price of American cauliflower, but because people are not used to eating Canadian cauliflower, they do not think it is as good. We know it is better, because those things that grow in the northern climate grow more slowly and it takes more time to take the nutrients out of the soil. Those products are better for you than those products that grow down south very fast. They have more of the things that you and I need to make a healthy living. How do you think I have grown so strong and feel as young as I do as the Minister of Agriculture? And I have been in politics in Canada for 20 years! It is because you are what you eat.

An hon. Member: Right on!

Mr. Whelan: If I last as long as the former member for Prince Albert, that means that perhaps for 26 more years you will have to put up with me!

I am just saying that we have the potential for production here in Canada. Canadian farmers and food processors know first-hand the problems that inflation has caused in our industry. I know that they support the government's effort to bring down the inflation. General Foods, which is one of the largest produces in North America, has sent us a telegram saying: "We are prepared to do that kind of thing; we are prepared to co-operate with the government." That is the kind of thing that you like to hear.

I am sure the hon. member knows full well the potential for productivity in this product. The member for Fraser Valley West and those for some of the other parts of Canada, such as Saint Jean in Quebec and similar areas, know the potential for producing this Canadian food for our own consumption and for export.

The Minister of Finance has called on the provinces, on private industry and on all Canadians to share in the fight on inflation. Canadian farmers, as I said, have already been in the front lines in this fight. Some can say that they are bearing the cost of inflation. They are still surviving, though.

I see here an hon. member from Saskatchewan. Last year in that poor province of Saskatchewan land values went up 25 per cent! That government in Saskatchewan did such a good job of making people so rich they all turned Conservative!

Some hon. Members: Hear, hear!

Mr. Whelan: They left them with a big deficit, but I see that they are not going to get rid of the finance corporation; they have to have that Crown corporation so they will have more money to lower gasoline prices.

Mr. Althouse: Mr. Speaker, I rise on a point of order. I would just point out to the hon. minister that there was not a big deficit left in Saskatchewan. I would prefer that the minister would keep his speech correct.

Mr. Whelan: There was not a big deficit? He knows that I know that they left it in such good financial condition that that is why they turned Tory. Those across the way have not made one suggestion to help the Government of Canada. As good Canadians they should be making some constructive suggestions about what we should be doing. They have not made one that I have heard, and I have checked the record very thoroughly, too.

Mr. Kempling: Stick to the truth. Put it in high gear. You have a big lead.

Mr. Whelan: We are talking about the provinces and what they should be doing. I am told that the provinces are ready to do this. Premier Buchanan of Nova Scotia has already taken a step in the right direction. That is not a rich province; it is a province which has great financial difficulty. But that Premier has recognized the need across the country, to make sure that Canada stays alive.

When we talk about fighting inflation, we find that in the front lines there are the farmers there, and there are many others willing to join them in the front lines. Cost increases have outstripped price increases in many commodity sectors. Farmers not practising supply management have had little protection against the ravages of inflation. They have not had the 10 per cent, 12 per cent or 15 per cent wage increases that public servants, Members of Parliament and private industry employees have had in the past year. And yet, if other sectors of the economy had the same kinds of increases in productivity as the agricultural industry has had, we would have a much stronger economy today. So what is the member talking about? To listen to the member from Brant (Mr. Blackburn), you would think that no one in Canada was increasing productivity.

Just the morning after the budget was brought down, Mr. Speaker, my colleague the minister responsible for Statistics Canada and I announced the findings of the 1981 census of agriculture. We talk about efficiency. You hear some economists and other people talk about inefficiency because they are in a marketing board. Milk production rose by 7 per cent in the last five years, not went down, as some of the figures given by a previous speaker would suggest. Yet Canadian farmers produced that milk with 12 per cent fewer cows! Is that what you call inefficiency? There were 1.77 million dairy cows in 1981 compared with 1.99 million dairy cows in 1976.

In the poultry sector the number of laying hens declined by 12 per cent in the past decade, but the number of eggs rose by 10.5 per cent from an annual average of 209 eggs per bird to 241. Efficiency in agriculture is increasing all the time, Mr. Speaker.

Many words have been spoken and written about the budget in the past eight days. This House has heard a mixture of praise and criticism, statistics and economic theory, political rhetoric and personal opinion. In light of these varied observations, it is easy to be blinded and to fail to see the forest for the trees.

Some of the members opposite are concentrating their vision on the size of the deficit; the deficit should be lowered by massive cuts in government spending, they say. Others are looking at the number of housing starts; there should be a tax cut on construction materials, they say. More? Where? How? Where are the trade-offs these critics would make? Is it easy? It is easy for the opposition to say they would not have a $19.6 billion deficit, but they did not tell the public what increases in taxes and cuts in programs they would have to make to accomplish this. This past Sunday in my constituency in a little village called Comber, a rural community, the Tilbury West council under Reeve Jack Morris decided to give leadership to go ahead and build a senior citizens' complex, self-contained apartments. I do not know why the press did not report it, but at the meeting I said that it had cost $600,000 for these 27 units and that the majority—97 per cent—of the interest rate is subsidized by the federal government; so that the total

interest rate a tenant would pay on a subsidized unit was 2 per cent. I knew many Conservatives in the audience. Many Liberals were there. There were probably a few New Democrats, but they did not say they were. However, I asked whether they wanted us to cut that out. Did they want us to stop that expenditure? We were building those homes for senior citizens who had made such a great contribution to our nation. Did they want us to stop that 14.5 per cent or 15 per cent interest subsidy we were giving on these units? I asked them, please, to tell us if they wanted us to stop those government expenditures we are so bad at making.

● (1620)

Do hon. members opposite want me to cut expenditures for the Farm Credit corporation or for beef stabilization? What cuts would they make in Agriculture Canada's program? Many times in recent months hon. members opposite have criticized me for not spending enough on agriculture. The budget for which I am responsible has decreased from 2.4 per cent of the federal budget to about 1.5 per cent of the federal budget, but has agricultural efficiency decreased? No. Agricultural production has increased. The incomes of farmers who have looked after themselves have not suffered very much. Some have said I should have a $1 billion budget for the Farm Credit Corporation, and I have said I would like to have that. It has been said that I should spend hundreds of millions of dollars to help beef producers.

My department is making very good economic use of taxpayers' money. We are improving our services to the agricultural industry every year, yet our share of the federal budget is declining. We are able to do this by being efficient and by having a good economic ship with a good crew. We have an excellent crew in the Department of Agriculture, which is the most decentralized department and knows probably better than any—better than many; that is for sure—what is going on in this country. That is the way it has been since confederation. Agriculture Canada has been spread across the country. There are over 10,520 employees. About 2,500 of them are here in the capital area, and the rest are all over Canada. The people in my department understand what is going on in Canada and report to us what is going on. As I said, we are able to do this by being efficient, and I do not believe hon. members or the public could find much to cut out of my already very lean budget.

It is all very well for another political party to say it would not put a ceiling on civil service wage increases and that it would create more jobs, but it does not tell the public how. What alternatives are hon. members opposite offering? I remember when the right hon. member from High River was Prime Minister. High River is where he was born; I forget the name of his riding.

An hon. Member: Yellowhead.

Mr. Whelan: The *Toronto Star* of October 20, 1979 said: "Clark backs more interest rate hikes". The other day the Leader of the Opposition (Mr. Clark) said, I believe on a hotline program in Montreal, that he has no alternatives. That is what was reported to me. When he was Prime Minister he backed the Governor of the Bank of Canada. I never heard that he sued the *Toronto Star* or reporting what he said incorrectly.

I see, Mr. Speaker, that you are ready to rise. I want to refer to one other matter, and I will be as brief as I can.

Who is Pierre Bourgault? He was a leading separatist in Quebec. What did he say, as recorded in the Montreal *Gazette*? He wrote an article in his own hand. It was copied in the Ottawa *Citizen*. It was not copied in the Windsor *Star*. Why? The Windsor *Star* did not copy it because it was too positive for a separatist to say. This is what he said:

> Let's count our blessings.
>
> Did I say blessings? Yes I did, because by comparison, we are blessed beyond reason.
>
> I add "in Canada".
>
> A transportation strike? A doctors' strike? Irrelevant. Interest rates? Unemployment? Inflation? The Quebec budget? Insignificant. The fall of the dollar? The economic crisis? Trudeau, Lévesque, Drapeau? Mere incidents.
>
> Who are we to complain?
>
> And yet we complain. And not without reason. We're not used to so many problems hitting us at the same time. We're used to being spoiled. We're used to our big and small privileges. And if we're deprived of some of them, we tend to imagine that we're deprived of our most basic needs.
>
> I'm half-joking. Of course we're in a mess. But, at the same time, we musn't cry too loudly, because the rest of the world has every reason to be envious of our problems.
>
> The kids on the Falkland Islands (British and Argentine alike) would rather suffer a Metro strike. I'm quite sure of that.
>
> The population of El Salvador would rather go without doctors for a few days—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. minister, but his time has truly expired.

Mr. Whelan: It goes on and on, Mr. Speaker. This was written by a separatist who would have torn this budget apart, and he tells us about our blessings in Canada. Thank God for our blessings.

Mr. Tousignant: Mr. Speaker, I rise on a point of order. The minister asked what programs should be cut. Hon. members opposite want programs to be cut. They all have the—

Mr. Deputy Speaker: Order, please. The hon. member for Témiscamingue (Mr. Tousignant) is not raising a point of order.

Mr. Kempling: Make a speech. Get into the debate.

Mr. Pat Nowlan (Annapolis Valley-Hants): Mr. Speaker, I must say I enjoyed the performance of the Minister of Agriculture (Mr. Whelan) here today. He is usually an entertaining speaker. In the farm halls of the nation and across the fields of the nation he can make quite a contribution.

Mr. Kempling: And in the barnyards.

Mr. Nowlan: I am not exactly sure what the minister eats on a day to day basis, but I certainly know what he spreads

around in this House. We are supposed to be talking about the budget, not the estimates of the Department of Agriculture, but the minister used most of his speech to discuss the estimates of his department. The estimates of the Department of Agriculture are not before the House.

When it comes to agriculture, I think hon. members on this side of the House would tend to agree with the minister, knowing full well that he has not been able to get the necessary funding for many agricultural programs. I certainly do not want to see any cuts in agricultural programs. The industry is basically a very productive and progressive segment of our economy, but we are not supposed to be talking only about one segment of our economy.

When the minister gets out of the hallowed halls of Ottawa and gets away from the insulation of Ottawa and goes about the country—I admit he does that a little more than many other ministers—and when the country is as perplexed, troubled and sick as it is today, I do not think people would appreciate a speech of buffoonery and faint sarcasm like the speech of the minister here today.

Every segment of our society is sick, but we in this House, whether in the opposition or on the government side, would not underestimate the bounty of Canada. What makes us feel so badly is that in spite of our bounty we have had a government for 14 years under the present Prime Minister (Mr. Trudeau)—except for a brief interval of six months—which has put our economy into dire straits, to coin the Prime Minister's own words.

I do not intend to belabour the Department of Agriculture estimates reviewed by the minister. There is little in the budget for the farm community except, to use the minister's own words, a reallocation.

I listened to the minister, and I wish he would stop grumbling and belching now. As I said, I do not know what he eats, but it certainly produces a lot of gas. I would just as soon he spread what he is spreading here across the fields of the nation. Farm productivity would certainly be enhanced.

The fact is that the little help in the budget for the farm community is mainly a reallocation of existing funds. In order to qualify for the small amount of assistance in the budget, a farmer would have to be in dire straits. If what the minister was talking about today is so good, why was it not in the November 12 budget or even in the first budget of the Minister of Finance (Mr. MacEachen)? No matter how sincere the Minister of Agriculture is—and I give him credit for being sincere in the interests of the farm community—the fact is that in the cabinet of which he is a member he does not have enough clout to get the funds necessary for agriculture.

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

Mr. Nowlan: What is the problem?

Mr. Whelan: I have a point of order. Mr. Speaker, the hon. member is trying to tell the House I have done nothing. In his own riding we built a research centre at a cost of some $20 million. And the hon. member is not even on the government side of the House.

Mr. Deputy Speaker: The minister is not making a point of order.

Mr. Fisher: But it is an important point.

Mr. Nowlan: Mr. Speaker, the minister knows well—and he is now making his exit—the history of that research centre. It took about 11 years from the time it was first conceived in the Department of Agriculture to the time it was finally built. It was on stream in 1957, 1958 and 1962 when a former member from that riding who happened to be of the same political stripe as I am had it finalized. It was the change of government in 1962-63 that deprived the farm community of Atlantic Canada of the much needed research station at Kentville, Nova Scotia. It became entangled in the political cross-currents in the land and it was only after two other research stations were built, due to the concerted efforts of the people, that the station was finally built. And I am proud it was, Mr. Speaker.

• (1630)

But enough of this distraction and diversion. The agricultural budget is not the subject of this debate. Today we are talking about the budget—the third confessional of the Minister of Finance of Monday, June 28. It may be appropriate that this is the ball season because I liken the Minister of Finance to that eminent batter of old called Casey, who swung three times. When he swung and missed the third time there was gloom in Mudville. What we heard from the minister on Monday, June 28 was certainly a message that cast gloom right across the country. It did not live up to the expectation that the minister stimulated when he announced the budget in a hurried fashion in the House not so long ago. Because of those expectations of a budget that was supposed to address some of the fundamental problems of the country, the dollar, the stock market and the buoyancy of the Canadian economy are all much worse today than before the budget.

If we need an example of the reason for this crisis of confidence, it was illustrated in the answer that the Minister of Finance gave to a question put by the hon. member for Etobicoke Centre (Mr. Wilson) in question period today, who referred to yesterday's headline to the effect that Ottawa borrow $2.3 billion to prop up the dollar. The minister gave the most amazing answer and tried to suggest that this was an unusual thing and that it was not a loss when you had to borrow $2.3 billion to prop up a dollar that was sagging. If he could have given a full answer I suppose he might have tried to turn the loss incurred by the interest payment on that $2.3 billion into a profit by his figuring. Most of us cannot begin to appreciate sums of such magnitude and this is part of the problem.

The minister reminds me of the character in Alice in Wonderland. Alice was talking to Humpty-Dumpty who told her that when he used a word it meant just what he chose it to mean and nothing more or less. Alice said that the question

was whether he could make a word mean so many different things but Humpty-Dumpty replied that the question was which was to be master, that was all.

A headline in the business section of the Montreal *Gazette* today refers to the $2.3 billion that is needed to prop up the dollar. We must also consider the run there has been on the dollar since January and the money we have had to borrow to prop it up. Since January the government has taken action in the financial markets to defend the dollar by selling off $1.5 billion in foreign reserves, by borrowing almost $1 billion in standby credits from Canadian banks; by arranging standby borrowing from foreign banks of $1.5 billion; and by arranging for a new bond issue of $500 million, a total of $4.347 billion U.S. since January in order to try to keep our dollar at an artificial level.

Notwithstanding that massive injection of billions of dollars which cost our taxpayers a lot of money, our dollar has fallen three cents in that period. Of the $2.9 billion that there were in foreign reserves at the end of June, $2.4 billion or 82 per cent is represented by funds borrowed from abroad.

We are in dire straits with regard to our foreign reserves and that affects interest rates. This question was not addressed in the budget the other night. The Minister of Agriculture, who has left the House, can talk about stop-gap programs, but I agree with him that it is interest rates that is killing the economy, not this hocus-pocus of band-aid and postage stamp solutions.

I want to come back to the matter of foreign reserves and put in simple terms what that $4.3 billion represents.

In his first budget the minister struck at the oil companies and at the energy program. In the next budget on November 12 he struck at foreign investment. I suggest that in this budget, as my leader suggested earlier in this debate, he struck at the people of Canada. By removing the indexing, in effect he is imposing a $1.3 billion tax increase.

As has been repeated ad infinitum in the House, senior citizens will find that their old age pension is capped. Anyone who suggests that a senior citizen whose income is just above the GIS qualifying level does not need help, does not understand the plight of our senior citizens. Not only will the old age security payment be partially indexed, but pensioners will be paying more tax due to the deindexing of income tax. Old age pensioners not eligible to receive the guaranteed income supplement, that is single people with total incomes above $8,500 and married couples with total incomes of about $14,300, will receive $80 less per person or $160 less per couple in 1983-84 because of the 6 per cent cap on indexing in 1983 and the 5 per cent cap in 1984. They may also have to pay more income tax because of the partial deindexation of the tax system. Meanwhile, upper-income taxpayers earning more than $30,000 per year continue to enjoy the full benefits of the reduction in marginal tax rates in the budget of November 12, 1981.

I suggest that the coach of this team that has the Minister of Finance throwing the pitches had better start finding a substitute for the world series in the fall. This capping of old age pension payments will come home to haunt the Minister of Finance and every member of the government as they go around their constituencies, if and when we ever have a summer adjournment.

It is not just senior citizens who are affected, of course, but those who receive family allowances with a 6 per cent cap. Anyone bringing up a family is faced with escalating food prices. The Minister of Agriculture may talk about some kind of program to maintain the price of food and may extol the virtues of marketing boards, but I should like to know how he will try to control the cost of the imported commodities that go into our food.

The question of unemployment was really not touched upon in the budget. We all know that very soon unemployment insurance premiums are to be revised. A story in *The Globe and Mail* of July 2 dealt with the sad state of the unemployment insurance fund. Last month payments from the fund showed a 41 per cent increase over the same period last year. More than $2.75 billion was paid out. I will read the whole story because it was tucked in to the back pages of the financial section of a lot of Canadian newspapers which were still trying to digest the budget. The Canadian Press story, which has not been refuted, reads:

• (1640)

The federal Government paid out more than $2.75 billion to unemployed people from January to April this year, a 41 per cent increase over the same period last year, Statistics Canada said yesterday.

Preliminary figures show that for the week ended April 17, claimants qualifying for benefits totalled 1.16 million, a record number.

The count was also 3 per cent more than for the previous month—when a drop is usually recorded—and 45 per cent more than for April, 1981.

That follows release of federal budget figures on Monday that forecast a $2.2 billion deficit for the unemployment insurance fund for 1982 instead of the $218 million shortfall predicted last November.

I will come to the deficit, Mr. Speaker. In fact, there is so much to say about this budget that time really becomes of the essence. The article goes on:

Employment Minister Lloyd Axworthy also confirmed on Tuesday that unemployment insurance premiums will have to be increased because of the soaring jobless rate which now stands at 1.25 million or 10.2 per cent. Mr. Axworthy said the Government would not announce the new premiums until the fall when more complete figures become available.

But Finance Department officials say premiums could rise to $2.50 next year for each $100 of insurable earnings, up from $1.65 this year. Rates for employers, currently $2.31, could rise to $3 or more, the officials said.

That is certainly an increase far above the 6 per cent that the minister is trying to get us to swallow. Then we have the really staggering punchline, because I was in this House when the unemployment bill went through and we warned about some of these problems. It says:

Earlier this year, StatsCan reported that Ottawa paid a record $4.8 billion in unemployment insurance benefits in 1981, a 10 per cent jump over 1980. The fund registered a $360 million surplus last year.

Payments this April amounted to $691 million, down 12 per cent from March but up 51 per cent from the $458 million disbursed in April, 1981.

The previous prediction of a $218 million deficit was based on Finance Department forecasts last November estimating average unemployment in 1982 would be 7.8 per cent.

There are estimates that up to three million people could be unemployed at some time during the year.

We all know, Mr. Speaker, that the minister predicted just seven months ago a deficit of $10.2 billion and then came into the House on June 28 and admitted—and goodness knows what it is going to be at the end of the fiscal year—that it is going to be close to $20 billion. Then we have a prediction for the unemployment insurance fund, which is a special account and not part of the total deficit, of a $218 million deficit; but in fact it is going to be more than $2.5 billion. Anyone in private industry or carrying on business by himself who was so out of kilter in his projections would have gracefully resigned, let alone be fired, for making such irresponsible projections.

I want to come to the point of just what is a billion and how you can relate to the billions the minister talks about in the deficit and the UIC fund. I went back and did a little research on Canada's budgets. There was a minister of the Crown who used to say "What's a million?" That was the Hon. C. D. Howe when he was being chastised for being so loose with public money. Now, of course, it is easier to say "What's a billion?", since we are into that realm. The billions just boggle the mind.

When I first came here as a member in 1965 the total budget was $6.5 billion. With supplementary estimates it got up to $7 billion. When the present Prime Minister took over, the total budget—not the deficit—was $10.2 billion. They were horrendous figures then, yet now we are talking about a deficit of some $20 billion. That is equivalent to someone overspending by almost 30 per cent. No wonder we are in difficulty; interest charges on the debt will be $45 million a day, which is equal to 9,000 taxpayers paying $5,000 in taxes every day.

This budget deficit is more than the total of all federal budgets for the first 74 years of this country's existence. We did not go over $16 billion in total budgets until the 75th year, the war year of 1942, when it went over $18 billion in total. That is the type of monstrosity we are talking about in terms of deficits and debt that this country is carrying. In effect, the debt represents 22 per cent of the budget, or $700 per person, $1,800 per taxpayer. When you stop to think that the average taxpayer pays approximately $4,000 in federal and provincial taxes, then almost 45 per cent of those taxes goes to service the debt. Is it any wonder that we have real problems in this country today when spending has gotten so out of control? We did not have a budget in excess of $2 billion until the fourth year of World War II, 1943, when we had a $4.3 billion budget. And all this money spent to service the debt does not provide one pension, make one medical payment, or help post-secondary education. It is, in effect, money out the window.

I know my time is running out, Mr. Speaker, but one has to stop and look at the fact that it takes 75 years to exceed the $18 billion figure in total budgets, and then in one seven-month miscalculation the Minister of Finance comes into this House to report a $20 billion deficit and then has the nerve to stay on as Minister of Finance. That just shows the enormity of the problem, one that is not going to go away with a waving of the wand like Merlin the Magician.

If things were not so serious, one might call this Minister of Finance the court jester of the finance ministers of the world. He likes to pretend that he is King Canute and can hold back the waves. For years, especially the last two or three, we have heard every possible answer to the problem of interest rates. Up until June 28 the minister has said there is nothing he can do about interest rates in this country. The problem is caused by other countries or the ugly Americans to the south. That was his answer month after month and year after year to the dilemma of high interest rates, certainly since the Liberals took power after the last election. The minister always said it was factors offshore that affected interest rates. Now out of the blue, realizing the deficit has risen to $20 billion in seven months from a $10 billion prediction—a 100 per cent miscalculation—let alone the run on the dollar of $2.75 billion, and the over $4 billion since January, those two factors most likely forced the minister to come into this House with a budget. Then he tried to bamboozle the people. But the people will not be bamboozled when the minister's answers for two years have been that interest rates were always a result of offshore events.

• (1650)

When we look around we see that interest rates in the United States are still 16.5 per cent. In Germany interest rates are 13 per cent and Japan is the only one with an interest rate of 6 per cent. France's interest rate is 14 per cent, as is Great Britain's. Switzerland's interest rate is 9 per cent and Italy's rate is 22 per cent. Canada's interest rate is anywhere from 17 per cent to 18 per cent to 19 per cent, depending on how preferred a customer you are. Some people pay over 20 per cent on their bank borrowings. Yet the minister brought in this 6 and 5 per cent tangle, about which he is supposed to excite Canadians and perhaps have them believe in him when Canadians have no reason to believe in him in view of the fact that he has struck out on two previous occasions. I suggest the way the stock market has reacted and the way the dollar has reacted since the Monday night budget means that the minister has also struck out again.

The only way this crisis of confidence in Canada can be resolved is to have a cleansing of this government. If this government is so proud of everything it has done, then it should go to the people with an election. The motion we are voting on tonight is that the government resign. Certainly if the Minister of Finance had any political integrity at all after he has led the Canadian people for two years down this dead-end street of high interest rates which are crippling the economy, he would resign.

You can talk about all the billions of dollars worth of programs you want, Mr. Speaker, but there is one item which really focuses attention on the mentality which affects this place in terms of spending other people's money, that is, spending taxpayers' money. The other day my colleague, the hon. member for Peterborough (Mr. Domm), gave an example

of this. It is almost impossible for the public to appreciate what billions of dollars are. Even we cannot appreciate billions of dollars. But when you get some human story involving dollars misspent perhaps the figure can be multiplied and someone can understand what is meant when you talk about billions of dollars. The hon. member for Peterborough moved a motion under the provisions of Standing Order 43 on June 29, 1982. It was not approved, of course. He discussed the case of one Janet Smith, an economic adviser in the Privy Council Office. An article was written about Janet Smith in the Peterborough *Examiner* on June 28, 1982. This was the same day as the budget. The article is entitled "Stop Janet Smith". It reads:

> Public criticism of government's excessive spending has been less effective than it should have been. The reason in our view is that it lacked focus.
>
> No more.
>
> Last week the Privy Council Office announced that it will send Janet Smith to the Riviera to learn French. She will be there for four months. The bill to the Canadian taxpayer will be $11,800, plus her full salary.
>
> Now, Ms. Smith is an economic adviser to the Privy Council. She is paid a salary of $75,000 a year. She is not, however, bilingual, as the job requires. Not for want of trying. She has tried and failed, a number of times.
>
> The government felt that sending Smith to the federal language school in Quebec City would not work. She would be aware there of the issues of the day, and that would detract from her ability to learn.
>
> Four months in the South of France, at public expense, was the obvious alternative. No issues, no money worries to distract her at Nice or Cannes or St. Tropez or whatever.
>
> We make this suggestion with no tongue in cheek:
>
> Every Canadian capable of writing a letter in either official language, or telephoning a government office or a Member of Parliament, should do so and issue the order clearly understandable in either English or French: STOP.
>
> We should make it our business to see to it that Janet Smith, no matter what her difficulties with French, no matter what contribution she has made as an economic adviser to the present economic mess, does not get four months holiday in France at public expense.
>
> We should make it our business to stop these gross abuses of public money.

I will not read any more, Mr. Speaker, because I see you have indicated that my time is up. But it is an interesting, ironic twist that on the very day of the budget this story breaks of an economic adviser in the Privy Council Office, well paid by any standard, going at taxpayers' expense, in the amount of almost $12,000, to France to try and develop a facility in French, for which we all commend her, when we have language schools in Canada that certainly should be able to do the job. That is absolutely symptomatic of the waste of taxpayers' money.

Some hon. Members: Hear, hear!

Mr. Nowlan: The situation will not be changed until we are able to change this government. The sooner we have that opportunity, the better it will be for the people of Canada.

Some hon. Members: Hear, hear!

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Mr. Speaker, at times such as these when we have several areas of international tension, pressures from international economic difficulties and dislocations in the marketplace, high unemployment which has become the mark of industrialized countries, and high interest rates accompanied by high inflation, governments must have underlying, long-term goals to overcome these enemies of man and management. While we talk about long-term goals, governments must also be flexible in their policies to make sure that they arrive at those goals to recovery. If a policy does not work, then it should be changed and adjusted and no finance minister or any government should be hidebound or glued to interim policies that are not contributing to the long-term goals of recovery for the economy and smoother times for people in all walks of life. The major aims of the June 28 budget are to lower inflation and interest rates. In my view, interest rates are one of the biggest curses of all times. The budget is designed to help Canadians who are most in need of lower interest rates and the complimentary reduction in the Canadian rate of inflation. People buying new homes, whether they be existing ones or new ones, will get outright grants. Parents will receive a bigger child credit cheque. Business people will get significant relief from the high cost of money at the bank. Government tax revenues will be reallocated this year and next to activities that create jobs now and encourage new investment now. The thrust of this budget is to restore confidence, confidence in a future where inflation is reduced, and a future where new investment creates the jobs we need. If that confidence is not restored, you will not have money going into the economy and into development.

The size of the deficit is not due to massive government expenditures as some would have everyone believe. It is due to a lessening of revenues at the bottom and inflationary costs at the top. Therefore, unless inflation can be decreased the deficit will continue to increase at the top, and unless interest rates decline, the deficit will continue to grow at the bottom because there will be fewer taxpayers to provide for revenue.

It is important, then, that the June 28 budget set out to achieve the following: an attack on high interest rates; an attack on inflation; reallocation of funds to create jobs; a new housing package and new tax proposals. As a result, buyers of new homes will get a $3,000 grant on their purchases which will lessen interest charges. I am sure that other member's offices, like my own, have had many calls about this $3,000 grant. The forms will not be ready for ten days to two weeks but people will apply for the grants in the normal way through Canada Mortgage and Housing Corporation.

Small business people will be able to get money at an interest rate 4 per cent less than the going rate for investment in plant and equipment. Farmers and fishermen, too, will be able to get money at this lower interest rate.

Long-term planning by any government is not complete unless we take into account some of the obvious issues or problems that lie ahead. We cannot always look at tomorrow morning. Whether or not we recognize it, we are in the middle of another industrial revolution. We are rapidly moving along in the change-over from manpower to the fast-moving era of high technology. Computerization is simply a household term. We are rearing children today who may have to be retrained two or three times during their lives. Education systems across Canada must be upgraded to meet the requirements of the

times, or they will be guilty of contributing to future unemployment, an unsettled work force and more costly production because many will have to continue to be trained on the job.

• (1700)

What about security? There will be very little security in many areas of employment unless we revamp and reform the diversity and the plethora of private pension plans across the country. Right now there are private pension plans in Canada from which a person cannot collect even in part until he or she has served the full required number of years. There are pension plans which do not pay the spouse a cent if the employee dies in the last year of service. The use of the survivor option must be put into practice even for surviving spouses to collect as little as 40 per cent. Some plans pay a flat rate benefit or so much for each year of service. There are other plans where an employee can work for 20 years, but if she or he is not 45 years of age, the person is deemed not to have a vested right in the plan and therefore, if laid off permanently, walks away from the job with nothing. This is true in plans where the employer contributes 100 per cent to the plan, but surely employees must feel that they have earned that money. Portable pension plans are a must if we are to look in a realistic way at the future which our children will face. Some provinces and the federal government have made minor moves in pension reform at their levels, but a major overhaul by the two senior levels of government is a necessity.

At the beginning of 1980 there were 14,600 private pension plans in Canada, covering 48 per cent of paid employed workers or 4.5 million employees. This coverage ratio remained virtually unchanged from 1978. The figures indicate that 54 per cent of males were covered by these plans and 38 per cent of females. For almost 60 per cent of private sector plan members pensions were based upon average earnings over the entire period of employment, even though it might be 35 or 40 years, or they were on a flat rate amount per year of service. By comparison, 95 per cent of public sector plans were based upon the higher earnings in the years just prior to retirement, for example the last six years. Two thirds of public sector plans had indexing provisions, while less than 5 per cent of private sector plans had automatic indexing which was generally limited to less than 3 per cent annually or a fixed dollar amount.

In 1979, $3.3 billion in private pension or superannuation benefits was paid to 829,000 beneficiaries, for an average of $3,930 per person. That is not a very big income, but $4,516 was the average for males and $2,929 was the average for females. An additional $8.2 billion was paid by old age security, guaranteed income supplement and the Canada and Quebec pension plans. Employee and employer contributions to all employer-sponsored pension plans amounted to $7.6 billion during 1979. Nearly two thirds of this amount was paid into trusteed pension plans with funds amounting to $52 billion at book value at the end of 1980. There is no danger of those pension plans going broke. This $52 billion in trusteed pension plans means cheap borrowing for governments and others who borrow from them. It is no secret that governments borrow from them. In Ontario the provincial government borrows heavily from them. The CNR is known to borrow funds from its unions' pension plan. Other Crown corporations and provincial governments across Canada do it. As a result they are able to roll over their debt at very cheap rates of interest.

One does not need to be a great mathematician to realize that pension plans are wealthy and will continue to become wealthier if only a little more than $1 out of every $3 taken in on average is paid out in benefits. A Department of National Health and Welfare study entitled "Pension Plan Coverage by Level of Earnings and Age, 1978 and 1979" confirms that private pension plan coverage is low, although it increases with level of earnings. While 48 per cent of Canada and Quebec pension plan contributors are members of employer-sponsored pension plans, only 11 per cent of those people at the lowest income levels are covered by an employer-sponsored pension plan. However, 84 per cent of those with earnings in excess of $30,000 are protected by employer-sponsored pension plans.

Reform of pension plans across Canada will mean more money in circulation and less sitting in pension funds. In the long run it could also mean less demand on public funded pension plans and greater justice and fairness in pension plans themselves. Therefore it is incumbent upon us to move quickly in meeting the challenges of pension reform. The Prime Minister (Mr. Trudeau) and the Minister of National Health and Welfare (Miss Bégin) listed four main goals of pension reform—all people should be able to belong to pension plans, private pensions must be portable, all pensioners should be protected from inflation, and women must be treated more equally.

The Minister of National Health and Welfare has stated on many occasions that one top priority of government is to increase the guaranteed income supplement for single pensioners. She stated that this would be done as soon as resources permitted. This point now made, I must state that the most fundamental pension reform issue facing us is the continuing lack of adequate pension coverage. Without significant improvements in this area, other reforms will be meaningless for many Canadians. This kind of reform is in the true tradition of the Liberal Party of Canada, and we should act.

Some time ago a "W5" program on CTV gave a rather warped view of the activities of the Department of National Defence. It is important that the updating of defence equipment be placed clearly on the record. Because the Department of National Defence is very important in relation to any budget, I would like to turn my attention to a subject which is not often given the attention it merits. Of course, I refer to the Department of National Defence and the work of the Canadian military.

It must be greatly apparent to all hon. members that the current international environment is fraught with conflict—tensions in the Middle East, the Russian invasion of Afghanistan, tensions in Eastern Europe and in the Americas are rising, and there is renewed mutual suspicion in East-West relations. Although the SALT or START process, Strategic Arms

Reduction Talks, is continuing and the UNSSOD II is still in session at the United Nations, there remains an uneasiness in the western alliance. This uneasiness has been translated into a new awareness of the needs of national military requirements.

I am happy to note that the Canadian government acted responsibly in recognition of the changing strategic setting and has allocated substantially increased financial allotments to the Department of National Defence over the past two years. The minister told me that he is confident that when the strategic overview is presented to cabinet his department will continue to receive a substantially larger share of the federal budget than in previous years.

• (1710)

This year, the share of the federal budget to be devoted to defence expenditures is 9.6 per cent, which is not a bad share when considering there are approximately 32 government departments and many Crown corporations. This will allow the Department of National Defence to pursue its re-equipment program with vigour. The Minister of National Defence (Mr. Lamontagne) is to be complimented for his efforts to re-equip the Canadian Armed Forces. It is obvious that he has some clout in cabinet and that is important to the members of our armed forces wherever they may be in the world.

The CF-18 Hornet fighter aircraft project is on schedule. The first of the 138 aircraft is due for delivery in October of this year. The final aircraft delivery is scheduled for late 1988 and the cost in today's dollars is expected to be about $5.2 billion.

The Canadian patrol frigate project is moving ahead. The two consortia involved in the design drawings for these are Saint John drydock in New Brunswick and Scan Marine in Longueuil, Quebec. All proposals will be presented to the department for approval and for a decision to award the contract. Some of the lessons learned by the British navy in the Falklands will be taken into consideration. New defence mechanisms to combat missile warfare will be included.

The next real milestone is in October of this fall, at which time proposals from the two contractors will be considered and the cost of these six frigates is expected to be approximately $2.6 billion in 1981 dollar value.

The Canadian Armed Forces and the militia units now have their full complement of general purpose armoured vehicles, such as the Grizzly, Cougar and the Husky. Those yet to come are for the logistics reserve. To date, 475 of the 491 vehicles contracted for have been delivered at a cost of $317.9 million.

As everyone knows, the Canadian Armed Forces have had an aging fleet of trucks to work with for some time. I am sure that no one was more pleased than defence personnel when they heard that a total of 2,767 of these vehicles have been ordered and the project is on schedule. The first one came off the assembly line on April 30 this year. The last one is to be delivered by mid-1985. The cost of this order will be $234 million in 1980 Canadian dollars.

All 128 Leopard tanks which were ordered some time ago have long since been delivered but a small quantity of support spares are to be delivered by December, 1983. Most of these tanks are now in Europe and the total cost was $261.5 million in 1980 dollar value.

All 18 long-range patrol aircraft, well known as the Aurora, have been delievered and are operating very successfully. Support spares are expected to be received until December, 1984 at which time the project will be completed. To date $450 million has been paid out for these out of a total cost of $582.6 million to 1984.

The present authorized military person-years for the Department of National Defence is 81,148 in the regular forces and 21,372 in the reserve forces. The authorized civilian person-years is 36,893. The Department of National Defence budget provides for a military personnel payroll of $2.168 billion or 31 per cent of the total budget. The civilian payroll is $834 million, or 12 per cent of the total. Operating costs are $1.789 billion. The capital cost program for the department is $1.511 billion. Grants for contributions come to $196 million. Statutory government contributions to benefit plans amount to $543 million, for a total budget in 1982-83 of $7,041 million.

This year's budget represents a 19.6 per cent increase over lat year's budget. During the 1983-84 and 1984-85 fiscal years, the budget for national defence in Canada will increase by 37 per cent over those two years. The department is quite confident that it will be able to live up to the 3 per cent commitment that NATO ministers agreed to and that their home governments agreed to some time ago. That is a real increase in budget in terms of new equipment for NATO forces.

There has been considerable speculation with regard to the announced reduction in departmental spending estimates of $100 million over each of the next two years. I would like to repeat what the Minister of National Defence said last week on this subject. The reduction of $100 million per year will not be a loss to DND in strict terms. More to the point, there will be a saving. This year the DND budget is 7.041 billion. Included in this was a projected 13 per cent increase for military pay. The final agreement with Treasury Board that was negotiated ended up at an 11 per cent increase. Therefore, there will be a 2 per cent savings which amounts to some $40 million. Next year the military will be held to a 6 per cent increase and 5 per cent the following year, as outlined by the Minister of Finance (Mr. MacEachen). Therefore, the savings to DND will be in the area of $120 million to $140 million each year based on the fact that there is a saving of about $20 million for every 1 per cent increase in pay allocation. There will be no negative impact on any of the department's operational, maintenance or personnel requirements and none of the current capital euqipment programs referred to already will be affected.

The main thrust of the June 28 budget of the Minister of Finance is to reduce inflationary pressures. The Department of National Defence and the Canadian military have accepted

their share of the collective Canadian burden. As they demonstrate their commitment to the economic battle ahead, I hope that other Canadian employers will follow suit so that it will be fair to all.

Before leaving the subject of defence, I would like to mention the work of the Standing Committee on External Affairs and National Defence during recent months, especially the excellent report on the reserves in Canada. Reserve allocations were again increased this year and improvements to equipment and support for our reserve units are proceeding. Improvements, however, must be made in concert with our over-all defence needs and the question in this regard is not simply one of funding, even though implementation of the major recommendations of the committee would require fairly large doses of additional funds to be allocated to defence. It is rather a question of how Canada, as a member of the North Atlantic Alliance, is to respond to the still emerging security requirements of a changing and far from encouraging strategic setting. I am encouraged that we will meet this challenge and the government will continue to provide the defence department with the resources to do so.

There is one item I want to mention before I close the subject. It is a matter which I would like to bring to the attention of the Minister of Employment and Immigration (Mr. Axworthy). It concerns the fact that members of the armed forces can be posted in Canada for 10 or 12 years and then suddenly be posted overseas. The member's spouse may have been in the labour market for the course of those years, but the moment the spouse leaves Canada to be with the partner overseas they have no claim for unemployment insurance benefits whatsoever. There should at least be an adjustment payment to such people when they leave the country. This is because their chances of employment at the locations they are going to are very slim indeed. As I said before, the Minister of Finance mentioned in his previous budget that the 3 per cent real increase in the NATO budget, our contribution to NATO as agreed to by NATO defence ministers and their respective governments, will be met.

• (1720)

I now want to turn to how farmers benefit from the budget of June 28. The budget provides numerous measures of interest to farmers, including financial assistance, investment incentives and other measures which will benefit farmers through their effect on the economy. Special farm financial assistance is a new loan program under the Farm Credit Corporation which provides $100 million in 1982-83, and a further $100 million in 1984-85 for farmers in financial distress. Through an interest rate rebate these loans, which should benefit some 1,600 to 1,800 farmers, will be provided at four percentage points below the regular FCC lending rate in those first two years.

The small business investment grant is an interest subsidy program for both incorporated and unincorporated small businesses, including farms, and it provides $400 million over two years to reduce interest costs by up to four percentage points on loans for new investment. The loans are limited to $500,000 and exclude financing of land, leased property and automobiles. Subject to such limitations, loans under the Farm Credit Corporation could qualify.

The small business bond program, introduced in the November, 1981 budget, is continued in its present form to refinance small businesses, including farms in financial difficulty. The taxation of investment income and interest rates is an important subject. Proposals have been made to reduce the taxation of the inflationary component of interest income and capital gains earned on new investments. Such approaches, if implemented, would reduce the cost of borrowing to farmers and other small businessmen as well as home buyers. The 12.5 per cent tax on dividends paid by small corporations, including farm corporations, is postponed to January, 1983 and clarification is provided on the application of the reserve and forward averaging provisions.

The general thrust of the budget is to bring down inflation by wage and price restraint and stimulate investment and job creation while containing the deficit. This will hopefully help economic recovery, and thus the prosperity of agriculture. When agriculture does not prosper, neither does the implement dealer, nor the car dealer, nor the small business operator in that area. There are many offshoots.

How many farms will be assisted by the $100 million provided to the Farm Credit Corporation in the June 28 budget? The program is expected to last for a period of two years with loan approvals of $100 million expected in 1982-83 and $100 million in 1983-84. This should assist about 700 farmers. What are the benefits of the program to the farmer? The farmer receives an interest rebate of four percentage points for two years to reduce his effective cost of credit. Loans approved under the FCC's current interest rate of 16.5 per cent would actually cost the farmer 12.5 per cent for two years.

On the matter of the road to recovery, in these times of international, political and economic instability, we as Canadians must face harsh realities. We must all join in to fight inflation, to boost confidence, to take steps to create jobs and to deal squarely with the deficit. The government has outlined a viable and functional program of recovery. It has set specific guidelines to deal with every facet of the economy, both short term and long term. As I said initially, those short-term policies must be flexible and the government and the Minister of Finance must be prepared to change if the long-term goals are not seen in the light in which they should be seen. Co-operation is the keynote of this schedule of recovery and only co-operation will lead to its successful implementation.

Canadians have responded positively to many other emergencies or crises in the past and I have faith that they will do so again as long as they perceive that all is being done fairly, and this word is the key. The government has identified factors which have combined to make Canadian businesses reluctant to expand. They include idle capacity of equipment, falling profits, heavy interest costs and expanding debt.

In order to boost confidence in the marketplace, the government has presented the following proposals: Canadians investing funds in a new form of term deposit would not be taxed on that part of interest which reflects only the rate of inflation. Canadians investing funds in new plans for purchase of common shares of Canadian corporations would not be taxed on that part of the capital gain on such shares that reflect only inflation.

I have others listed which I would like to put on the record, but I see that my allotted time has expired, and I want to thank hon. members of this House for their attention.

The Acting Speaker (Mr. Blaker): Does the hon. member for Victoria (Mr. McKinnon) rise on a point of order?

Mr. McKinnon: I only want to take a moment or so of the time of the House. I wonder if the hon. member would permit a question?

Mr. Hopkins: Yes, I will permit a question, Mr. Speaker.

Mr. McKinnon: Mr. Speaker, I believe the hon. member said that the minister had promised there would be no change in that 3 per cent commitment to NATO because of any cuts made in the budget. I know that he is chairman of the NATO Parliamentarians Association, but he is not a member of the Standing Committee on External Affairs and National Defence, and perhaps he does not know that the Minister of National Defence (Mr. Lamontagne) has already admitted in committee that it would not make it, even before the budget cut. With $100 million taken out of the budget, it is bound to fall 1.5 per cent lower, and it is down around a 1 per cent increase in real terms. I know that he would not want to misinform the House and the country.

Mr. Hopkins: Mr. Speaker, in my speech I already mentioned that the $100 million taken out of the budget did not, in fact, affect equipment purchases. I know the hon. member knows, as we know, that one of the last witnesses we heard in the defence committee said that it was something like 2.95 per cent. But if the hon. member looks at the over-all budget from now through to 1987, the 19.6 per cent in the budget this year and an additional 37 per cent over the next two years is built into it, so that the average will come out to 3 per cent over that period of time. Therefore, we will be able to pay for all the equipment purchases I have listed in my speech here today.

Again, I think the Minister of National Defence has done an excellent job in lobbying with the cabinet for the necessary funds. We know that all departments like to be well financed, but he has been fortunate in seeing to it that the defence department is finally coming into its own and that Canada may stand proud with all of the new equipment that is coming on stream.

The Acting Speaker (Mr. Blaker): Order, please. Before I recognize the hon. member for Fraser Valley East (Mr. Patterson), I should attempt to convey to the House that some difficulty has arisen with respect to the number of hon. members who will speak for each of the parties. I do not think it is necessary, unless hon. members wish to do so, to proceed by way of points of order to settle the matter. The Chair will be pleased to hear from those hon. members who may have a comment to make in this regard, but in the meantime, because of the order of hon. members who have spoken thus far, it would now be the disposition of the Chair to allow the hon. member for Fraser Valley East to speak. Then, whether it be this evening or before six o'clock, I would proceed again to recognize an hon. member to my left in the Conservative Party. Unless the Chair is informed differently during the course of the evening, I will still be looking to my left later on.

• (1730)

There has been some disorganization of the order of members who have been speaking. I certainly will be pleased, as I indicated, to hear hon. members who may be able to assist the Chair in this regard. This is not to be seen as a ruling of the Chair.

I also suggest that it is not necessary to proceed by means of points of order. I will be pleased to hear those members who wish to make a point to me, in my ear, so to speak.

Mr. Fisher: Mr. Speaker, I believe that the first speaker today was the hon. member for Trinity (Miss Nicholson) followed by the member for Brant (Mr. Blackburn), followed by the Minister of Agriculture (Mr. Whelan), followed by the distinguished member from Nouvelle-Écosse, the hon. member for Annapolis Valley-Hants (Mr. Nowlan), and then the hon. member for Renfrew-Nipissing-Pembroke (Mr. Hopkins). That seems to be the normal rotation. I am sorry, I do not understand what the difficulty is that has arisen.

The Acting Speaker (Mr. Blaker): I will be pleased to discuss it with the hon. member or any other hon. member. May I say again that the Chair has not made a ruling as to the order in which speakers will be recognized. I have indicated that there is some disproportion that has occurred in terms of the usual procedure in the recognition of speakers. That is not an order of the Chair. There is no difficulty. The Chair can be corrected and educated at any time. In the meantime, I did want to indicate to the House that the disposition at the moment will be to recognize several speakers from the Conservative Party, because it appears to the Chair that there has been an imbalance. But it is not final and I would be pleased to be educated as we move along.

The hon. member for Fraser Valley East.

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, the motion which provides the launching pad for this debate was introduced by the Minister of Finance (Mr. MacEachen) in the following words:

> That this House approves in general the budgetary policy of the government.

The minister then proceeded with a litany of serious and growing problems confronting the people of Canada, which I believe have resulted in large measure from the government's ill-conceived economic policy over the past number of years. He was absolutely right in stating:

> Canadians want to know how we can get our economy growing again, how we can get industry to invest, expand and provide the jobs our people need. A million

two hundred thousand among us are unemployed. Still more are struggling to make ends meet in the face of high inflation and high interest rates. We are still suffering, one way or another, from the recession that is battering our economy. We are all searching for a way out of it.

The minister's gloomy assessment is certainly well-founded. As one scans the picture of the past few months of this year, it will be noted that every indicator underlines the serious condition in which we find ourselves, and predictions for the future are anything but encouraging. The Canadian economy is in a tailspin. The gross national product fell by 2 per cent in the first quarter, the third consecutive quarter of negative growth, and the largest quarterly decline in 28 years. The Statistics Canada leading indicator has fallen for nine consecutive months. Corporate profits in the first quarter of 1982 were only 41 per cent of the level recorded in the same period in 1981. Manufacturing output in the first quarter of 1982 was only at 70 per cent of capacity—the lowest level of capacity utilization since records were first kept in 1961.

The transportation industry was operating only at 51 per cent of capacity. According to the Conference Board, consumer confidence is at the lowest level in the 20 year history of the consumer attitude index. Business confidence is at the lowest level in the five-year history of the business opinion service. In the past five months of 1982, 4,429 businesses have declared bankruptcy—up 36 per cent from the same period in 1981, and up 55 per cent from the same period in 1980. Farm bankruptcies are up by 61 per cent from last year's level and up 111 per cent from 1980. The unemployment rate in May was 10.2 per cent. A record 1,241,000 Canadians were unemployed. I believe that in effect it was greater than that. There has been a net loss of 320,000 jobs since August and 157,000 in manufacturing alone.

This would indicate, Mr. Speaker, that the minister's gloomy statement has been very well proven. Of course, when the members of the opposition are charged with being prophets of gloom, then, I guess, that will have to tie in the Minister of Finance as well, because that was the statement, those were the indications, that he gave to us in the outline that I present.

Interest rates have started to climb again as the government attempts to support the dollar. The chartered banks' prime rate is now 18.25 per cent compared to 16.5 per cent in the United States. At the time of the 1980 election, the Canadian chartered bank prime rate was 14.75 per cent. Ten years ago, it was 6 per cent. Consumer prices in 1982 were 11.8 per cent higher than in 1981. In contrast, the United States inflation rate is only 6.7 per cent. The main factors behind the May inflation rate were housing, up 13.4 per cent, and transportation up 16.1 per cent on a year over year basis. On a month to month basis, meat prices were 7.5 per cent higher in May than in April. The Canadian dollar is trading for about 78 cents, U.S., and has been as low as 76.86, U.S., in recent days. In October, 1976, the dollar was worth $1.03 U.S. At the time of the November budget the dollar was worth 0.85 U.S.

Now, Mr. Speaker, let me continue to support the statement of the minister. I would not like to disappoint him and take exception to what he said, because these figures do point out the very serious condition that the minister outlined in his introductory presentation.

Since the election, gasoline prices have risen by 86 cents per gallon. Since the October, 1980 budget, 270 drilling and service rigs, worth a total of $1.1 billion, have left Canada. The Alsands project was shelved. The recession has made a shambles of the spending and revenue forecast made in the November budget. Spending will be more than the forecast $75.5 billion and revenues will be significantly less than the forecast $65 billion. As a consequence, Mr. Speaker, it is expected that the deficit originally forecast to be $10.5 billion this year will be somewhere in the range of $18 to $20 billion, and possibly higher.

This is the picture, Mr. Speaker, that has brought us to the present time. This is the backdrop to the picture and the presentation that the minister made just a few nights ago. Now, what are the projections for the future? In November, the Minister of Finance told us that in 1982 there would be real growth in the economy of 2.2 per cent, that the unemployment rate would be 7.8 per cent and that inflation would rise to 11.7 per cent. Now, less than seven months later, he tells us that we will have to endure a drop in the real gross national product of 2 per cent—the worst record of any OECD country—that the unemployment rate will be 10 per cent and that despite the oil glut and lower than expected food prices, inflation will remain at 11 per cent. The projected negative growth rate of the economy, minus 2 per cent, is the worst since 1962.

• (1740)

The government does not tell the Canadian people or the financial markets what it dares to project for the future. This is the same Minister of Finance who told us that between the second quarter of 1981 and the second quarter of 1982 real output would increase by about 1.5 per cent, yet during the first months of that period it had fallen 4 per cent.

I could go on with this litany of problems and the steps downward and backward as far as the economy is concerned, but I do not think it is necessary to do so at the present time. Those Canadians who have been speaking out regarding the budget provisions have been very disappointed and very pessimistic. Articles appearing in foreign periodicals have also indicated that there is little hope for the Canadian economy.

On the evening of Monday, June 28 the minister brought down another budget which failed dismally to present any policy that will in any way solve our major problems.

Mr. Paproski: Disaster.

Mr. Patterson: Perhaps some of the provisions in the budget have some value, but in the over-all picture it is difficult to understand how the minister has the gall to ask the House to approve in general the budgetary policies of the government when the response from the public is that the budget is a compounding of our problems rather than a cure and when the answers to questions directed to the government are devoid of any real hope and confidence.

I would like to place on the record one or two statements which have appeared in newspapers. An article in the Ottawa *Citizen* of July 3 states that the Canadian Chamber of Commerce has backed off from its initial acceptance of the federal budget by saying that the measures introduced will not bring down inflation or boost sagging investor confidence. The chamber also repeated the statement made by the president that the chamber is concerned about the anticipated $19.6 billion deficit this coming year. The article says that the magnitude of the deficit is alarming and that the mere existence of such a large deficit will continue to fuel inflationary expectations and erode investor confidence. That was one statement. Mr. Charles Lynch, who is rather well known in media circles, stated that it now seems clear that the budget is two and a half years ahead of its time and that the Minister of Finance is trying to catch up, having fiddled while the economy was burning and the deficit was eating up everything in sight.

Mr. Paproski: Brutal, brutal government.

Mr. Parent: Don't listen to the guy behind you.

Mr. Patterson: I heard a comment. I am not quite sure what was said.

As I said, many commentators have expressed the very same views and launched the same criticisms regarding the present budget as those which were launched against the budget of last November.

As I indicated, there are several components of this budget which warrant some degree of support. Such components are retraining programs and assistance to home owners, small business, agriculture, fisheries and so forth. These are good, but in the over-all picture they will do little to ease the feeling of disillusionment and distrust with which Canadians view the policies and actions of this government. I say there is some degree of support, but a close analysis of even the seemingly more worthwhile proposals demonstrates that they are so fraught with uncertainty and vagueness that even now the result is skepticism and anger across the nation.

We all remember that the leader of my party appointed a task force to go across the country and give the people an opportunity to express their views in connection with the previous budget. Of course, to a large extent the philosophy of the previous budget and also many of the policies of the government are being carried on with the present budget. The people who appeared before our task force came to some conclusions, and one of them was that the November budget—and I say possibly the present budget—was completely inappropriate for the then current state of the economy, and indicated clearly that the government had embarked on a course designed to remove incentives for the achievement of economic and social goals from the taxation system and to replace them with direct government grants and subsidies. It seems to me that the direction in which we are going is to make everybody more and more dependent upon government not only for their livelihood through being employed by governments but also through being dependent upon governments for those assistance programs of which they are desperately in need because of the economic conditions in which we find ourselves.

In the course of the hearings of our task force certain individuals and groups requested that their identities be not revealed because they were afraid grants or contracts would not be forthcoming. Although they were critical of the government, they said, "We have to work with these fellows." They also pointed out that in connection with applications under various programs they were afraid their applications would be denied because of the criticism they were launching. Is this the kind of society we want in Canada? Are our people to be brought to heel by the fear that the political system might be used to destroy them unless they bow submissively at the feet of a dictatorial government? There is real fear across the country that our society will become so regimented, regulated and dominated by government that political and economic freedoms will soon be things of the past.

I mentioned the fact that some views were gleaned at the hearings held by the task force. The task force listened to Canadians expressing their views on the situation with which they were confronted. There was and is a growing feeling that the government has closed its ears to the voice of the people and has closed its ears to the needs of the various areas of the country. This committee provided a vehicle by which citizens could be heard and their views on the November 1981 budget considered. I want to tie all that in with the budget that is now before us which, while it gives assistance to a few people in several different sectors, does absolutely nothing to meet the challenge of the major problems facing the country at the present time which are making the programs which the government has proposed necessary.

• (1750)

The spokesmen for the government have said a number of times, and it was repeated by the Minister of Agriculture (Mr. Whelan) today, that they have never heard a positive suggestion come from members on this side of the House. Someone across the aisle says that that is right, Mr. Speaker, but that must be someone who is not often in the House.

Just the other day the leader of this party outlined some of the basic principles that would be necessary if we are to turn the economy around. Certainly this is what the Minister of Finance said must be done—that we have to change and improve conditions, that we have to improve employment and investment and a lot of other things. My leader stated categorically what the steps and the important principles were that must be underlined in any program to achieve these objectives.

Apparently hon. members opposite who are chiming in today did not hear the hon. member for Mississauga South (Mr. Blenkarn) when he spoke the other day and presented some of the changes that would be brought in under the direction of a Progressive Conservative government. I will enumerate some of them. We would eliminate the provisions of

the November budget. The Minister of Finance has not done this; he has skirted around it and changed certain things. What he should have done was to say that the budget was a disaster, as the Solicitor General (Mr. Kaplan) said, and that it is to be changed and the government will start all over again.

The hon. member for Mississauga South said that if we were the government we would change the National Energy Program, and he outlined some of those changes. This is one of the things that has caused havoc in the business community of the nation. It has brought untold hardship and unemployment to thousands of workers; it has scared off investment and has been a disaster in total. My colleague also said that we would attack government spending and that an all-party committee would be appointed to consider priorities in government spending. He enumerated some of the things that are in question and suggested the elimination of the capital gains tax and of many other things.

I suggest that we on this side of the House have made many positive suggestions to the government, but it has not listened. Once in a while it takes up one of our suggestions and brings it forward in another guise but it has not repudiated this disastrous budget although my leader and my colleagues have pointed out what should be done to bring about a readjustment in the economy.

One of the recommendations of this committee of which I spoke was to restore individual and investor confidence by establishing a climate for careful development and expansion. This recommendation was the result of discussions held across the nation. Another recommendation was that we should get moving with major projects to stimulate the economy, to create jobs and to meet urgent national and regional needs. It was recommended that the November 12 budget be withdrawn and replaced with an economic plan to provide job creation and economic development to the private sector. Instead of that, the government depends more and more upon the public sector to bring people under its control where they are robbed of the opportunity of making their own decisions and living their own lives.

Now the government asks what should be done? The Minister of Employment and Immigration (Mr. Axworthy) pleaded with the opposition to help the government. Time and time again the government says that we must work together to beat the demons of inflation and unemployment. In November of 1979 it never thought of co-operation or working together. It had only one thing on its mind and that was to get back into office. Now it is back and it pleads for us to work together for the good of the nation. I wish there was more consistency in the government benches.

The government has failed to keep its promises to wrestle inflation to the ground, to beat unemployment, to bring interest rates down and to introduce equity and fairness in taxation and housing. It has failed, Mr. Speaker. A few changes have been made, but nothing substantial enough to meet the challenge.

The minister lacks confidence in his own declaration to the extent that he would not make any projections in his budget. He was ashamed to do that because he has been wrong so often and did not want to risk being wrong again.

The policies of the government have been disastrous and there is no confidence in the economy, in the government or in our ability to pull ourselves up. That has been reflected in the value of the Canadian dollar. The government is borrowing billions of dollars to try to bolster our dollar. Surely there is a positive way to meet these challenges and solve national problems, that is through the competent management of our affairs that Canadians have a right to expect.

This government cannot do it, so it should resign and let someone else take over.

Mr. Fisher: It may be completely unnecessary, Mr. Speaker, but in light of the current confusion, can we call it six o'clock?

The Acting Speaker (Mr. Blaker): It being six o'clock I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock the hon. member for Fraser Valley East (Mr. Patterson) had completed his remarks. I am given to understand that over the dinner hour the matter of the speakers on the floor during the evening has been settled. If that is not the case, then of course the Chair is prepared to assist in any way. The hon. member for Welland (Mr. Parent).

Mr. Gilbert Parent (Welland): Mr. Speaker, I just cannot refuse the thunderous applause which invites me to speak. You were correct, Mr. Speaker, when you said the hon. member for Fraser Valley East (Mr. Patterson) had just finished speaking at the break. He quoted a number of facts and figures, which I agree with for the most part. If I may say so, there are a few things which merit our looking at as members and, hopefully with our eyes open, as Canadians. I say that in the hope that the debate tonight will not be as partisan as it was earlier and that we can look at some of the problems and some of the solutions we on this side have to offer.

Today in Canada, Mr. Speaker, over 1.2 million Canadians are without jobs. That is a fact. Throughout the industrial world some 30 million people are unemployed. These numbers are not mere statistics. Each of them represents a personal tragedy of immense human costs.

• (2010)

About three months ago I had the occasion to speak to an audience at Centennial High School in Welland. There a young gentleman, who was the leader of a group called Coalition of the Unemployed, said, "Look at us, we are not mere statistics. We are humans. We have families. We want to

work." I believe that this young gentleman was saying precisely what the 1.2 million unemployed Canadians would be saying if they were here.

Earlier this month the Prime Minister (Mr. Trudeau) attended the economic summit with the other leaders of the leading industrial nations of the free world. At the Versailles Summit, the Prime Minister used the word "crisis" to describe the state of the world's economy. Surely that description is no exaggeration. All of our summit partners hope for a recovery. All of the leaders came away from Versailles determined to work within their own countries for that recovery. But they left with little assurance that there will be the kind of concerted economic action the world situation so desperately demands. Realizing that the beginning of recovery would therefore be further delayed, the Government of Canada concluded that it must act, and it must act at once. To that end a new budget has been brought down.

The Prime Minister, just last Wednesday, asked all the premiers to join as full partners in the battle for economic renewal.

The road back to recovery must begin with a realistic assessment of what this country can control and what we cannot control. Canada cannot deal with its economic problems in isolation; we can ease, if not eliminate, the impact of some problems, but the solutions to other difficulties depend on events beyond our borders. I do not think there are many members here who would disagree with these statements. We must know what we can realistically change and what is beyond our power to change by ourselves.

Canada is a trading nation. If our partners are suffering from a worldwide recession, then the international market for our products will be weak. That is an economic fact of life we cannot change by ourselves.

Canada is a resource exporting nation, and commodity prices have experienced their steepest decline in decades. At 58 cents a pound, for example, copper is at its lowest price since the 1930s. Lead, zinc and other minerals are not far behind. There is little that the government can do about the fall in worldwide commodity prices.

Finally, interest rates in the United States are hurting the whole world economy, and that is what the Prime Minister told President Reagan at Versailles. We all know that. The Canadian dollar, like every other western currency, is captive to the extraordinarily high real rate of interest in the U.S. These are the hard realities of a worldwide economic interdependence.

Yet, while recognizing the force of world conditions, we must acknowledge too that many of our problems originate here at home. Our inflation rate of 11.8 per cent is far too high. Our cost structure is becoming prohibitively expensive. To put it simply, we are pricing ourselves out of world markets. We are losing our competitive edge. All this we have done to ourselves. And what we have done, we can reverse.

I believe that expectations are at the heart of our inflation problem. In the past decade, it was natural for us to believe that our prosperity would continue to spiral upwards. We never questioned the roots of our prosperity. We did not look at the world situation and our impending vulnerability, but once again Canada is a trading nation and is affected by the ups and downs of the world economy. For a long while, a few Canadians—the poor, the aged, the helpless, the weakest, paid the price of those inflationary demands. Today only a few groups can pursue their expectations—the powerful, the protected and the privileged. It is the many who pay the cost in unemployment, in bankruptcy and in lost opportunity, not the few I have mentioned.

The charge of having excessive expectations can no longer be laid at the door of the unemployed logger in B.C., the struggling small-business man in Welland or the young homeowner renewing his mortgage in Newfoundland. The expectations of the 1.2 million unemployed have certainly been shattered.

To overcome the twin problems of uncertainty abroad and recession at home, the government has introduced an economic recovery plan in Parliament. We do not believe that everyone in the House is going to agree with it, but we do hope that all members will consider what we have put forward before passing final judgment on it. Three principles are central to that plan. These principles formed the foundation of the budget and the proposals the Prime Minister made to the premiers.

Our first principle is that every Canadian must play his or her part. To deal with our economic difficulties we need the support and co-operation of all. Government can provide leadership, but it is only through the individual decisions of many thousands of Canadians that progress will be made.

It is in times of national challenge and crisis that the mettle and magnitude of our national will is truly tested. I respectfully suggest that this is such a time.

Our second principle is that if we all have a stake in the outcome, we all must share in the effort, each according to his or her ability. Canadians are willing to make sacrifices so that others can be helped. Nobody wants to see his neighbour without a job, nor does any Canadian want to see his neighbour without hope and confidence for surely herein lies the greatest sickness, the greatest disease, because when a nation is without hope and without confidence it atrophies. It pulls back and it is unwilling to reach out to help those who cannot help themselves. We must ask those who are secure to help those who are not as secure. We must ask those who are working to assist the jobless. We must continue to protect the weak, the aged and the helpless. That is a commitment of the Government of Canada. I dare say that that is a commitment of every Member of Parliament who has been elected to come here and represent his or her constituents. But more than that, the commitment of the Government of Canada is a fundamental tenet of our society. We will not fight our economic problems at the expense of the aged, the poor or the unemployed. That would not be right. That would not be acceptable to us as Canadians.

Our third principle is the firm conviction that if we have the will we can win this battle. It would be naive, even dangerous, to try to pretend that we are experiencing only a minor disruption. We are in a deep recession. We are in a crisis, as was stated by the Prime Minister at Versailles. But it would be equally wrong and equally dangerous to throw up our hands and say that all is lost, that we must sit helplessly by while inflation rages and unemployment grows. Despite our problems and despite all of the setbacks that we face now as a nation, Canada remains a land more blessed than most. It is true that it is probably in vogue today to knock one another here in the House. It is probably in vogue to try to dwell upon our ills. But in dwelling upon our ills we feed the sickness inside of us which says, "We cannot do anything." I for one, and I am sure many other members here, totally discard that assumption.

• (2020)

If we, Canadians, worked together, we could do more than simply preserve our economy. We could turn it around to upward growth. The three principles of responsibility, sharing and hope shaped the budget message. In it we proposed a four-part action plan designed, first, to bring inflation down to at least 6 per cent through a nationwide collective effort; second, to reduce the impact of high interest rates, especially for home owners, small-business men and farmers; third, to create over 300,000 jobs through direct government action and indirectly through improvements in the investment climate; fourth, to maintain the integrity of our social security system. The immediate objective of our society must be to cut inflation nearly in half, down to 6 per cent. We must move, as the Minister of Finance (Mr. MacEachen) said, from 12 per cent inflation to 6 per cent recovery. This seems reasonable, and the Government of Canada will lead the way by limiting to 6 per cent the indexing of income taxes and social programs such as family allowances.

With regard to income taxes, it should be noted that this is the first time since 1974 that there have been any increases in personal income taxes. Also, the Government of Canada will lead the way by cutting the salary increases of cabinet ministers and of Members of Parliament from 11 per cent to 6 per cent. I am talking about a cut, I am not talking about a freeze. That is in place now and will continue for the rest of the year. We will do this cutting while limiting the annual increase in public service pensions to the same figure. We know that these are drastic measures, but these measures must be taken.

Also, we will lead the way by ensuring that public service pay increases rise by no more than 6 per cent. It must be said that we realize public servants will be making a sacrifice. We acknowledge that sacrifice by them, but it does not in any way take away from the fact that they are doing good work for Canadians. That we ask them to share with us in carrying the burden is normal. They are at the forefront of the battle, as we are here in the House.

Finally, we will lead the way by holding regulated prices under federal jurisdiction to a 6 per cent increase. Through measures such as limiting the indexation of the tax system, every taxpayer will be making a contribution to the inflation fight. If the 6 per cent figure we have imposed throughout the federal government becomes the norm in Canada, we will have made a great stride in restoring our international competitiveness.

The second part of our recovery plan is to provide relief from high interest rates. Again I refer to the meeting which I attended where groups representing ten different unions presented briefs at Centennial High School in Welland. The point stressed by all of them again and again—and especially by the Welland and District Labour Council—was that we must bring down interest rates. We must control interest rates or, in the end, they will control us; they will run our lives rather than our controlling them. Alexandre Dumas said in one of his speeches:

[*Translation*]

He said that like anything else, money is a good servant but a bad master. The same applies here to interest rates. If we let interest rates become our master, we are going to be the servants, we will lose our independence and finally, we will lose everything we have in this beloved country of ours, Canada.

[*English*]

A new and innovative indexed bond instrument will cut interest rates from between 3 per cent to 6 per cent for home owners, farmers, fishermen, small businessmen, home purchasers and investors in Canadian equities. To ensure that this major proposal is implemented properly, consultations will begin immediately with the private sector, and to bridge the gap until this measure becomes law, the Government of Canada will make available grants of up to $3,000 to help home owners with mortgage renewals costing more than 30 per cent of their income. The Government of Canada will now give relief to small business by reducing its borrowing rate by 4 per cent. Also it will provide more assistance for Canadian farmers by reducing their interest rate by 4 per cent through the Farm Credit Corporation.

I should like to quote from a news release of the Department of Industry, Trade and Commerce concerning Canadian small businesses. It reads:

> Small businesses in Canada will benefit greatly as a result of Monday's budget ... "The new budget has measures for dealing with the specific needs of Canada's small businesses"—

How will we do this? We will do it with reduced interest rate costs. It continues:

> Direct grants will be made available to small businesses over the next two years to cover 4 per cent of interest costs on depreciable property, research and development. Incorporated and unincorporated small businesses as well as farmers and fishermen are eligible.
>
> This new $400 million small business investment grant program is in addition to the ongoing small business bond program which provides interest relief in cases of financial difficulty.
>
> Direct employment and economic programs will receive half a billion dollars of new money to provide jobs for Canadians. Of this $500 million, $300 million will expand programs such as the Enterprise Development Program, the Defence Industry Productivity Program, the Regional Fund, and the Industry and Labour Adjustment Program.

My riding of Welland has benefited on three different occasions by way of the industry and labour adjustment program. Many in Canada's small business community will benefit as Canadians move to take advantage of the new five-point housing package which was announced. Building trades will receive a major boost as housing programs begin to generate some 65,000 new jobs over the next two years. An additional 54,000 jobs are expected from the Canada rental support plan for the construction of new rental units. In total, 119,000 new jobs are expected. But perhaps what is the most exciting are the potential measures we will be taking to help small businesses and home owners.

The Minister of Finance tabled a consultative document containing proposals which, if implemented, would have the following effects. Canadians investing funds in a new form of term deposit would not be taxed on that part of interest which only reflects the rate of inflation. Canadians investing funds in new plans for the purchase of common shares of Canadian corporations would not be taxed on that part of the capital gain or on shares that only reflect inflation. Buyers of new homes will be able to secure mortgages from 3 per cent to 6 per cent below prevailing rates. Small businesses, farmers and fishermen will be able to secure loans for new capital investment at similarly reduced interest rates.

We are determined—and when I say "we" I mean hon. members on both sides of the House—to lower interest rates in the long term and to reduce their present impact upon the groups affected most. Lowering inflation and lessening the impact of interest rates will start the process of economic recovery, but to create the jobs Canada needs we must do even more. In my opinion jobs must come first. To that end we have ordered government departments to cut and reallocate their spending so that money can be freed for job creation. We will not add to the deficit through these measures, but the reallocation will be substantial. Our goal is to create more than 300,000 jobs over two years, many of them in the construction industry. We want this country to start building again. Through measures introduced this spring as well as in the budget our programs will create 150,000 jobs in the housing industry. Our goal is to put this country back to work.

• (2030)

Last week we protected our system of social benefits. Lower and middle-income Canadians who would lose because of cuts in family allowance indexation will gain a $50 increase in the child tax credit. For families making less than $25,000 a year there will be no loss of income. Similarly, those senior citizens who are receiving the guaranteed income supplement, the GIS, to the old age pension, will not have their benefits cut in any way. That point must be noted and repeated again and again so that we do not foster this type of anxiety among our pensioners. Indeed, the GIS will be fully indexed to the rate of inflation.

Our program of action does not end with consultation with the provinces. In the weeks ahead the Minister of Finance and other ministers will ask leaders of business and labour to meet. Specific proposals will be made to them. As well, specific plans will be put before them. It is clear that we do not seek to use these discussions to identify culprits, to attach blame or to single out groups in Canada to bear the burden. Enough of that. We have had enough of trying to put the finger on someone else.

Mr. La Salle: Who is it?

Mr. Parent: Surely we should look at ourselves. The hon. member thinks that it is funny enough to make jokes when we have 1.2 million unemployed in Canada. I do not think it is a joke.

Mr. La Salle: It is your fault.

Mr. Parent: We have all been touched by economic adversity. Even the hon. member for Joliette (Mr. La Salle) who is the one who dares to make jokes on such a situation should realize that we have all been hurt. We are hurting now. If we do not act together, we will hurt more.

The interest of organized labour is the wellbeing of Canadian working men and women. That must be our interest also. The interest of business is the willingness of the investor to put his money to productive use in Canada. That is our interest as well.

Surely when factories are closing, when jobs are disappearing, when worldwide recession has reduced our export sales, individual Canadians should be able to rely on the leaders of the great institutions in their society to act together. I call upon all members here to do just that.

That is the message and the challenge we bring to Canadians. It is a message of hope and a challenge to share. We are confident that we can overcome our difficulties and return to better times.

Canada is like a family. In a time of personal tragedy the family can join together, stay together and either solve their problems or fall apart. This, then, is a challenge to us all as Canadians, to share in the sacrifices and join in the collective effort that will turn our goals into realities.

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, I hasten to take part in this debate which we owe to the government's bringing down its third budget in a matter of months, and I also hasten to comment on the remarks made by the member for Welland (Mr. Parent) before he sat down, when he implied that the member for Joliette was joking when he asked a simple question. Mr. Speaker, he said we should not try to find the culprit. I think we have every reason to ask who is responsible for this tragic situation. In fact, the hon. member admits the situation exists and that we are in the middle of a serious recession. He said, and it is perhaps the ultimate paradox I have heard in these several days of budget debate: when a nation is without hope and without confidence, it atrophies.

Unfortunately, the member for Welland fails to realize that he is one of the members of the team that put us in this situation in the first place. He also pointed out that after 15 years, the time has come to build this country. After 15 years, Mr. Speaker, I have heard and seen quite a bit in my time here in the House, and I am one of those Canadians who have deplored in every possible way the situation we happen to find ourselves in at the present time. And now members on the government side are telling us today that they are determined to put Canada on the road to progress!

How can Canadians as a whole believe such a statement when the Minister of Finance (Mr. MacEachen) has shown such unprecedented incompetence? How can the Minister of Finance, who was speaking about a deficit of about $9 to $10 million two or three months ago, confess publicly—and I can understand how embarrassing this must have been—this monumental deficit which quite legitimately frightens Canadian businessmen? Mr. Speaker, I have been sitting in this House for 15 years, if we exclude the few weeks when I was absent because I had the courage to offer something and to share the problems which were affecting all of Quebec. Nearly all businessmen and editorial writers consider this new budget the disaster of the century. I could quote a series of articles written by various English-speaking and French-speaking editorial writers. Everyone agrees on this point. The Canadian Prime Minister (Mr. Trudeau) is worsening the crisis of confidence and the new budget can only lead the country to depression and disaster. This is the type of comment made by nearly all editorial writers, and I find this rather exceptional.

I believe that it is important to note that Mr. Ivan Guay wrote in *La Presse*:

> The federal Minister of Finance, Mr. Allan McEachen, confirmed the predictions of all serious observers. He remained true to himself by bringing down a third budget which does not take our economy out of the rut where his two previous budgets have put it. He has indeed confirmed this—
>
> To understand the situation, Mr. MacEachen did not bring down a new budget seven and a half months after the previous one to change the economic policy of his government, but rather to change the image of his government, which has been accused of a lack of leadership and whose credibility is rapidly going downhill. He has therefore attempted to give the people new confidence in his government and at the same time in the economy. However, as could be expected, he has failed on both counts.
>
> Why do politicians keep on telling people just about anything as though we were all morons?

These are some of the comments made by this editorial writer about this government. He also adds, and I quote:

> The federal government will inject $2.3 billion in the economy, but will take back $3 billion from your pockets.

This is the type of hypocrisy we are now witnessing. The hon. member for Welland (Mr. Parent) and many others are asking us to cooperate. In his budget, the Minister of Finance talked of sharing and said that the time had come to share the concerns and the problems of this government, this same government which has put the country in the situation we are now facing. The Minister of Finance asked us to share his mistakes and his incompetence! This is too much, Mr. Speaker! I do not believe that the Canadian people would respect us or allow us—

An hon. Member: Or forgive us—

Mr. La Salle: —or forgive us if we were to cooperate with a government which has shown such incompetence in the last 15 years, and especially in the last three. Mr. Speaker, this debate on a second budget in less than six months is justified by the unprecedented failure of this government. The residents of the Joliette constituency are worried too and they live in a climate of uncertainty.

• (2040)

I share their concern, of course, and I submit that this government's wrong decisions, especially these last three years, have led Canada to bankruptcy. While the Canadian people was being deceived with constitutional reform, which anyway satisfies nobody and for Quebecers is a source of genuine indignation, the government, following the instructions of the current Minister of Finance, had deficits on top of deficits and increased government expenditures at staggering rates. Of course this put Canada in the situation we now have, the worst recession this country has ever known. And this with the complicity of his colleagues, including the Right Hon. Prime Minister and at least six dozen members from my province, and almost as many from outside. Being too weak to get the Minister of Finance or the Prime Minister out of their errors, they preferred through their weakness to share the errors of that government that led Canada into our current difficulties.

Not so long ago, Mr. Speaker, and it is important that Canadians remember this, this Prime Minister in his own province was boasting everywhere of the beauty of the land, its potential for development thanks to its territories and their resources.

How is it, Mr. Speaker, that those legitimate hopes faded so quickly? I will tell you, Mr. Speaker. From the solemn commitment of this Prime Minister in 1968 to a just society until the principle of fairness promised by the Minister of Finance in November last, is there any other term for this government than impostor in the current situation? Arrogance and hypocrisy replace co-operation between the provincial partners and compassion for this country's citizens.

I referred to the government's wrong choices over these last three years. I am thinking for instance of the government's excessive involvement in the energy area. The socializing attitude deep down in the Prime Minister's heart for more than 35 years was espoused by his party, unwittingly of course, because they are implementing the policies of the New Democratic Party which the Prime Minister was supporting before he joined the Liberal ranks. That government intervention, Mr. Speaker, equates to the loss of the megaprojects, which is

tremendously costly to Canada at this point, which cost billions of dollars of investments and the loss of thousands of jobs, with the direct complicity of the Minister of Energy, Mines and Resources (Mr. Lalonde). And they say they are capable of re-establishing a climate that is favourable to investment. The proof is there, Mr. Speaker. Those people have no respect whatsoever for free enterprise. By refusing to so admit publicly, they are forcing even the New Democratic Party to vote against the budget. I referred to the failure of the Minister of Energy, Mines and Resources. It is unbelievable the situation we are in, especially since these last three years. I listened today to the Minister in charge of Housing. He referred to something new, he would have us believe in new hopes, a recovery, when we know perfectly well he is responsible for the current housing situation.

Not so long ago, this government raked us over the coals because we had the intention of promoting the housing sector which is so vitally important for the economic development of our country. This minister is now talking about boosting the construction industry, but he is mainly responsible for the loss of 400,000 jobs in Canada because he refused to act and upgrade the major sector of construction. It is the same minister who even turned down ten of his own colleagues and a few ministers, failing to meet the emergency and to act quickly in that field. I was listening to him today when he spoke with the hyprocrisy which is the hallmark of that group of ministers, trying to raise the hopes of Canadians by telling them that the situation is not really as bad as we describe it. Mr. Speaker, we know full well that if we had primed the construction sector, the small and medium-sized businesses would not be in the mess they are in now. Small and medium-size businesses would have made profits and maintained a large number of jobs if the government had been attuned and had grasped the significance of giving a shot in the arm of the construction industry three years ago. Here again, the minister shirked his responsibilities and he is party to a bankrupt situation the likes of which Canada has never seen.

I heard the Minister of Agriculture (Mr. Whelan) who keeps on claiming that we have the best agricultural legislation, the best agricultural products and the best agricultural system. How can anyone explain, for instance, that farmers have never been as deep in debt as they have in the past five or six years as a result of policies which call for huge investments and unacceptable interest rates? Never have so many farmers been pushed to the brink of bankruptcy. But the Minister of Agriculture does not say one word about that. I might also refer to the Minister of State for International Trade (Mr. Lumley) who, as I am speaking to you this evening, has yet to solve the issue of shoes and footwear. The footwear industry is still waiting for an answer, but the Minister of State for International Trade makes it cool its heels. Along with his colleague the Minister of Trade and Commerce (Mr. Gray), he is responsible for the loss of nearly 10,000 jobs in that leading sector and he is still preaching patience to that industry which employs between 10,000 and 15,000 workers and yet does not ask for handouts. It is not a question of going begging, we simply want the government to show respect for an industry which has proven itself and to have some regard for all businesses which operate in Canada.

For a number of months now, the Minister of Employment and Immigration (Mr. Axworthy) has been announcing programs worth millions of dollars and members opposite keep repeating that the government is investing millions in such and such fields. Why did they let the situation deteriorate to such an extent that the Minister of Employment and Immigration alone will probably have to spend close to $1 million this year? Mr. Speaker, all those programs are just another form of social welfare. They talk about occupational training programs for jobs which exist only on paper, and about retirement pensions at age 50, as if that was the end of life for a man or a woman. That is nothing more and nothing less than hidden welfare. And then, Mr. Speaker, they want us to cooperate and praise the efforts of the Minister of Finance and the appeal that the Prime Minister made to his provincial colleagues last week. How interesting to see the pathetic attitude of the Prime Minister today before the provincial premiers. Having shown such arrogance towards them, he must now ask them and beg them on his knees to be party to his monumental failure.

• (2050)

How is it that the Right Hon. Prime Minister never felt the need to call a meeting of the premiers before this budget was tabled? Is it necessary for the federal government to impose again its will at all cost? And now the Right Hon. Prime Minister, relying on public opinion, feels that the provincial premiers would never dare refuse publicly to work toward the economic recovery of Canada. If so many businessmen, economists and knowledgeable people find it difficult to support this policy it is because they feel such a disastrous budget is not likely to put the economy on the way to recovery. Businessmen in particular and the Canadian people in general cannot depend on promises of this kind from the Liberal Party, because they were disappointed so many times in the past. Under these circumstances, it is clear that most Canadians want a new government. Why? Because this deceitful government is unable to ensure the private sector and free enterprise their proper places. All the Right Hon. Prime Minister has told the Minister of Finance or the Minister of Energy, Mines and Resources on the role of private enterprise is an unforgivable falsehood. All the economic projections which the Minister of Finance has made were proven entirely wrong. So the Minister of Finance has lost his credibility, something he and all other members on the government's side are perfectly aware of.

I see the Minister of State for Finance (Mr. Bussières) who is about to tell us once again that we do not know how to read

the budget, we do not understand the budget. If there is something that we do understand, however, it is the fact that there were only 300,000 unemployed in Canada 15 years ago, compared with 1,500,000 now. We know also that come December 31, Canadians by the thousands will no longer collect their scanty pittance, or rather, their unemployment insurance benefits. And these ministers have neither the courage nor the honesty to admit it. That is the predicament in which we find ourselves now! And we are being asked to co-operate with such an utterly incompetent government! It is impossible, Mr. Speaker! And if the government is truly convinced that Canadians are willing to trust them after a budget as disastrous as that which was tabled six months ago and another one last week, let them have the decency to go to the people and ask them if they can trust a government which has deceived them so often and so long. Such is our government and we are going to denounce it! The time to do it is right now! I cannot tolerate the hypocrisy of my hon. friends opposite who are perfectly aware of the situation and who feign surprise.

Yesterday and again today, I heard people say: we are indeed in an impossible situation. Should the Canadian people help us? Should the provinces help us? This government is mostly responsible for this abysmal failure. How can this government and the Minister of Finance who have lost their credibility in the eyes of business, create again a climate of trust? It is unthinkable, Mr. Speaker. And these people know that it is unthinkable. They will play with time at the expense of the Canadian people. And they claim they want to help Canadians! These people have destroyed Canada, have split the country with their Constitutional scheme and have placed it in a state of economic dependency. And in a while the Minister of State for Finance will make his little speech, claiming that we do not understand, what it means for thousands and millions of unemployed not to know whether they will be able to find a job tomorrow morning. And the housing minister would like us to believe that with his $3,000 grant, he will get the housing industry moving again, when Canadians can no longer afford to borrow at the current high interest rates. Why did the government deliberately create unemployment? Listen to this one! Last week, the Minister of Finance said in connection with his $20 billion deficit that he had not foreseen that he would be faced with a revenue loss, due to the 1,200,000 unemployed who, with all the others, are about 1,500,000! He had not realized that by deliberately creating unemployment, there would be a loss of income tax and the unemployment insurance fund would be depleted. Yet the Minister of Finance has the nerve to ask members of this House and Canadians in general to trust him. It is a disaster, Mr. Speaker, and his cohorts are supporting and commending him. I think that Canadians must realize the extent of their hypocrisy. Last week, I was surprised to hear the Minister of Finance announce a reduction in our salaries. Well, of course it is quite fine, because we are showing some leadership. We ask Canadians to tighten their belts while the Minister of Finance is increasing his electoral expenditures by some 20 per cent each year. Now they are going to play the game and reduce the members' salaries with Liberal members applauding Mr. Speaker. It is the height of hypocrisy as though they were pleased and were going to make up the deficit of the Minister of Finance. Of course, if the deficit were made up, we would be delighted, but this will not be the case, Mr. Speaker. Under the circumstances, I have the impression that the time allotted to me is running out, but this government cannot rely on this speaker to support a pitiful budget, such a deplorable administration. I hope that enough members on that side are sufficiently scrupulous and honest to get rid of a minister who is bringing this country to the verge of bankruptcy and to invite Canadians to let us know what kind of government they want. I would like to know as soon as possible if Canadians really want to give their confidence to such a seedy and pitiable team.

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, in his speech, the hon. member for Joliette (Mr. La Salle) referred to the Minister of Finance (Mr. MacEachen) and the Prime Minister (Mr. Trudeau) who appealed to the spirit of solidarity of all Canadians, to their willingness to share and to their courage, urging them to work together in a common resolve to get through this recession. However, instead of urging Canadians to join in this common effort, the hon. member prefers to denigrate such appeals and makes cynical remarks instead of taking a responsible view, instead of showing the facts as they are and offering a more balanced picture of the present situation. To hear the hon. member talk, the Canadian government is to blame for the problem being experienced by Western economies. The hon. member for Joliette has quite a reputation for his simplistic analyses, and, true to form, in his speech tonight he showed his usual capacity for logic and his usual simplistic approach to the facts. In any case, I am not going to waste any more time on his rhetoric, and I know Canadians will judge what he said as they judged in the past the way he defended his party's policies.

Mr. Speaker, in the few minutes I have been allowed, I intend to discuss a document that was tabled by the Minister of Finance when he made his budget statement, a document that deals with inflation and the taxation of personal investment income. It is a relatively lengthy and complex piece of work, and I shall try to summarize it in simple terms, to give Canadians who may not have had an opportunity to read it for themselves, a general idea of the content and help them understand how these proposals can benefit Canadians by providing mechanisms that will help reduce interest rates.

• (2100)

It is widely recognized, Mr. Speaker, that inflation causes a number of distortions in the economy's various markets, distortions which lead to an inappropriate allocation of both financial and human resources and finally are instrumental in slowing down the economy. Although it is not always easy to visualize the real impact of inflation on the economy, we are all aware of the element of uncertainty that inflation has brought into our lives. In the present situation, where we are experiencing galloping inflation, it has become practically impossible to plan medium and long-term financial commitments. In fact, how can we save money for a rainy day, how can we borrow money to buy a house, how can we buy life insurance, if we realize that the value of our dollar is going to be constantly eroded year after year because inflation rates are going to continue at their present high levels or will even increase, so that we no longer know what the dollar we are investing today will be worth in five, ten, fifteen or twenty-five years?

Rising interest rates as a result of inflation can create serious cash-flow problems for borrowers and also disrupt the proper functioning of the financial markets. These problems have become particularly acute at the present time for people buying homes and for small businesses, and are thus contributing to the severity of the present recession. In the housing industry, inflation-related increases in interest rates have caused monthly payments of interest and principal on a mortgage amortized over twenty-five years to rise by 80 to 90 per cent. In the case of a long-term, fixed-rate mortgage, homeowners have to tighten their belts during the first few years and can subsequently benefit from a rapid decline in the real value of monthly payments as a result of the time they have gained. In the more frequent case of short-term mortgages, home owners must live with the fact that they may be faced with a sudden rise in interest rates, and as a result, prospective home buyers postpone the purchase of a first home to avoid this uncertainty and the need to cope with all these problems.

Cash-flow problems are even more serious in the case of businesses which borrow funds at a floating interest rate which subsequently rises due to an unanticipated increase in inflation. They are then required to increase their cash payments to lenders immediately by the full amount of the increase in interest rates, thus leading to serious cash-flow problems which may lead a business to bankruptcy. On the financial markets, the uncertainty caused by inflation makes long-term loans less attractive, both for borrowers and lenders. If inflation is higher than expected, the borrower will gain at the expense of the lender, while if inflation is lower than expected, the lender will gain at the borrower's expense. The effect of this uncertainty is currently seen in the shortening of the term of fixed rate mortgages and other loans and by the increased use of floating-rate term loans. The increase in the proportion of term deposits held in maturities of under one year reflects a similar reluctance for long- and medium-term commitments by lenders. Finally, the lack of long-term capital has brought about a decline in investment, thus contributing to the general decline in productivity and especially to the erosion of our competitive edge on international markets.

These are some of the reasons, Mr. Speaker, why the government has made a firm resolve to tackle the problem of inflation by announcing its objective in the present budget to bring down the inflation rate to 6 per cent and by appealing to the solidarity of all Canadians and all economic partners to work together to achieve this objective. Inflation also creates more specific problems in the tax system by introducing the distortions I mentioned earlier in the taxation of investment income. During an inflationary period, the investor makes a real profit on an investment only if the total return exceeds compensation for the decline in the real purchasing power of the money which he has invested, a decline in purchasing power as a result of high inflation rates. In fact, the rate of return on an investment could, and can, in fact, be divided into two components. The first component is the real interest that would be paid if there were no inflation, if the inflation rate were nil, and the return on an investment would be a real return, a real interest. The second part, the second element in an investment income is part of the interest or the return equivalent to inflation or compensation for the reduction in the purchasing power of my savings or investments.

In our present system, taxes are levied on both the return ascribable to inflation and the real return which I suggested was the first constituent or the first element of the total return on investments. In our taxation system, all surplus on the first outlay of capital is considered as directly taxable regardless of the reduced real value of the capital, a reduction which is ascribable to inflation. It involves reporting interest income as well as capital gain income and corporate income. The effective increased taxation rates on those incomes discourage savings and investments. In fact, in many cases, not only do investors get no return after taxation but actually lose money. This is what economists call in contradictory terms a rate of negative return. How can we illustrate such a negative yield rate or, to put it in clearer terms, an actual loss on an investment? Let us say, for example, that I have invested $1,000 of my savings at 12 per cent. After one year the investment income would be $120 and if I am in the 35 per cent tax bracket I will have to pay $42 on that $120 income. In other words, the net income on my original investment of $1,000 in savings will be $120 less $42 in taxes, or $78. If inflation is running at 10 per cent, anyone investing $1,000 of his savings will have to earn at least $100 in income if he does not want to lose to inflation, because $1,000 at 10 per cent yields a minimum of $100. So if I want an investment which offsets inflation, I need an income of $100 on an investment of $1,000. In the example I gave earlier, the net income after taxes was $78, therefore an actual loss of $22 for the investor who should get an income of $100 if he wants to keep up with the inflation rate. So he ends up with an actual loss of 2.2 per cent and he is

said to have had a negative yield of 2.2 per cent on his investment even though he was given an interest rate of 12 per cent on his $1,000 investment. This difference between real and apparent income causes distortions in the decisions of investors and a rather ineffective allocation of economic and financial resources, which are extremely limited at the present time.

• (2110)

All these problems are considered in the paper for consultation I mentioned earlier which is entitled "Inflation and the Taxation of Personal Investment Income". To eliminate the effects of inflation on the taxation of investment income, this paper proposes two schemes of limited indexation concerning interest income and capital gains to protect the amounts invested or the real investment income of individuals. The first would be the creation of indexed term deposit certificates. These certificates would offer the depositor a tax-free interest on the portion of the investment income which absorbs inflation. These savings would then be made available to homebuyers, small-business men, farmers and fishermen, in the form of indexed term loans by the financial institutions offering term deposit certificates. There would therefore be indexed term deposit certificates which would raise funds and provide the depositor with an attractive real return since it would be indexed, and the funds raised would be put at the disposal of the groups I mentioned earlier in the form of indexed term loans.

The second scheme proposed in the paper for consultation would take the form of a new registered shareholder investment plan, under which capital gains on shares purchased for the registered fund would only be taxed on the portion exceeding the rate of inflation. Mr. Speaker, if I may, I would like to take a few minutes to explain and illustrate these two proposed schemes which are now under review. First, I shall deal with the indexed term deposits and term loans which aim at reducing substantially, or up to 6 per cent, the interest rates for potential home owners, small businesses, farmers and fishermen.

What will an indexed term deposit consist of? Canadian financial institutions will be allowed to offer their depositors residing in Canada term deposit certificates for a minimum of one year, which deposit will be indexed. The principal of the term deposit will be adjusted periodically according to CPI variations. Interest will be calculated on the indexed principal at a real rate that would be fixed over the term of the deposit. This rate will be set by each financial institution administering the deposit in the same way as interest rates on conventional term deposits are now set. However, the fact that the deposit itself is indexed will be taken into account. The depositor will be taxed only on the real interest income and only the real interest will be deductible for the financial institution. Since only the real interest, in other words, the interest less the compensation for inflation, will be taxable, this will make the investment yield much more attractive for the depositor. Moreover, since the financial institution will be able to deduct only real interest, it will be able to minimize its profit margin and reduce the interest offered borrowers on the loans for which the funds raised from these indexed term deposits would be made.

Since only the real interest income would be taxable, the depositor will be able to accept lower interest rates, as I noted earlier. Let us try to visualize or to get a better idea of how this system could work. For instance, let us take an ordinary deposit and a hypothetical inflation rate of 10 per cent. To come back to the situation mentioned earlier, let us take a conventional deposit or savings of $1,000. At the present time, with an interest rate of 16 per cent, the investment or interest income would be $160. Under the Income Tax Act at the present time, the taxable investment income would also be $160. At a tax rate of 40 per cent, the tax payable on this income would be $64, and the net investment income after taxes would therefore be $26. The minimal after-tax rate of return on an amount of $1,000 would therefore be 9.6 per cent and the real after-tax rate of return, if we consider the taxes of $64 to be paid, is of 0.4 per cent plus 0.4 per cent of real yield on a deposit of $1,000.

Now, if the deposit were indexed, by how much would my real income increase? I still have the same initial deposit or saving of $1,000. The inflation rate is still 10 per cent. The interest rate on my deposit would be 10 per cent for inflation, in addition to a real interest rate of 2 per cent, for a total of 12 per cent. What would be my income? My interest income would be $1000 to compensate for inflation, since the inflation rate is basically supposed to be 10 per cent, my real interest income would be $20, since the real interest on the $1,000 investment was 2 per cent, the tax to be paid, still with a 40 per cent taxation rate applicable to the $20 of real income, since my real interest is 2 per cent, would be $8, my income after taxes is therefore $1000 to compensate for inflation, 10 per cent of $1,000 in addition to $12 and $20 less $8 of income tax, the real intest income of $20 less $8 would therefore give me an income of $112 after taxes. My nominal return rate after taxes is therefore 11.2 per cent compared to the previous 9.6 per cent and contrary to the previous real return to 4/10 per cent, I will have a real return of 1.2 per cent on the same $1000 investment with that indexation proposal for the term deposit. It can clearly be seen, Mr. Speaker, how the real return on that $1,000 investment when the deposit is indexed to account for inflation allows me to reduce the interest rate on my savings while ensuring me a higher direct return, since the compensatory factor for inflation is subtracted from the amount charged.

So, that system should attract a large number of investors and enable financial institutions to set up a sizeable reserve of funds which they will obtain at low cost, because, as I indicated earlier, instead of paying 16 per cent interest on $1,000, that rate will be reduced to 12 per cent and even though it is

lower, the yield will be higher without the compensation for inflation set at 10 per cent for the purposes of our example.

As mentioned earlier by the hon. member for Welland (Mr. Parent), these funds will be made available to homebuyers, small-business men, farmers and fishermen in the form of term loans. And we now come to the second face of Janus, if I may say so, Mr. Speaker, because these indexed term deposits generate indexed term loans, thereby making money available to lend at interest rates up to 6 percentage points lower than market rates. On an indexed term loan, the real interest rate only would be deductible by the borrower as expense for income tax purposes. The same amount would be taxable in the hands of the lending institution. As in the case of indexed term loans, the initial principal would be adjusted periodically, based on consumer price index variations. Since interest rates are now wholly deductible, the people who will benefit the most from this initiative are firms with very little or no taxable income, and finally home owners who cannot deduct interest rates or loan charges on their mortgages from their taxable income. I would like to attempt once more to illustrate how these loans will be of benefit to all citizens. Assuming that the current interest rate is 19 per cent, the inflation rate 10 per cent and also that financial institutions are ready to lend at a 5 per cent real interest rate, they would have a 3 per cent real margin on the 2 per cent real interest paid on indexed deposits.

Well, for instance, on a loan to a home owner—I do not want to go into the details of loans that could be made to businesses with variable tax rates and I will only deal with home mortgages. To simplify, let us take a $100 loan. The nominal interest at current market rates would be 19 per cent. The real cost after taxes of the borrowed funds would be $19. Now, let us return to our indexed loan; according to our original hypothesis, the amount of the loan is $100 and the inflation rate is 10 per cent. Included in the interest charged, there is as a first component in the inflation compensation of 10 per cent, as was seen in the previous example, the 5 per cent true interest rate of 5 per cent charged by the lending institution. The after-tax cost of the funds thus borrowed is therefore $15, that is, on $100, the equivalent of 4 per cent lower than the current rates allowed, due to the fact that the term deposit is indexed and that all the moneys collected this way are put again on the market as term loans which are also indexed.

Therefore, it can be seen that reducing the inflation part of investment incomes makes it possible to have a system whereby interest rates on loans are reduced from 0 to 6 per cent, depending on which income tax bracket the borrower is in. It can also be seen that the lower the income tax bracket, the more advantageous the measure is, particularly if your are unable to deduct interests from your income, which is the case for a home owner. Home owners just like small-business men, farmers, fishermen, would see a major reduction in their interest rates, which would be inversely proportional to their income tax bracket. At the current level of inflation, the tax on the inflation component of investment income may be from 3 to 6 per cent, depending on the tax bracket the lender is in, as I have just indicated.

That amount would be eliminated from funds invested in indexed term deposits. This reduction would benefit investors as well as borrowers. This system also has the advantage of reducing uncertainties on the real cost of financing, since it will remain fixed over the life of the contract, whatever the inflation rate.

I would like also, Mr. Speaker, to refer briefly to the second proposal in that consultation paper on inflation and taxation of Personal Income, which deals with a registered shareholder investment plan. Canadians could contribute funds to a registered shareholder investment plan with an investment dealer or a financial institution. These funds could then be used to purchase common shares of Canadian corporation taxable shares listed on a Canadian stock market. The sums contributed to the plan would be neither deductible in computing income tax purposes nor taxable when withdrawn. The moneys contributed to the plan would be defined as being the cost of the aggregate of shares held in a registered shareholder investment plan. At the end of each year, the amount contributed would be multiplied by the rate of inflation over the year or since the date of contribution to the plan. The shares would be valued at the end of the year and the inflation adjusted value would be determine the taxable amount. By applying the technique I explained earlier for term deposits, we would have on shareholder investments a real yield that would be higher than the current one. I see, Mr. Speaker, that you are getting impatient and I do not want to abuse the time of the House. I appreciate your patience and honourable members' kindness.

• (2120)

[*English*]

Mr. Deputy Speaker: The hon. member for Vancouver Centre (Miss Carney). Is the hon. member for Kamloops-Shuswap (Mr. Riis) rising on a point of order?

Mr. Riis: Mr. Speaker, I have noticed, in looking at my calculations, that since my party last had a speaker in this budget debate, and if you recognize the hon. member whom you obviously intend to recognize, there will be eight speakers from other parties between speakers for the New Democratic Party.

Mr. Deputy Speaker: Order. The debate is on an amendment standing in the name of the hon. member for Etobicoke Centre (Mr. Wilson). At 9.45 p.m. the bells will interrupt the debate, which will end the debate on the amendment, and any hon. member having the floor at that time will have to terminate his or her remarks. On resumption of the debate on the main motion tomorrow, the speeches will go back to the full 30 minutes.

Mr. Riis: I am quite aware, Mr. Speaker, that shortly there will be a termination of this debate. I guess what I am asking

for is some explanation of the fact that this will be the fourth Progressive Conservative speaking—

Mr. Deputy Speaker: With all due respect to the hon. member, the Chair has exercised its discretion in regard to an amendment standing in the name of a member of the Official Opposition. The hon. member has a perfectly valid point, but I am calling his attention to the fact that there is only 15 minutes left for the next speaker at this point, and tomorrow the hon. member's party will be recognized first for a full 30 minutes.

Mr. Riis: Mr. Speaker, since we began discussing the budget today at three o'clock it has been our understanding that our speaker would be asked to rise at 9.30 p.m. this evening. That has been a clear understanding. It follows the records. It follows the numbers.

Mr. Deputy Speaker: With due respect to the hon. member, the recognition of speakers is at the discretion of the Chair. At this point the Chair is exercising a discretion in recognizing the hon. member for Vancouver Centre (Miss Carney), having made careful note of the remarks of the hon. member for Kamloops-Shuswap (Mr. Riis).

Mr. Fulton: Mr. Speaker, I rise on the same point of order.

Mr. Deputy Speaker: The hon. member cannot rise on the same point of order. The Chair has ruled in regard to that. The hon. member for Vancouver Centre (Miss Carney).

Miss Pat Carney (Vancouver Centre): Mr. Speaker, I rise to speak to this amendment calling for the resignation of the government at a time of economic crisis in this country, a crisis which, judging by the tone of its debate, the government does not seem to recognize. I listened to the Minister of State for Finance (Mr. Bussières) talk about an illusion, talk about rates of return, talk about savings plans and budget measures and I find he does not seem to have any understanding—in fact, he does not even have the courtesy to give me attention on this matter—that many sectors of our economy are going bankrupt. A financial fire storm is sweeping the country, consuming our jobs, our energies, our savings and our businesses. Yet the government refuses to recognize the seriousness of the situation. It refuses to act. It refuses to move in a positive and realistic way to lay any basis for positive economic recovery.

The problem is very simple. It has not been addressed by this government. The country is simply running out of cash. Our capital is being dangerously eroded. The reason is very clear. The cause of this critical situation, which is forcing the collapse of companies and the loss of jobs, is the failure of the Liberal government to deal with the problems of high interest rates by abandoning the anti-investment tax measures of the last three budgets, and also the Liberal government's failure to introduce tax policies that are firmly and forcefully redirected toward incentive-based savings programs.

The minister has outlined tonight one tentative step in that direction which is a series of tax proposals in the new budget. They have been circulated for study in the investment community. Further study of incentives for investment is like consulting a man whose house is burning to see if he would like a pail of water. The clearest evidence of this economic catastrophe—and for the people affected, it is a catastrophe—are the revised statistics showing the impact of high interest payments on cash flow, the lifeblood of the Canadian economy.

• (2130)

In the first quarter of 1982, all companies in Canada, large and small, paid on average 45.4 per cent of their cash flow on interest costs. One year ago these companies devoted only a quarter of their cash flow to these costs. The impact of interest costs on cash flow has doubled in a year. Smaller companies are hardest hit. This year they are paying on average about half of their cash flow on interest charges, compared to only one-third last year. That is on average, which meant that an awful lot of companies paid up to 100 per cent of their cash flow on interest rates. If you look at the ratio of the percentage of interest rates to entire pre-tax earnings for larger companies it rose to 83.3 per cent in the first quarter of this year. That means companies simply do not have the money to keep going. That is why William Mulholland, chairman of the Bank of Montreal, before the committee hearings on bank profits said the following:

> The rolling impact of high interest rates on business must spell more bankruptcies and worse unemployment to come unless some action is taken.

That is why Cal Knudson, Chairman of MacMillan Bloedel, the largest forest company in Canada warns of:

> Widespread bankruptcies, a weakening of our financial base and a major collapse that will imperil the financial structure of our country.

That is if the government persists with its policies.

Further evidence of this crisis that we face is the rate of bankruptcies. They are up 40 per cent over last year. The liabilities associated with those bankruptcies are up 100 per cent. Many major corporations, and I include Chrysler Canada, International Harvester, Dome Petroleum, MacMillan Bloedel, Inco and Falconbridge, are barely hanging on. At the same time some of the banks are dangerously overextended in executing some of this government's highly unrealistic policies. The government is going to be called upon to guarantee more loans like that of Dome Canada. Yet it refuses to recognize the peril facing the country.

One critical symptom of the crumbling economy is the emergence of hidden bankruptcies. These are a relatively new phenomenon which is surfacing in the B.C. business community. It serves to hide the fact that thousands of British Columbians are going to lose their jobs because their employers are secretly bankrupt.

During this recession these companies have not been declared legally bankrupt. They have been placed in a status called "soft receivership". No statistics are kept and the firms are never identified. Their status is often known to senior management and often unknown to their employees.

In British Columbia firms in soft receivership include real estate companies, forest companies, property developers and retail companies. When a company faces bankruptcy and has

no hope of operating profitably the banks instal a licensed trustee. In the case of soft receiverships, he is often called a management consultant or something which hides the purpose of his duties. He effectively takes control of the business. The management is retained to maintain the appearance that nothing is wrong and to sell off the assets in an orderly fashion. The aim of soft receivership is to avoid selling assets at fire sale prices, and thus secrecy is essential.

The incentive for the banks is to recover their loans. The incentive for business is to keep operating for as long as possible in the hope that enough money may be recovered from the sale of assets to pay off the debt load and to continue the company in a different form. But the fact remains that these companies are bankrupt, that these employees are losing their jobs, and that in the coming months these companies will be quietly, silently and secretly liquidated.

The reasons for this crisis, as I discussed earlier, are the high interest rates which have led to the cash crunch that I have already described. Another major reason is the government's spending which is at a post-war high of 25.3 per cent of GNP. This government has not lived up to the promises made by the Prime Minister (Mr. Trudeau) to restrain spending to no more than the growth of the economy.

As a matter of fact, if the government had followed that criteria, it would have to reduce its spending this year to match the drop in GNP. This government's policies have also led to the enormous deficit. It is now $19.6 billion instead of $11 billion which was forecast in November. It has led to the situation where one tax dollar in four goes to service the public debt. This has resulted in financial cash requirements this year in the market of $17.5 billion, which has led to the danger of crowding out in capital markets as government borrowing this year will exceed 50 per cent of net new securities placed in Canada. This pressure on the market will keep interest rates high and may send them even higher.

At the same time the government is stripping the savings of Canadians through its tax policies. One leading economist for Pitfield MacKay Ross has pointed out that corporate profits are actually exaggerated by inflation. They are actually at a post-war low, and the effective corporate tax rate is 75 per cent. In some companies, such as those in the forest industry, it exceeds 100 per cent. This profit squeeze is prolonging the recession. The result is the Canadian economy is dangerously under-capitalized because of a lack of adequate common equity and because of capital outflows which have followed this government's policy.

Because my time is limited, I want to refer to what this kind of policy is doing for British Columbia, and in this connection refer to letters I have received from some of my constituents about the impact of these policies on B.C. I have a letter here from an owner of a dance shop on West Broadway. This is a small shop serving the cultural industry. He writes, referring to the Minister of Finance (Mr. MacEachen), as follows:

> He is leading not only business but individuals into bankruptcy. He is sucking not only those of us who work for ourlselves dry, but is gobbling up the savings of many working people. People who lose their homes through job loss or high interest rates lose their savings and their pride.

I have another letter from a person in my riding who wrote to the Minister of Finance and sent a copy to me. This person writes:

> Dear Mr. MacEachen:
>
> This week I got the bad news from the bank that they are not going to lend me any more money and that they would force the sale of my house to pay off a loan. With market and interest rates where they are, the price I will get will completely wipe out everything I have managed to save since I graduated 15 years ago from university.

That is the kind of impact we are receiving as a result of this government's economic policies.

• (2140)

I have another letter here from a woman in my riding who writes:

> Young couples today simply cannot afford to have children . . . I have been married for ten years. For ten years my husband and I have struggled to get into a position where we can afford to raise a family. Yet the economic reality is that each year the situation gets worse.

She closes her letter to me by asking, "What is happening to our country?" I can tell her what is happening to British Columbia. Its two biggest industries, forestry and mining, are having the worse summmer since the depression of the 1930s. Already some 19,000 IWA workers are out of work, with more to come. Pulp and paper mills are closing and reducing their capacity. The interior forest industry, which is already running at 70 per cent of capacity, is anticipating dropping to 30 per cent or 40 per cent this summer. Peter Bentley, the head of Canadian Forest Products, says:

> I see nothing positive for the second half of this year, nor the first half of 1983, even if interest rates were to go down because of the time lag before it gets to us. Prices might be marginally better but to me a turnaround means when you stop bleeding and start operating with positive cash flow.

Most companies in British Columbia are certainly not in that position. At the same time, its second industry, mining, is closing down. This summer there will be an estimated 10,000 workers affected by mines closing down on a temporary or permanent basis. At Cominco in Trail and in Kimberley, 6,300 workers have been affected. Craigmont in Merritt is closing down. Amax, the molymine, has closed down, throwing 432 people out of work. Noranda at Babine Lake is shut for a year. This copper producer will be shut from July 1982 to July 28, 1983. All along Highway 16, all through the interior of British Columbia and on the upper coast, mines which have been major employers have been shut down.

We know that the problem is not entirely domestically created, that it is partly due to falling metal markets and the lack of housing demand in the United States. These industries were looking to the budget as the last hope for some help, particularly with their cash flow. There has been no help for mines. IWA indicates that the housing assistance program will be of "minimal benefit" to employment in British Columbia. As a matter of fact, the housing program will barely take the production of one of our major mills.

Recently in Prince George I visited a machine shop of a metal fabricator who employed 220 workers last year. This year he has laid off everyone except his core people. This man has been in business for 20 years. He has had no orders for two months, no orders at all. Of course this means that he has not been able to order steel from eastern Canadian mills. I told him that if he obtained an order he was to call us. I asked him to call us because he was our leading indicator, and if we knew that he was obtaining orders, we would know that the economy was starting to be revived. That was two weeks ago and we have not received a telephone call. He still has not obtained any orders. This man cannot believe what is happening to him. He did everything right. He spent 20 years of his life and 20 years of his energies, and he is going down the tubes. That kind of situation is developing all over B.C.

What was the Liberal response in the current budget to this kind of economic tragedy? It was mostly the same measures as last time, with a few changes. The measures were the same as those in the catastrophic budget which created many problems for the Canadian economy. This budget keeps the half-year rule for capital cost allowance, which is a measure that seriously affects many, many companies. It retains the taxation of employee benefits and northern allowances, which in British Columbia amount to $3 per hour in extra tax. No wonder we in British Columbia cannot be competitive when we have to bear that amount of extra tax load. There has been no resurrection of the MURB program. As a matter of fact, the budget measures are forcing the cancellation of many MURBs and the actual bulldozing over the MURB sites, with a loss of housing stocks and investor savings. Some measures were postponed, such as the insurance measure and the restricted interest expense which my colleague outlined. Many measures were referred to this new committee for study before implementation. The result is more uncertainty, more confusion and more delay.

There is still no leadership, no help for the economy and no direction. There has been merely a reaffirmation of damaging Liberal policies and the spreading by Liberals of false assumptions and misinformation. One false assumption is that Canadians will practise restraint when government spending soars. How can they? Another piece of misinformation and false assumption is that a recovery will occur in the third or fourth quarter.

Mr. Deputy Speaker: Order, please. It being 9.45 p.m., it is my duty pursuant to Standing Order 60(7) to interrupt the proceedings and put forthwith the question necessary to dispose of the amendment now before the House.

The question is on the amendment (Mr. Wilson). Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

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

(*Division No. 228*)

YEAS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cook
Cooper
Corbett
Crombie
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Dantzer
Darling
Deans
de Jong
Dick
Dinsdale
Domm
Ellis
Elzinga
Epp
Fennell
Forrestall
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Heap
Hees
Hnatyshyn
Hovdebo
Howie
Huntington
Ittinuar
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Kushner
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McGrath
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Ogle
Orlikow
Paproski
Parker
Patterson
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Rose
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Thomson
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Wright
Young—130.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)

Messrs.

Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro
(Hamilton East)
Nicholson
(Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—144.

● (2215)

Madam Speaker: I declare the motion lost.

Motion negatived.

It being past ten o'clock this House stands adjourned until tomorrow at 2 p.m. pursuant to Standing Order 2(1).

The House adjourned at 10.17 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, July 7, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

CANADA POST CORPORATION

PROPOSAL TO CLOSE RURAL POST OFFICES ON SATURDAYS—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, the new postal regulations being brought into effect by the Canada Post Corporation will cause the closing of rural post offices across Canada on Saturdays. It is apparent that absolutely no thought was given to the rural and farming communities of Canada or their lifestyle, because they rely on the post offices being open on Saturday to conduct their business. Saturday is farmers' day in the small communities across our country as is evident by the resurgence of Saturday farmers' markets. I therefore move, seconded by the hon. member for Kindersley-Lloydminster (Mr. McKnight):

That this House direct the minister responsible for the Post Office to direct Canada Post to provide service on Saturdays for rural Canadians according to their needs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ELIMINATION OF SATURDAY RURAL DELIVERIES—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, the new Canada Post Corporation is now seriously considering cutting 2,831 Saturday rural delivery routes throughout the country. The fact that this is even being considered shows that the government has no idea of the importance of Saturday delivery of weekend newspapers and other mail for rural customers. Therefore I move, seconded by the hon. member for Hastings-Frontenac (Mr. Vankoughnet):

That this House instruct the Minister of Consumer and Corporate Affairs to guarantee rural customers that rural post offices will remain open on Saturday and that Saturday delivery will continue in rural areas.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

CALL FOR STEPS TO RESTORE CONFIDENCE—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, the Mitterrand government of France is now reaping the bitter harvest of its socialist ideas. France has devalued its currency and imposed wage controls on its citizens. Therefore I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That the Government of Canada now cease its blind following of French socialist policies of devaluation and wage controls and take immediate steps to restore confidence in our currency and allow market forces to establish the true value of Canadian labour.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

VANCOUVER REGIONAL OFFICE—DEMAND FOR INQUIRY—MOTION UNDER S.O. 43

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, this House is aware that the fifth report of the Standing Committee on Indian Affairs and Northern Development, by unanimous motion of the entire committee, made recommendation that the minister appoint an independent inquiry into certain activities of the B.C. regional office. The House may not be aware that the minister has not put in place any type of review despite the recommendation of officials of the department which he heads. Therefore I move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That this House require the Minister of Indian Affairs and Northern Development to take steps immediately to provide the independent inquiry into the activities of the regional office in Vancouver specific to the affairs of the West Bank Indian Band as well as other economic development ventures, which was demanded by the standing committee.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NUCLEAR ENERGY

PROPOSED URANIUM REFINERY AT BLIND RIVER, ONT.—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, the Minister of National Health and Welfare has consistently rejected the requests of the concerned citizens of Algoma-Manitoulin to look into the safety of the proposed uranium trioxide refinery in Blind River, Ontario. The uranium refinery in Port Hope, Ontario, has been found releasing radioactive waste into the atmosphere exceeding permissible concentrations; AECL has acted irresponsibly in issuing licences and inadequately monitoring radioactive emissions at the Port Hope refinery, and AECL is now allowing another uranium refinery to be built at Blind River, Ontario. I move, seconded by the hon. member for Beaches (Mr. Young):

That the Minister of National Health and Welfare advise the Minister of Energy, Mines and Resources to discharge the AECL of its duties and responsibilities in the proposed Blind River refinery immediately, and that an independent team of inspectors be established with the mandate to enter the Port Hope refinery to undertake an independent base line health study and decide whether the Blind River refinery should proceed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

HAZARDOUS SUBSTANCES

REQUEST THAT HOUSE SIT BEYOND NORMAL HOURS TO PASS BILL C-109—MOTION UNDER S.O. 43

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Whereas Bill C-109 which concerns victims of urea formaldehyde foam insulation must be passed before UFFI victims who qualify can obtain the $5,000 federal grant; whereas many victims have been making representations to a number of members of this House in order to have the bill passed; and whereas the New Democratic Party has been refusing to end the debate on second reading, thereby ignoring the urgency of this legislation, I move, seconded by the member for Beauce (Mr. Lapointe):

That this House should consider the bill without delay, in order to give it second and third reading, and that it should sit outside its ordinary sitting hours so that the bill may receive royal assent before the summer recess.

Madam Speaker: Is there unanimous consent for this motion?

• (1410)

[*English*]

Hon. Erik Nielsen (Yukon): Madam Speaker, I understand there have been discussions between the Minister of Consumer and Corporate Affairs (Mr. Ouellet) and our spokesman, the hon. member for Hamilton-Wentworth (Mr. Scott), with respect to the disposition of this bill.

It is my understanding that the minister has said the government would be amenable to setting up a special subcommittee of the Standing Committee on Health, Welfare and Social Affairs to refer the subject matter of the bill to that committee for inquiry by the special subcommittee so set up. In return for that, it is my understanding that the proposal is that the bill go through all three stages, including committee of the whole. If the government is prepared to confirm that proposal, as well as confirm the ability of the subcommittee to examine the report of the board of inquiry into the effects of UFFI, we entirely agree to that proposal. If the government is prepared to make that commitment, we are prepared to put the bill through on Friday.

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, the first thing is that the matter of expediting passage of the bill is extremely important. Certainly the general feeling in this House is that that bill should pass quickly through the House on second reading, move from second reading to committee study, and certainly it should come back. But there are several items that would be conditional there, I am sure.

Some hon. Members: Oh, oh!

Mr. Skelly: All members of the House would accept the following principles, I am sure. Discussions have been going on between the Conservative critic responsible for this matter, the New Democratic Party member responsible for this matter, and the minister. What has come to pass over a period of time is that there has been confusion, and the minister has been working hard with those members and other critics to resolve that confusion.

If I might just make another few quick statements as to where the confusion arises—

Mr. Hnatyshyn: Right there.

Mr. Skelly: —it starts from the following.

Mr. Baker (Nepean-Carleton): You are talking it out.

Mr. Skelly: First of all, the minister was requested to meet with home owners to discuss, to their satisfaction, the necessary conditions. At those meetings the minister made commitments but he never submitted them or committed them to writing. The second thing is that he was asked if he would produce the report of the board of review, Madam Speaker. Since last January that board of review, which has vital information, has not delivered its report. Beyond that—

Some hon. Members: Time!

Mr. Skelly: Beyond that, he has given an indication that he would produce a reference to his House leader asking for a special subcommittee, since there is not time remaining, to consider this matter and facts that were not allowed to come out in front of the board of review, such as who approved this substance. That information is vitally important in the legal action which will result.

Some hon. Members: Question!

Mr. Skelly: Madam Speaker, the minister, myself, and the critic for the Conservative Party have been working vigorously to resolve this. There are some conditions which will expedite passage of this bill quickly through the House, and I am certain that we know them. Deliver us the board of review report; give us the reference to the subcommittee to carry out this study—

Some hon. Members: Question, question.

Mr. Skelly: Have the minister call another meeting with the home owners and deliver to them his commitments in writing so that there are a set of minutes which express the minister's—

• (1415)

Madam Speaker: Order, please. It being 2.15 p.m., I must interrupt the debate. Oral questions.

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

Madam Speaker: The Chair cannot entertain points of order at this time.

Mr. Nielsen: Madam Speaker, yes, you can.

Mr. Baker (Nepean-Carleton): Yes, Madam Speaker, you can. We would understand.

ORAL QUESTION PERIOD

[*English*]

FINANCE

INCREASED TAX EXEMPTION SOUGHT FOR CHILD CARE EXPENSES

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, my question is for the Minister of Finance. The minister will know that over 1.5 million working mothers in Canada who must pay child care expenses have been victimized once again by the minister's latest budget which has left unchanged the child care expense deduction. Child care costs have soared. The minister, by deindexing personal exemptions, will force these working mothers to bear a portion of the $1.3 billion extra tax to be generated by this measure.

I want to ask the minister again why this injustice was not changed despite repeated demands from this side of the House, despite representations by women's groups to the minister, and despite recommendations of the federal task force on domestic workers, which recommendations were released by the Department of Employment and Immigration in 1981. The task force said that child care expenses are as legitimate as other business expenses.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I disagree with the hon. member when he states that the budget has victimized persons raising families. In fact the capping of the indexation on family allowances has been more than compensated. For families receiving the child tax credit there is an increase for this year of $50. The hon. member ought to know that the most needy families, I believe those with incomes of less than $30,000, have been more than fully protected as a result of the capping of indexation on family allowances.

The hon. member raises, of course, another question, namely, the over-all matter of how child care expenses are treated under the Income Tax Act. As I have had occasion to tell the House on previous occasions, the matter is the subject of a review by an interdepartmental committee under the leadership of the minister responsible for the status of women.

PLIGHT OF SINGLE-PARENT FAMILIES

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, does the minister not realize that the $50 extra child tax credit is a small token when compared to the extra burden of the $1.3 billion tax increase which these women are going to have to pay and the extra tax that they are having to pay because of the child care expenses. These average about $4,000 a year while the minister allows them a deduction of only $1,000 per year per child. This is way in excess of the $50. According to the report of the National Welfare Council, 41.5 per cent of families headed by women were below the poverty line in 1980. These women desperately need the relief that this side of the House and these groups are requesting.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think it is important to keep separate the issues which the hon. member has raised in his two questions. The first issue that has to be examined is the impact of indexation of family allowances on recipients of the child tax credit, namely, those families most in need in the country. For those particular families whose family allowance indexation will be capped there will be a more than compensating payment in the child tax credit. As I recollect, the loss per annum per child is about $17, and again for this year the child tax credit is $50 per child. For those families the result of the budget is to make them better off. That is one aspect that has to be clarified.

The hon. member has also drawn in quite a separate issue, and that is how the whole question of child care expense is treated under the Income Tax Act. That has not been dealt

with or affected in any way in the budget, nor was it intended to be affected, because the matter is worthy of very serious attention. It is a matter of concern. Many groups have expressed an interest, with the result that at present it is under the interdepartmental examination I have mentioned, with a view to having some conclusions and recommendations which might be dealt with at a later date. I would ask the hon. member please not to mix up quite separate issues in the way he has done in his two questions.

• (1420)

Mr. Clarke: I think it is this minister who is mixed up.

INTERDEPARTMENTAL COMMITTEE REPORT

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, my supplementary question is directed to the minister of state responsible for the status of women. Some four months ago in the House, and again today, the Minister of Finance said that he cannot act on child care expense deductions because the interdepartmental committee, which I understand the minister of state heads, has not found it possible to reach a conclusion. Will the minister of state tell the House when this committee will be reporting, so that some action could be taken on behalf of these people?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, the Minister of Finance was completely correct when he said that it is a very complex question which requires a great deal of study. I should like to assure the hon. member that we have been studying it for the past six months, and that we will be making a report shortly to the Minister of Finance.

* * *

PUBLIC SERVICE

AUTHORITY FOR CAPPING INDEXATION OF PENSIONS

Mr. Gordon Taylor (Bow River): Madam Speaker, my question is also directed to the Minister of Finance. It involves about 120,000 retired public servants, 30,000 retired Armed Forces people, and 5,000 retired members of the RCMP. Given that former public servants who worked from 30 years to 50 years for the federal government contributed 6.5 per cent of their earnings for basic pensions plus one per cent for indexing in order to secure a full pension when they retired—this was not only a condition of their employment; it was confirmed by law in the Supplementary Retirement Benefits Act—and given that the June budget has capped the indexing of these pensions at 6 per cent, under what authority is the government doing this? Why is the government breaking its promise to former employees who are in the sunset years of their lives, by cutting off part of their pensions when many of these people are barely making both ends meet now?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member referred to the full pensions which are being received and will be received by retired public servants. Obviously there is no intention to affect the pension rights of retired public servants. What is intended is to cap the indexation at 6 per cent. Public servants will obviously receive increases in subsequent years, but the increases will be 6 per cent and 5 per cent. The impact, of course, of that capping of indexation can be minimized, and will undoubtedly be minimized as we make progress toward the 6 per cent target for inflation.

The hon. member should join us in the campaign to bring about a 6 per cent inflation rate because, in so doing, he will be coming to the aid of these retired public servants. The hon. member asked under what authority. Obviously that authority will be sought from Parliament by way of legislation in order to achieve the objectives of the government.

Mr. Taylor: Changing the law might make it legally right, but it will not make it morally right. This is actually a double cross of people who worked from 30 years to 50 years to build up pensions and who are not now in the $30,000 bracket which the minister mentioned but are having a hard time making both ends meet; and the minister will now take some of that away from them.

FUNDING OF INDEXING

Mr. Gordon Taylor (Bow River): Madam Speaker, will this not really make every public servant of the federal government today wary of the fact that they are now contributing toward pensions and make them worry about the future when some future government may suddenly cut their pensions in half? This is not playing the game with former employees. The act makes present employees wary of this particular thing. I suggest to the minister that this is confiscation of something that does not belong to the government. Is not the index fund already able to carry full indexing?

Madam Speaker: Order, order!

• (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am not quite sure what the question was because I did not hear the peroration of the hon. member. However, I would tell him that I do not believe that public servants will be wary of this action because I think that retired public servants will understand the reasons for this change, and the reasons why a sacrifice is asked of them. If the hon. member has read some newspapers he will have noticed that a number of retired public servants were quite prepared to accept this policy and not accept the rather defeatist attitude of the hon. member.

I would remind the hon. member that while the pensions of the public servants are indexed and will continue to be indexed, the pensions of most retired persons from the private sector are not indexed at all.

THE ECONOMY

WAGE AND PRICE CONTROLS—GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Prime Minister. It concerns both the consistency and the credibility of the government's so-called war on inflation. Yesterday in the House, the Prime Minister said, in response to a question, that no matter how high inflation goes, workers would be expected to hold their wage demands down to 6 per cent or, in his words, legislation would have to be considered.

Just a week ago the Minister of Finance said in the House, when dealing with the same question, that the question of comprehensive wage and price controls was not in the cards. Will the Prime Minister clarify this uncertainty? Are wage and price controls a possibility that will be inflicted upon the people of Canada this fall, or are they not?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am very grateful to the leader of the NDP for giving me this occasion to clarify my answer which, I agree, if taken out of context, could mean that I was advocating the introduction of over-all controls. That is not what I meant.

If I may refer the hon. member to the context in which I gave the answer, there had been a series of questions, including some asked by members of his own party, concerning regulated prices of commodities. My answer should be added to the answers given by the Minister of Finance in that sense, that we are trying to control regulated prices. We are going to try to do it by—

Mr. Crosbie: Osmosis.

Mr. Broadbent: Smoke signals.

Mr. Trudeau: —by the word of the budget. There may be some cases where prices may have to be controlled by legislation. That is all that I wanted to indicate. There was no other intention on my part, and I apologize if there was confusion. But I once again refer the hon. member and other commentators to the context. I was not referring to over-all price and wage controls.

I repeat what I have said previously, and what the hon. member has quoted the minister as saying, that we have no plan and no intention to introduce over-all price and wage controls. We have confidence that the Canadian people, if appealed to, and if they think it is fair, will co-operate, as some members opposite are hesitant to do. They will co-operate in reducing inflation from 11 per cent to 6 per cent so that we can remain in the competitive game with the United States and other societies which have reduced their inflation.

Some hon. Members: Hear, hear!

FUTURE RATE OF INFLATION

Hon. Edward Broadbent (Oshawa): Madam Speaker, I would like clarification on a second question concerning the efficacy of the government's approach to holding down prices. It is quite clear what it plans to do—in an unfair way in our view—with wages in this country. In terms of the price approach I would ask the Prime Minister, given the answers he provided today on this question and that the Minister of Finance and others provided yesterday, which clearly indicated we will not get legislation to control prices, even within federal jurisdiction, like we are in controlling wages, is there any good reason for the working person in this country to believe that inflation will be held down to 6 per cent in the coming year.

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would imagine that that answer could only be given from the point of view or the perspective one holds of the willingness of the Canadian people to co-operate voluntarily to reduce the plague of inflation. I must point out that in his preamble the hon. member seemed to indicate that he did not quite understand my answer.

Mr. Broadbent: No, I did not. I thanked you.

Mr. Trudeau: I indicated that, in the case of public service wage guidelines, we are introducing them so that the rates will be 6 per cent and 5 per cent over the next two years. I indicated, repeating what the Minister of Finance said yesterday, that we intended to see prices operate in the same way, reaching levels of 6 per cent and 5 per cent. In some cases, and that is the matter of legislation to which I was referring yesterday, it might have to be legislated, as in the case of special prices which cannot be brought down otherwise. But, as a general rule, the Minister of Finance indicated in the budget and in subsequent answers that we intend to have the various boards and those who administer prices implement the 6 per cent and 5 per cent prices, with the exceptions explained by the minister.

INCREASE IN GOVERNMENT REVENUE

Hon. Edward Broadbent (Oshawa): I am sure, Madam Speaker, I appreciate the answer, but I frankly say that I do not believe inflation can be held down to 6 per cent this year. I do not believe the people of Canada believe it and, most seriously, in—

Some hon. Members: Oh, oh!

Mr. Broadbent: —the context of government policy, I do not believe the government does. I pin my assertion on this question: if the government genuinely believes that inflation will be held down to 6 per cent in the coming year, how could it make budget forecasts that would provide almost $1.5 billion in additional revenue from those who pay taxes, from family allowance recipients and from pensioners? The whole assumption of the budget is that the government will get additional revenue, about $1.5 billion, which can only come in if inflation is well beyond 6 per cent. I would like the Prime Minister to respond to that.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member has complained several times in this House because expenditures and revenue projections had to be revised. This is obviously one case where we will have to revise the projections when inflation comes down to 6 per cent this year or next year.

The hon. member quite unequivocally states that he does not believe that a 6 per cent rate of inflation can be reached this year. I think he is right, and we are not attempting to do that this year; we are attempting to do it next year, and that is what the budget states. That is why the 6 per cent cap on the indexing of pensions and so on will be affected as of next year, not this year. Whether the hon. member believes that it can be reached next year or not, I say that this government does, if we have the co-operation of the Canadian people.

The question the hon. member should be asking is: should we be bringing inflation down to 6 per cent? Since we see that our main competitor and trading partner, the United States, is in the 6 per cent or 7 per cent range, is it not important and imperative that we bring inflation down to 6 per cent?

Some hon. Members: Hear, hear!

Mr. Andre: Wrestle it to the ground!

Mr. Trudeau: Therefore, it is not just a figure picked out of a hat. It is an imperative figure if we want to remain competitive. The only question we must then ask is: can Canadians reach that by force of will, co-operation and sharing, or must they be legislated, forced into doing that? We on this side, because we are small and big "l" liberals, believe that we can appeal to the Canadian people to have this kind of co-operation.

Some hon. Members: Hear, hear!

PRIME MINISTER'S COMMENT ON POSSIBLE INTRODUCTION OF LEGISLATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is also directed to the Prime Minister. As reported in yesterday's *Hansard* at page 19044, he said:

—6 per cent inflation can only be reached voluntarily if people co-operate. Otherwise, there will have to be legislation.

The reference was clearly with regard to legislation affecting people. That is the unquestionable interpretation of the language that he used. He was referring to people, not agencies. Will he tell the House of Commons exactly what is the kind of legislation affecting people, to which he referred yesterday?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I thought I had explained that in an answer to the question of the Leader of the New Democratic Party. I can only refer the Right Hon. Leader of the Opposition to that answer. I do admit that there was some confusion since the interpretation given far and wide was that I was referring to over-all controls. I can give the Leader of the Opposition the assurance that I did not refer to over-all controls. The reference to people concerned people in the private sector who are asking for increases higher than 6 per cent, for instance, from regulating boards, those who would apply to the CRTC and to the CTC, and the people on the boards themselves.

What I am saying is that people in the opposition, as well as the opposition collectively, must accept that 6 per cent is an imperative goal that we must reach. They must also accept that it can only be reached voluntarily or by the force of legislation. And people will do it.

Some hon. Members: Hear, hear!

Mr. Clark: What people will do if they are given the chance, either nationally or in the three byelections which have not been called, will be to throw this government out.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

APPLICATION OF CONTEMPLATED CONTROLS

Right Hon. Joe Clark (Leader of the Opposition): I am interested in knowing precisely what kind of legislation the Prime Minister was threatening in his reply yesterday. Was he saying then, or is he saying now, that the legislation respecting controls being contemplated by the government will affect only regulatory and other agencies?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the answer is that in that question and answer exchange, yes, I was referring to regulated prices, and that was the question I was attempting to answer. When the Leader of the Opposition says that the only interest of the people is in throwing this government out, that may or may not be true, but I do think that it explains the attitude of the Leader of the Opposition and of his whole party. He does not want inflation to come down to 6 per cent.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Andre: Wrestle it to the ground!

Mr. Trudeau: He wants this appeal to the free co-operation of the Canadian people to fail so that, not having reached 6 per cent inflation, he will be able to brag that the budget failed. He will not be concerned about the failure of the Canadian people to compete with others.

Some hon. Members: Hear, hear!

Mr. Clark: I trust that when the Prime Minister is prepared to tell us to what other fields he intends to apply legislative controls, he will advise the House.

REQUEST THAT SPECIAL COMMITTEE REVIEW GOVERNMENT EXPENDITURES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me come to another question which will deal with the problem of inflation in the country. It relates to government spending. The Prime Minister will know that on several occasions I have proposed the establishment of a special committee of this House of Commons to inquire once again, in an exhaustive way, into the spending estimates of the Government of Canada to find where we can save millions and perhaps hundreds of millions of dollars. We know that the government is spending $110,000 to teach Madam Benoit how to cook in metric.

Some hon. Members: Oh, oh!

Mr. Clark: We know that the Government of Canada is spending $500,000 to buy free briefcases for public servants. We want to know what other savings we can make. We want this Parliament to be effective in finding and saving hundreds of millions of dollars in government spending that need not be spent.

Some hon. Members: Hear, hear!

Mr. Clark: Will the Prime Minister, in the interest of fighting inflation, let the people who sit in this Parliament conduct that kind of inquiry? Will he agree right now to make a reference which will establish a special committee, or allow a standing committee to review the estimates, to save hundreds of millions of dollars in spending which the government need not be spending?

• (1440)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, just as the first question indicated the will of the opposition, which is to ensure that we fail in bringing inflation down to 6 per cent, the second question indicates how he intends that that failure be achieved, because he talks about Madame Benoit rather than facing the issue as to whether inflation can be brought down in Canada voluntarily through co-operation by the opinion leaders, the political leaders, whether they be the premiers or the leaders in this House. That is the first question—can it be done voluntarily or must it be done by legislation? In answer to the question, I have indicated that I do not intend to legislate it. The legislated means are already before the House as they apply to the public servants and to members of this Parliament. The other possibility I indicated had to do with regulated prices, but I had not intended, nor do I intend to indicate that there is any form of over-all controls contemplated.

The hon. member made a suggestion about controlling expenses. There is such a thing as a Public Accounts, expenditures and estimates committee of the House of Commons. If the opposition wants to do its job in this committee, it can search out expenditures that can be cut. If it does that, it will be doing a service to us all. I do not say that some expenditures cannot be cut. I am saying that you cannot attack the thrust of this budget and evade it by talking about Madam Benoit or Mr. Gerussi. The question is: do we want inflation to come down or not, and are we prepared to co-operate?

Some hon. Members: Hear, hear!

POWER OF PARLIAMENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the fact is that you do not get inflation down when you run $20 billion deficits. A way to reduce a $20 billion deficit is to eliminate spending on unnecessary projects and undertakings. The Parliament of Canada is the only agency which has the authority and the power to identify and eliminate that spending, if the government gives its permission to a committee to look for those savings. Why will the Prime Minister not give Parliament the power to look for those savings and save hundreds of millions of dollars of spending that we do not need to be wasting?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Right Hon. Leader of the Opposition asks why we do not give Parliament the power. The answer is very simple. Parliament has that power. The Public Accounts Committee is there. The estimates committees are there. Department after department can be looked at, and suggestions made. They can do that just as easily as any special committee set up by the hon. member. The right hon. member's question suggests that the way in which we can reduce the $20 billion deficit is to make such cuts. I put to him that probably we can bring down the deficit so much by making some cuts, and we are happy to have him find and state areas where we can make savings. I just want to remind the House that the percentage of total spending by government in the area of goods and services is the same today as it has been for the last ten years. The real way in which we can bring down the $20 billion deficit is by getting this society to grow economically, and to grow economically—

Some hon. Members: Oh, oh!

Mr. Trudeau: If the path of economic recovery can be followed, the way in which it can be followed is by bringing inflation down to 6 per cent or below. That is the way to reduce the deficit.

* * *

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER DELEGATED TO MINISTER OF INDUSTRY OF FRANCE, RESPONSIBLE FOR ENERGY

Madam Speaker: I have the honour of drawing the attention of the House to the distinguished presence in our gallery of

Mr. Edmond Hervé, French Minister delegated to the Minister of Industry, responsible for Energy.

Some hon. Members: Hear, hear!

* * *

[*English*]

EXTERNAL AFFAIRS

LEBANON—POSSIBLE PARTICIPATION IN PEACEKEEPING FORCE

Mr. Ian Watson (Châteauguay): Madam Speaker, my question is for the Prime Minister. Has Canada been invited to participate in the most recently announced international peacekeeping force in Lebanon? If not, does the Prime Minister envisage any circumstance whereby Canada could take part in an international effort such as a peacekeeping shield, which would relieve the pressure on the suffering civilian population of Beirut and would permit Canada a role in the ultimate goal of a larger, permanent, Middle East settlement?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I believe it is fair to say that Canada has an unblemished record in so far as peacekeeping operations are concerned. I believe we participated in every such operation, barring one, set up by the United Nations since its inception. Therefore, we certainly would be happy to assist in ways in which we could.

As the Secretary of State for External Affairs said very recently, and to my knowledge, we have not been approached to participate in any such operation. If we were approached, we would bring the same kind of consideration to the matter that we have in the case of previous requests, whether that participation would be in line with the desire of the various parties to the conflict. Perhaps even more important, as the Secretary of State for External Affairs said, would it be under the aegis of the United Nations? If these two conditions were not forthcoming, we would obviously be much less interested in such participation.

* * *

MINES AND MINING

GOVERNMENT ASSISTANCE

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of State for Mines. The minister knows that the mining industry is in a severe state of depression; 10,000 of 25,000 miners in Quebec are laid off, 10,000 out of 19,000 in British Columbia, and 40,000 more in Ontario, the Yukon and Newfoundland, meaning that over half of the work force in the mining industry in Canada is out of work at this time. In Calgary on June 3 the minister promised incentives to the industry, particularly the juniors. Can the minister explain, in light of the recent budget, why there were absolutely no specific initiatives to help the mining industry get going again?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, as I have stated on a number of occasions in this House, the problems with the mining industry are due to the fact of world prices. Last evening I met with the chief executive officers of most of the major mining companies. They reinforced that statement by saying that the Government of Canada had no effect on mineral prices. The fact is that these prices are a world market situation that will not improve until the world economy, particularly that of the European Common Market and the American market, improves.

In the meantime, this government is taking every measure possible to alleviate the suffering of those who are out of work, through the use of such things as Section 38. I have stated on a number of occasions in this House that I am dismayed at the lack of appreciation of Section 38. I would urge members on the other side, particularly in those areas where there is a heavy mining industry, such as British Columbia, to inform the companies and the people of those communities of Section 38 and its possibilities.

LOANS TO MINES IN OTHER COUNTRIES

Mr. Jim Fulton (Skeena): Madam Speaker, my supplementary question is directed to the Minister of Finance. I am sure he is aware that earlier this week the United States Senate announced that it would stockpile about one million tonnes of copper in that country to keep its sagging copper mining industry going. The government's much touted mining task force, which was supposed to travel around this country, has not done any travelling except once to Newfoundland.

With nothing in the budget, can the minister explain why the government just gave $200 million at 10 per cent interest to the El Cerrejon coal mine in Columbia, and $100 million at 10 per cent to the Rio Tintaya coppero mine in Peru? Does the minister not think that money at 10 per cent to some of the Canadian mining operations would help to keep the more than 60,000 miners in Canada at work?

• (1450)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, would the hon. member suggest that we not engage in these international transactions?

Some hon. Members: Yes.

Mr. MacEachen: Does he suggest that we not engage in these projects in other countries, that provide very substantial job opportunities in Canada? Is he suggesting that we add to our unemployment by refusing to participate in opportunities that are available to Canadian firms abroad? Is that his view?

THE ECONOMY

GOVERNMENT ASSISTANCE TO MAJOR COMPANIES

Miss Pat Carney (Vancouver Centre): Madam Speaker, since the Prime Minister is unable to explain how he can achieve a 6 per cent rate of inflation when his government has increased its spending by 20 per cent, my question is addressed to the Minister of Finance. Madam Speaker, thousands of Canadians are in danger of losing their jobs because their employers are so crushed by interest rates that they are in secret bankruptcy; they are in a state of soft receivership. The only reason they keep going is so that they can quietly dispose of their assets and retire their debts, rather than unload them at firesale prices. And, Madam Speaker, I am talking about forestry companies—

Madam Speaker: Order. Hon. members will notice that questions and answers have been quite long and that there have been exchanges that have very much resembled debate during the question period. I would urge hon. members, during the time that is left, to be very brief in their questions, and other members to be very brief in their answers.

Miss Carney: Madam Speaker, since the government is prepared to stand aside and see small and medium-size companies go broke, why is it willing to bail out the big companies like Massey-Ferguson, Dome Canada, and possibly Maislin Industries?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will be brief and say that the premise of the hon. member's question is wrong. In the budget we have provided several hundred millions of dollars to ensure that small business will survive.

Some hon. Members: Hear, hear!

SIZE OF GOVERNMENT DEFICIT

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is also addressed to the Minister of Finance. I refer to his inability to understand how bad economic conditions are in western Canada. This is the reason his government cannot elect any members west of the Red River valley.

Some hon. Members: Order.

Miss Carney: My second question has to do with the minister's projection of a $20 billion deficit. His ministers and his deputies tell us this is based on a third quarter and fourth quarter recovery.

Since the Maritime fishing industry is depressed, since Quebec companies are going bankrupt, and B.C. companies are shut down in forestry, and the mining industry is shut down across the country, where is this miraculous third quarter and fourth quarter recovery going to take place? How can he justify the $20 billion deficit on a third quarter and fourth quarter recovery? What is the real size of the deficit going to be?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in the interest of brevity, the real size of the deficit is the size projected in the budget statement.

* * *

INDUSTRY

SUPPORT REQUESTED FOR COMPUTER SECTOR

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, the rhetoric and recovery are astonishing here in this exchange regarding this budget.

Madam Speaker: Order. For the rest of the question period, briefly, questions.

Mr. Gilchrist: The communications industry has become prominent in microelectronics and it has raised many millions of dollars and has created jobs. The imported computers, on the other hand—

Some hon. Members: Oh, oh!

Some hon. Members: Order.

Mr. Gilchrist: May I base my question, Madam Speaker—

Madam Speaker: That is a preamble, obviously, if the hon. member knows what a preamble is. If he would go directly to the question, it would be very helpful.

Mr. Gilchrist: I am trying to arrive at a conclusion, Madam Speaker.

Some hon. Members: Oh, oh!

An hon. Member: Arrive at a question.

Some hon. Members: Oh, oh!

Mr. Gilchrist: Will the Minister of Finance consider amending the budget further to enhance the opportunities of the computer section of our high technology industry, which is suffering a $1.75 billion deficit for last year, in contrast to the communications industry which generated a profit last year, and vitally needed dollars, and jobs?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think that the last two questions from the two members of the official opposition show how confused their policies are.

An hon. Member: Oh, oh!

Mr. MacEachen: The first hon. member belaboured me in several questions about the size of the deficit, and how terrible

it was. Then, the next questioner got up and said, "Add to the deficit." That is their economic policy.

Some hon. Members: Hear, hear!

REQUEST THAT GOVERNMENT INVEST IN HIGH TECHNOLOGY

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, I would ask this supplementary. Would the minister be prepared to amend the budget to invest in high technology, not add to cost, to create the $4.5 billion worth of jobs which were lost to Canadians last year while we spent the money keeping foreigners employed, and help the vitally needed job-creation sector and the wealth-generating sector of Canada through support for high technology in the budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, we have already been giving extensive support to research and development and to high technology—

Mr. Clark: Out of the country.

Mr. MacEachen: —in Canada. That has been evident in many of the firms that are participating effectively in high technology industries, including Mitel. The hon. member is asking for enriched tax incentives. The effect of that would be to reduce revenues and add to the deficit. That is the deficit which his right hon. leader said a few moments ago was too high. When are you going to get your act together? Why do you not take your Wednesday mornings to discuss economic policy instead of the leadership of the party.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

* * *

PUBLIC SERVICE

CAP PLACED ON INDEXATION OF PENSIONS

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, in the last reported year, former civil servants received an average pension of only $7,915 per year, and surviving spouses a magnificent total of $2,171 per year. My question is directed to the President of the Treasury Board. How can the government justify robbing former employees of the indexing factor when they have already paid 1 per cent of their income to cover inflation? Will the government be asking private pension plans to follow this method of fighting inflation by robbing former employees?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, as has already been pointed out, most of the private pension plans do not have the indexation benefit. The hon. member overlooks this completely in that inflation next year, with the help of all Canadians, and with the help of members in this House, will be at 6 per cent, and accordingly no one will suffer.

An hon. Member: Will you resign when it goes beyond 6 per cent?

* * *

PENSIONS

REQUEST THAT GOVERNMENT GUARANTEE INFLATION COMPENSATION

Mr. Neil Young (Beaches): Madam Speaker, my supplementary is directed to the Minister of Finance. The minister knows that any reduction in the purchasing power of pensioners has to come from food, shelter and clothing. If the minister cannot guarantee that inflation will come down to 6 per cent in 1983 for pensioners, will the minister give pensioners a guarantee that he will retroactively make up the difference between 6 per cent and the actual rate of inflation in 1983?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I would be in a better position to provide that guarantee if the hon. member and members of his party decided to get behind the government and reach the objective of 6 per cent inflation.

* * *

CHARTER OF RIGHTS

REQUEST THAT LEGISLATION BE AMENDED TO REMOVE CONFUSION

Hon. Bryce Mackasey (Lincoln): Madam Speaker, my question is addressed to the President of the Treasury Board as the minister responsible for Bill C-124. The minister indicated in question period that it was not his intention that Bill C-124 would in any way supersede the provisions of the Charter of Human Rights or the provisions of the Canadian Human Rights Act. The question is whether or not he is prepared to introduce an amendment to that Bill C-124 to remove confusion and ambiguity, particularly in Clause 9 which does leave the impression that legal interpretation could mean that Bill C-124 does to some degree minimize, negate or offset the provisions of the Human Rights Act.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, indeed I would not read Clause 9 that way, but if there is any ambiguity in that section, and I believe that there may be, I will move to ensure certain provisions of the Canadian Human Rights Act are enforced with respect to people getting equal pay for work of equal value, as was raised by the member for Vancouver East yesterday, that will be taken care of and those rights will not be affected.

[*Translation*]

THE ROYAL ASSENT

Madam Speaker: I have the honour to inform the House that a communication has been received as follows:

Government House
Ottawa

July 7, 1982

Madam:

I have the honour to inform you that the Hon. Brian Dickson, Puisne Judge of the Supreme Court of Canada in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 7th day of July, 1982, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Jacques Noiseux
Deputy Secretary
to the Governor General

* * *

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Tuesday, July 6th 1982, and that he finds that they meet the requirements of the Standing Orders as to form.

* * *

• (1500)

[*English*]

POINT OF ORDER

MR. NIELSEN—RAISING OF POINTS OF ORDER DURING PROCEEDINGS UNDER STANDING ORDER 43 MOTIONS

Hon. Erik Nielsen (Yukon): Madam Speaker, I rise on a brief point of order arising out of the conduct of the proceedings under Standing Order 43.

You will recall that at the end of the 15-minute period normally allotted for motions under Standing Order 43, I attempted to raise a point of order. The Chair commented at that time that it was impossible to do so, undoubtedly thinking that the proper time was at the end of the question period.

I submit to you, Madam Speaker, that it was never the intention behind the rule changes to confine the raising of points of order and questions of privilege strictly to the end of the question period. Today's proceedings is evidence of how the strict application of that sense of the rules is very wrong.

It was my intention to raise the point of order and to suggest that the Chair seek the unanimous consent of the House not to see the clock and to put the question on the motion under Standing Order 43 that was before the Chair. It does no good for me to raise the point of order at this time because we are 45 minutes beyond the event.

Probably all members on the government side, and certainly all members in the official opposition, would have liked to have seen that question put.

I would suggest, Madam Speaker, that in the future the Chair entertain points of order of that nature. It will be necessary for the Chair to hear a line or two at least in order to establish whether a valid point has been raised. Perhaps the Chair might take that into consideration in the event that similar occasions might arise in the future. I merely raise it for that purpose at the present time.

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, certainly the Chair was correct in handling the matter the way it did. If a clever stunt is about to be pulled, the correct procedure would be that there be consultation on an important process such as this. The assumption that this took place in conjunction with the Conservative and Liberal members on this is not quite correct. There are serious matters to be criticized, and I think Your Honour was absolutely correct in the procedure followed.

Madam Speaker: My knowledge of the rules is that points of order may not be entertained in the course of hearing motions under Standing Orders 43 or in the question period. That is not in the Standing Orders of course, but it is my understanding of the way this particular matter was to be interpreted so as not to take away from the period normally devoted to motions under Standing Order 43 or to question period. It is my understanding that the whole House came to an agreement on this particular point.

I might point out to the hon. member for Yukon (Mr. Nielsen) that at the time he raised his point of order—now that the Chair is aware of what his point of order was—there would not have been much point anyway, because I had already interrupted the hon. member for Comox-Powell River (Mr. Skelly). It was 2.15, and the motion could not be put to the House at that time because it was past the time at which those motions can be entertained.

Mr. Nielsen: Madam Speaker, I am sure you would be the first to agree that the House, collectively, is the master if its own processes, and the House would be the first to insist upon the application of that fundamental principle.

Since the rule changes, both of your predecessors allowed both points of order and questions of privilege to be raised during that one hour period and, indeed, during the 15 minute period preceding it.

I would suggest that before coming to any conclusion and basing that on the record—something which would be very difficult for the House to live with—it might be prudent to examine the occasions in the past upon which your immediate

predecessor and your predecessor once removed allowed such questions to be raised in the period in question. I certainly would not want to see a precedent set here different from the precedents set by your predecessors.

Madam Speaker: I understand that this agreement had been reached in the course of the time when my predecessor was in the chair. However, I can check the time at which that decision was reached. I would be the last one to disagree with the hon. member that the House is master of its own proceedings. I am entirely in the hands of the House, and it is because I am entirely in the hands of the House—although I might have liked to entertain the point of order the hon. member wanted to raise—that I had to abide by what is the practice. As far as my knowledge can take me, the practice is that points of order may not be entertained at the time at which the hon. member raised it.

If the House wants to change this, that is perfectly all right with me. I will abide by it when I get instructions from the leaders of the different parties that they want to change the proceedings.

[*Translation*]

Mr. Jacques Olivier (Longueuil): Madam Speaker, I rise on the point of order raised with regard to a motion presented under Standing Order 43 this afternoon. I should like to point out that the hon. member for Yukon (Mr. Nielsen) resorts increasingly to his privilege as House leader of the official opposition in an attempt to alter the Standing Orders of the House, while on the other hand constantly refusing to bring them into the twentieth century. Madam Speaker, he, himself, resorts increasingly to points of order to waste the time of the House, while we know full well that the decision reached by both sides of the House—

Madam Speaker: I am afraid the hon. member is starting a debate, which is legitimate although not at this time.

[*English*]

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, I have never heard such nonsense in my life. I sit on a special committee to change the rules of the House—

Madam Speaker: Order, please. That too, is debate I am afraid.

* * *

PETITION

MR. FULTON—APPOINTMENT OF CHAIRPERSON TO THE INTERNATIONAL JOINT COMMISSION

Mr. Jim Fulton (Skeena): Madam Speaker, I rise to present a petition signed by 25 Members of Parliament from the New Democratic Party caucus regarding the government's delay in appointing a Canadian chairperson to the International Joint Commission. This important bilateral body deals with such issues as acid rain, the flooding of the Skagit Valley and the pollution of the Niagara River and Great Lakes. It is in dire need of a chairperson so that these important issues, such as the Garrison, can be dealt with.

Canadians are fed up with this government and its lack of concern for anything but its own survival. Since the Prime Minister is not capable of calling byelections or selecting someone for the IJC position, the Secretary of State for External Affairs (Mr. MacGuigan) should refer the matter to the Standing Committee on External Affairs and National Defence so that an appointment can be made expeditiously and without more Liberal pork-barrel politics.

Mr. McGrath: Madam Speaker, I rise on a point of order. It seems to me it is without precedent for members of this House to be permitted to avail themselves of the Standing Orders in orders of the day to petition the House. I have never seen that happen before. I wonder if it is within the rules.

Madam Speaker: I must say that I was surprised. I have not checked that, but the Clerk tells me that members may petition the House. I hope I am right.

• (1510)

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,236 and 4,281.

[*Text*]

COST OF RENOVATIONS FOR DEPT. OF EMPLOYMENT AND IMMIGRATION

Question No. 4,236—**Mr. Herbert:**

What was the total cost of the renovation at 1616 Dorchester Boulevard West, Montreal to provide accommodation for the Department of Employment and Immigration and how many square feet of usable space are there?

Hon. Paul J. Cosgrove (Minister of Public Works): The cost of renovating the building was paid by the landlord and is not known to Public Works Canada. Moving and set up costs for the Department of Employment and Immigration amounted to $505,977. The space occupied by the department is 4,429 square metres of rentable space which equates to 4,346 square metres of usable space.

SOLAR HEATING OF WATER

Question No. 4,281—**Mr. Herbert:**

Was the system for solar heating of hot water for washing purposes installed at the (a) customs and excise educational centre Phase I at Rigaud, Quebec (b) customs and excise educational centre Phase II at Rigaud, Quebec (c) Veterans

Hospital, Ste. Anne de Bellevue, Quebec and (i) if so, at what cost (ii) if not, on what date and at what estimated cost are the installations to be completed?

Hon. Paul J. Cosgrove (Minister of Public Works): (a) No. Phase I of the project at Rigaud, Quebec is now incorporated into Phase II. (b) Phase II of the project at Rigaud, Quebec is presently under design and it is expected to be completed by February, 1983 at an estimated cost of $398,000. (c) No. The solar project at Ste. Anne de Bellevue, Quebec, was halted at the preliminary design stage based on budgetary allocation priorities.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 4,287 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 4,287 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

BENEFITS AVAILABLE TO RCMP

Question No. 4,287—**Mr. MacKay:**

1. What are the benefits available to sick and disabled members of the RCMP and to their dependents?

2. Are the benefits equal to or less than those available to members of the Armed Forces and their dependents?

3. Do RCMP personnel have the benefit of pensions advocates as do members of the armed forces?

Return tabled.

[*English*]

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

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

[*English*]

Mr. Taylor: Madam Speaker, yesterday I asked the parliamentary secretary if he would check on question No. 2,329 which has been on the Order Paper since April 2, 1981. I would like to know when we can expect to get an answer.

Mr. Smith: Madam Speaker, the hon. member will be delighted to learn, I have no doubt, that my inquiries are well under way in regard to his request as of yesterday.

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

[*Translation*]

Madam Speaker: Shall all notices of motions for the production of papers be allowed to stand?

Some hon. Members: Agreed.

* * *

BUSINESS OF THE HOUSE

Mr. Pinard: Madam Speaker, there is something I should like to clarify for the House. On June 17, 1982, and I am referring to page 18551 of *Hansard*, I gave an answer to a member of the New Democratic Party concerning Bill C-60 and said to him then that the bill would be proclaimed before the end of June. Before giving him that answer, I had consulted the minister sponsoring the bill, the Minister of Energy, Mines and Resources, who had told me that it was entirely possible and in fact had confirmed that the bill would be proclaimed before the end of June. After my answer of June 17 to the hon. member for Kootenay East-Revelstoke, the Minister of Energy, Mines and Resources advised me that, owing to certain events, it would not be possible to proclaim that bill before the end of June.

Under the circumstances, with a view to setting the record straight and explaining the answer I gave to the hon. member for Kootenay East-Revelstoke, I should like to say to him that when I gave my answer I did so on the strength of the information provided to me by the minister responsible for the bill and that subsequently, owing to certain events, the minister told me that it could not be done. I would therefore urge the hon. member for Kootenay East-Revelstoke to ask the Minister of Energy, Mines and Resources why the bill could not be proclaimed before the end of June. I wanted to put these remarks on the record so that in all fairness the hon. member be given an opportunity to ask for an explanation which the Minister of Energy, Mines and Resources is quite prepared to give.

[*English*]

Mr. Nielsen: Madam Speaker, I believe the hon. member for Athabasca (Mr. Shields) has also taken an interest in this matter and had also addressed questions in the House with respect to the proclamation of that bill. The government House leader has indicated that there were certain events causing this delay. I wonder if he has an explanation of just what those events are that are causing the delay in proclaiming the bill?

Mr. Pinard: I have just indicated, Madam Speaker, that I was inviting the hon. member for Kootenay East-Revelstoke,

and to that extent any other member in the House, including the colleague of the hon. member for Yukon (Mr. Nielsen), to ask those questions of the minister responsible for Bill C-60, the hon. Minister of Energy, Mines and Resources who is prepared to give the proper explanations.

GOVERNMENT ORDERS

[*Translation*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Tuesday, July 6, 1982, consideration of the motion of Mr. MacEachen that this House approves in general the budgetary policy of the government.

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I am very pleased with this opportunity to take part in the debate on this very important budget brought down by our colleague, the Minister of Finance (Mr. MacEachen) on June 28. My concern will, of course, be mainly with measures affecting small and medium-sized businesses in Canada. However, before I go any further, Mr. Speaker, I shall first take a few moments to outline what, I feel, should be the attitude of the various economic partners in Canada. Mr. Speaker, it is this attitude that is proving to be a prime factor in our struggle to get this country out of its present problematic situation.

Only last week, I had an opportunity to speak in Toronto at a conference on small- and medium-sized businesses organized by the *Financial Times*, and the theme of this special conference was: Private enterprise—How to make it survive and prosper. The theme was very apt, in view of the recession that is affecting industrialized countries the world over. Falling growth rates, rising prices and continuing unemployment, that is the general situation today, to a greater or lesser extent.

As the Minister of Finance said in his budget speech, the present recession is affecting both developed and developing countries, and the tragic part is that some of the causes of this recession are beyond our control. This was more or less the point that the Chairman of the Economic Council of Canada was trying to get across when he said two weeks ago that we should not expect Canada to get the world out of this recession on its own. A recession, Mr. Speaker, has a number of causes. Whoever is in government, in business or in the labour sector will be quick to blame one of the other sectors or economic partners and make them out to be the cause of all the ills besetting us today. Some people feel that the unions have made life too easy for workers, whose productivity has gone down while wage demands have become excessive. Another view is that businessmen and women should reduce their profit margins and thus slow down price increases. And it seems that everyone, Mr. Speaker, feels that governments at all levels should reduce their spending. Granted all these statements have some truth to them, and there are things to be criticized in every group. But I also feel, Mr. Speaker, that this is part of the problem. So many of our economic partners in society today tend to look only to their own interests, and as a result, it is too often overlooked that any action taken by unions or business or government will inevitably have an impact on the other groups. Because of our isolationism, we cannot forget that society consists of a number of groups that are interrelated and that any action by one will have an impact on the others. A union trying to obtain wage increases for its members that are equal to or in excess of the inflation rate often forgets that in doing so, it is actually feeding inflation. On the other hand, businessmen or women who regularly decide to increase prices in order to compensate for falling incomes, are also giving inflation another nudge upwards. The fact is that we are just like the dog that is chasing its tail. Everyone knows he will never catch up with it.

To get out of our inflationary spiral and create a sound economic climate, we must make the necessary sacrifices now. Of course, in this network of relations between the main economic partners, governments are also part of the solution. They have often been described as organizations that try to please everyone and succeed in pleasing no one. There is some truth in this as well. All the members of this House and the members of the government have a duty to strike a sometimes very fragile balance between often conflicting demands by the various groups that constitute our society. This situation often leads to results that may or may not be very popular. For instance, establishing social programs or protective measures to help people cope with economic problems will be seen as socialism by some, while to others, granting tax rebates to business is tantamount to helping the rich become richer. In fact, Mr. Speaker, there are a number of politicians opposite who do very little to correct the latter impression. However, before we can break the inflationary spiral which is the principal cause of our economic problems, we shall, whatever our activity sector may be, have to look beyond our immediate surroundings and get out of our isolation. We must try to understand the needs and aspirations of others. And before getting together, we must get rid of our prejudices. It will not be easy, especially if demands are made in anger, whether through the media or in this House. Some major steps in this direction have been made during the last few months, for instance, by the Minister of Finance, who with some of his cabinet colleagues went on a Canadian tour of consultations with business and labour. I read in yesterday's *Toronto Star* that the Prime Minister (Mr. Trudeau) and the Minister of Finance will be meeting the President of the Canadian Labour Congress, Mr. McDermott, some time on Friday, and Friday

afternoon, the Minister of Finance and the Prime Minister are having a special meeting with prominent businessmen.

• (1520)

Personally, since I became responsible for the portfolio for small businesses, I have tried to maintain frequent contacts with directors of small and medium-sized businesses in Canada, and I shall continue to do so. My point is that I shall continue to present to my cabinet colleagues the views of Canadian businessmen and women. Mr. Speaker, such contacts or discussions, as I said before, must be positive, because the task before us is overwhelming. This is what the Minister of Finance referred to in his budget speech, when he spoke of solidarity. Regular discussions between the major economic partners in Canada are therefore necessary, but we also need strong leadership. That is why, in his budget, the Minister of Finance asked parliamentarians to set an example to other Canadians. I therefore am fully supportive of the measure aimed at reducing salary increases of members, senators and ministers. As the House is aware, the measure consists of a rollback of the increases we obtained at the beginning of this year. Furthermore, all public servants, and there are more than 500,000 men and women in this category working for Crown corporations, the Armed Forces and the public service, will receive salary increases of not more than 6 and 5 per cent over the next two years. With my colleagues, I am convinced that the responsibility of the public service with respect to inflation is not any greater than that of other sectors in Canada. However, the rest of society must understand that legislated restraint at the federal level must be followed very soon by voluntary restraint in other sectors. As pointed out in the budget speech, the alternatives, namely, increased inflation and recession or more extensive controls, do not afford a very attractive prospect. Although the indexing factor for pensions and income tax will also be limited in 1983 and 1984, namely, to 6 per cent and 5 per cent, the government has given those least able to protect themselves the assurance that they will not be destitute. The child tax credit has been increased by $50 and will continue to be fully indexed to help families with modest incomes. Everyone receiving the guaranteed income supplement in addition to the old age security pension will get a supplement to the GIS payment offsetting fully the limitation on indexation of old age security payments. As the minister announced in his speech, veterans' pensions will continue to be fully indexed.

As the Minister responsible for small businesses, Mr. Speaker, I am very pleased to be able to support the forceful measures announced in the June 28 budget. Although some small businesses are experiencing problems, like most of my colleagues in this House I have been receiving a tremendous amount of mail from entrepreneurs who want to expand their businesses or set up new ones. The $400 million assistance program to reduce interest costs for small businesses undertaking new investment is a new program that is being added to the many existing programs that are helping small businesses in Canada.

Speaking about these other existing measures, Mr. Speaker, I would like to urge my colleagues on the other side to agree to extend the application of the Small Businesses Loans Act, which expired on June 30, 1982, as proposed in a bill tabled two weeks ago, so that financial institutions, caisses populaires and credit unions can continue to guarantee loans to small businesses. Everyone supports this legislation, Mr. Speaker, starting with small businesses, financial institutions and all the members of this House. Members opposite tell me that they need two days of debate. I find it strange that they would jeopardize the interests of small businesses for the vainglory of being able to say that they had two days of debate in this House. I therefore hope that hon. members opposite will agree to extend the application of the Small Businesses Loans Act to give small businesses access to the capital which they so badly need.

However, to come back to the $400 million announced in the budget to help small businesses undertaking new investment, this means that, over a period of two years, small businesses eligible for the program will be able to reduce by 4 per cent their interest costs on certain investments made between June 29, 1982, and March 31, 1983. This 4 per cent reduction in interest rates will apply to loans of a minimum of $10,000 and a maximum of $500,000. Small-business men, fishermen and farmers who purchase goods subject to depreciation or who finance research and development projects will receive as an incentive grants totalling $200 million this year and $200 million next year. If we add this up quickly, Mr. Speaker, we see that $400 million in grants at an interest rate 4 per cent lower than current rates means that small businesses, fishermen and farmers in Canada will have access to loans totalling $5 billion. This means that there will be an opportunity for small-business men, fishermen and farmers to demonstrate their dynamism, as they have always done in the past, and to prove that they are truly the backbone or the basic fabric of the Canadian economy. I am convinced that entrepreneurs, Canadian businessmen and women will take advantage of this measure which will help them gain access to capital at reduced interest rates for investment purposes.

It should be noted that this program does not replace the Small Business Bonds Program announced in the budget of last November. Small businesses, fishermen and farmers in financial difficulty remain eligible for the bond program for refinancing purposes.

In response to the wishes of hundreds of small businesses, in its budget of June 28, the government has also postponed to January 1, 1983, the 12.5 per cent tax on small business dividends. The purpose of this measure was to encourage small businesses to reinvest funds which could otherwise have been paid out as dividends. As this tax has been further postponed I hope that small businesses will continue to reinvest these funds

in view of the cash flow problem which they are facing because of high interest rates and the present recession.

In another area, Mr. Speaker, since 98 per cent of building companies in Canada are small businesses, the grants totalling $300 million for the purchasers of new houses and the first-time buyers of existing houses should stimulate substantially the building industry. Contractors owning small businesses represent 52 per cent of the building activity in Canada. Those engaged in house or apartment building should therefore be responsible for creating a large part of the 118,000 new jobs resulting from these grants. The initial $30 million allocation to the home renovation plan will be increased to $60 million, adding new stimulus to the housing industry. These direct grants under the small business investment assitance programs and the housing programs will have a snowballing effect on a whole range of other small businesses, from the mobile canteens visiting the construction sites, from hardware stores like we all have in our areas to building materials firms, sawmills, furniture manufacturers, etc. Mr. Speaker, the new jobs and economic activity generated by these two initiatives will contribute significantly to economic recovery.

The government had a rather narrow margin for manoeuvre between reducing expenditures on the one hand and the need for stimulating the economy on the other. In my view, the areas that will benefit from this stimulus, namely small businesses, housing, farmers and fishermen, were the optimal target for such stimulative action.

Some years ago, Mr. Speaker, Mr. Dennis McDermott, the then president of the United Auto Workers was asked what was in his view the best way to stimulate the automobile industry. His answer was interesting. He answered at the time, and I quote:

> Put the housing industry back to work, and my workers will get their jobs back.

So, Mr. Speaker, it is my view that the new housing program coming on top of all the programs announced in the November budget will not only help create 118,000 new jobs in the housing area, it will in turn give a shot in the arm to the automobile industry among many others.

Along with his June 28 budget, the Minister of Finance, tabled a discussion paper on possible investment measures, in order to stimulate discussion on how to ensure access to capital to small businesses. As indicated in the budget, a committee of prominent Canadian economists and tax experts has been given the responsibility for studying the feasability of various proposals. What is the purpose of the white paper tabled and the committee that started meeting on Monday, Mr. Speaker? It is to study measures intended to tax interest earned only to the extent where it exceeds the current inflation rate for Canadians investing funds in a new form of term deposit. Second, to tax capital gains on that part only that exceeds the inflation rate, in the case of Canadians purchasing common shares of Canadian corporations. Third, to provide a 3 to 6 percentage point reduction on mortgage rates for new homes. Fourth, the possibility for small businesses, farmers and fishermen to secure loans for new capital investment at interest rates lower by 3 to 6 percentage points than prevailing rates.

The committee shall table its report by the end of September on the feasibility of those measures. It is important that the committee table the report soon, in order that the approved initiatives can be implemented as soon as possible.

It is also important to note, however, that the need for these initiatives and others to reduce government expenditures is dictated by inflation. Were it not for the specter of inflation, the confidence in our Canadian economy under normal conditions would be enough to encourage investments and job creation.

Such is the budget message. We must fight inflation together, while ensuring that jobs will be created and that no one among the less fortunate will suffer.

As I said, at the beginning of my remarks, I urge our economic partners to better co-operation. We cannot go on bickering from opposing positions. Prejudice and sour comments can do no more than hide the real problem. Mr. Speaker, we all belong to a country with a tremendous potential but going through difficult times. With our vast human, intellectual and physical resources, we can get out of this predicament.

I should like to conclude by quoting in part remarks which the Business Council on National Issues directed three weeks ago at my colleagues of the Cabinet:

> This is clearly a time when productive discussion is most likely to flow from considering prospects for the future rather than recriminations related to the past. The occucpants of a lifeboat at sea are not likely to improve their chances of survival by arguing over how they got there. However, it is useful to know where lies the nearest shore.

Mr. Speaker, the Minister of Finance is showing us this shore by setting up a recovery course of 6 per cent instead of maintaining a recession course of 12 per cent.

• (1530)

[*English*]

Mr. McDermid: Mr. Speaker, I rise on a point of order. I was wondering whether the minister would accept a question.

Mr. Lapointe (Charlevoix): Yes, Mr. Speaker.

Mr. McDermid: The Minister of Finance (Mr. MacEachen) announced in his budget a small business investment grant which would reduce interest costs by 4 per cent to a small business financing the purchase of a new depreciable property. In view of the amount of vacant space which is available due to plant closings and bankruptcies, would the minister consider asking the Minister of Finance to extend that grant to businesses that are willing to purchase existing vacant properties so

that these may be taken up and these small Canadian businesses can in fact expand?

[*Translation*]

Mr. Lapointe (Charlevoix): Mr. Speaker, I find the hon. member's suggestion interesting. At the present time, I think, however, that the development or expansion aspect of the grant program to reduce interest rates by as much as 4 percentage points must be implemented. After being in effect for eight or 12 months if we realize these $400 million were not used quickly enough, we could still adjust the program, and it is in this connection that I find the hon. member's suggestion most interesting.

[*English*]

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, I think I understand why the Minister of State for Small Businesses and Tourism (Mr. Lapointe) is having such difficulty explaining the situation to the hon. member for Brampton-Georgetown (Mr. McDermid). Basically his understanding is that it is pointless to quarrel in a lifeboat about how one got there. Certainly some consensus on where the boat is going is the important part, but the minister missed the point, that is, that the lifeboat is absolutely full of holes at this point, and it is every man for himself. That is a true description of the state of affairs in Canada today. Of course, the lifeboat is the Government of Canada and its budget.

I approach this debate with some trepidation. I feel almost like a novice because this is the first opportunity I have had to speak in a budget debate on economic matters. I am almost a maiden in the lifeboat. I am confused. I have heard government members across the floor make some excellent, spellbinding speeches. I listened to an individual for whom I have tremendous respect, namely, the Minister of State for Finance (Mr. Bussières), give a very learned and detailed speech. He gave percentages, facts and figures on complicated investment programs, but when I talk to people in my riding I realize that he might as well have been speaking Latin. In some instances our function as communicators fail.

The speech by the Minister of State for Small Businesses was excellent in terms of the detail and the concepts involved, as well as his explanations, but he might as well have been speaking Latin. His speech was excellent until the lifeboat analogy at the end. When we listen to government members we hear that they have identified the problems all by themselves, that they have developed the programs all by themselves and that they are better than sliced bread. But in reality that is not the perception of people outside the House. They are confused; they are wondering what is happening. I am confused.

• (1540)

I listened to the member of the official opposition from the province of Quebec when he made his speech last night. His speech was typical of those of many of the members of the official opposition. When he talked about the budget document I heard him say that it must have been put together by hypocrites, brigands and incompetents. I am confused because I know many of the members opposite and they do not fall within that category. They are individuals who work very hard and are very conscientious. I know that individuals in the official opposition share the same sentiments about those members because they certainly are those kinds of people. Therefore, I am confused and I think that confusion extends to most people in the country.

We have been given many figures, which in most cases are quite accurate. Hon. members have talked about unemployment running at 11 per cent and inflation running at 11.5 per cent. They have talked about increasing bankruptcies of farmers, fishermen and small businesses, as well as the plight of home owners. They talked about the rising deficit and the incredible government spending. There is no point in repeating those facts and figures now because they are well known to the House and the people throughout Canada.

While we have gone into great detail in attempting to be technicians manipulating the finances of Canada, I suggest that we may have forgotten one small but important aspect of our function, and that is our job of being communicators. I believe that the people of Canada are completely confused about the budget. They do not understand the budget process or its purpose. I believe that Canadians are becoming even more confused when they sit down to try to rationalize the cost of running this place, which is somewhere between $100 million and $120 million a year. It must be very confusing for them to figure out a balanced cost-benefit analysis of the operation of this entire place. As communicators, I suggest that it is our job to attempt to clarify that confusion for Canadians. In fact, I am hard pressed, and certainly other members are hard pressed, to attempt to understand what we have done in a constructive manner for Canadians when we see this document put before us today.

I have concluded that there are five steps to this budget process. While it certainly cannot be examined in a simplistic way since it is such a complex document with many supporting assumptions and facts, it might help me and hopefully some others to attempt to do that. I think the budget is mainly concerned with the identification and priorization of problems. In order to identify what those problems are, a consensus and co-operation are required at the outset.

It is interesting to note that we have profound disagreements with the government. It says that inflation is the major problem, while we have said that it is not the exclusive problem. We believe there are a combination of problems, such as high interest rates, unemployment and high inflation. As well, these are symptoms of much deeper problems, which the budget itself does not address and which the entire budget process has ignored. It is important to note, however, that there has been great confusion in the country and a loss of confidence in the government which, through the process of osmosis, has led to a great loss of confidence in the operation of this place. If our economic recovery begins with the identification and priorization of our problems and we cannot even agree on what those

problems are, how can we communicate to the people what our principal difficulties are?

Once these problems are identified by whoever is responsible for that, the next step is to develop programs which address those problems. Hopefully these programs will prove beneficial in the long run. While the government talks about sharing the burden and tightening our belts, surely these programs can only be developed with consensus and co-operation and a commitment to sacrifice and share. Unfortunately, there are widely varying points of view on this subject in the House.

It is interesting to note that these splits occur in different ways. The government sees high inflation rates as the problem and therefore takes a monetarist approach which involves the application of restrictive and repressive restraint programs as a cure. This approach, when reduced to its final form, will result in the strangulation of the economy in order to kill demand and expectations, which unfortunately lead into a recession when they occur in the prevailing circumstances in the country today. We do not agree that this is the main problem. However, it is interesting that it appears that this is the program which has been designed and preferred by the official opposition as well. Therefore, there is consensus, in spite of the inflammatory terms that have been used. The definition of the program and the identification of the problems by the Conservatives are the same as the government's, but I think the government has outflanked the official opposition to our right. This policy brought in higher interest rates than the Conservatives were willing to bring in and higher energy rates than the Conservatives were willing to bring in. It is surprising that the government has seemed to have outflanked the Conservatives on our right.

The next step in the budget process seems to be an analysis and explanation of the costs of those programs. People seem to be confused about this aspect as well. While the government attempts to fulfil its role as communicator, with the Minister of State for Finance speaking Latin last night and the Minister of State for Small Businesses speaking Latin today very effectively, it has not really communicated the essential message to Canadians. The government appears to want to spend about $78 billion this year in the execution of its programs. In order to spend this money it wants to create a $20 billion deficit. It is telling Canadians that its programs will not stop high unemployment, the bankruptcies of small businesses, farmers and fishermen, and it will not prevent home owners from losing their homes, nor will it reduce the deficit or improve the efficiency of its spending in Canada. It essentially wants to spend $78 billion and run up a $20 billion deficit in implementing programs in which the people do not have confidence. Canadians still anticipate that the economy will continue to sink. I have not heard one member of the government stand up and say that the economy will turn around and improve. This anxiety is a result of a failure of communication at the first level as well as a failure in the entire concept of presenting these facts.

The fourth step in the budget process involves an explanation of how revenues will be raised. Certainly these programs must be developed. The costs have to be assessed and then an explanation given to the people of how these revenues will be raised. The government's explanation was fairly clear, I suggest. It was that these revenues have to be collected from non-tax sources and through taxation. The government listed a number of those sources.

The fifth step concerns the matter of taxation. This is one aspect of the budget in which individuals responsible for promoting this document must be scrupulous and work carefully to explain two particular reasons for taking money from the pockets of the taxpayers. One is that the money is needed and will be well spent, and the second is that the burden or liability for tax is spread fairly. However, this is not what the government has done. It has indicated more clearly than in any of the other steps in the process that the money will come out of the pockets of civil servants. This money which is to fight its anti-inflation program will come out of the pockets of senior citizens and people on fixed incomes and from a rather clever increase in the taxes of middle and lower-income Canadians. Ultimately this will reduce the spending power of that group of Canadians who might have been able to help reverse the trend which is occurring in some parts of Canada, had they received some modest stimulation.

• (1550)

So it strikes me that the budget process has five steps in it, and that it is very confusing for people. I think the government has missed the point in the whole exercise. When one observes how those five steps work, one finds that the government is telling people that it wants to spend $78 billion and incur a $20 billion deficit, mortgaging the future of Canadians on programs which no one really believes will resolve the problems that seriously affect Canadians.

The budget and the process through which the government has gone over the last few months is really communicating a message to people, and they are beginning to react and to respond. It is interesting to find that in a budget such as this, which attacks civil servants or the public service and which encourages the provinces to attack their civil servants, and which reduces already abysmally low pensions in this country by reducing the ability of the fund to keep up with the inflation rate, one is communicating one message. But certainly when the government turns around and, no strings attached, hands $2 billion to the oil companies which are being pressed, but not as pressed as the small businesses in the 16 communities in my riding which are going bankrupt, bang, the government is communicating its message, which is, "Goodbye and good luck." But when the oil companies begin to squawk, our old buddies like Imperial Oil and the others we have mentioned in the House, the government whips out the cheque book and writes a cheque for $2 billion, no questions asked, no strings attached. My colleague points out that under the petroleum incentives program they will be handed another $6 billion, but that will occur in time, of course. However, the government is communicating a message, and that message is being translated into an attitude and a reaction in the minds of people.

The Minister of State for Small Businesses developed the appropriate analogy. The people are getting the message that the government and the country are similar to a lifeboat full of holes, and maybe it is every man for himself. Look at Olds-Didsbury. Look at my riding. When the Western Canada Concept, which I guess is the equivalent of separatism in the west, arrived in my riding a year ago, it managed to draw six people to a meeting. But now there is such a turnout that it cannot hold meetings in the rooms which have been booked, and the meetings are held in shifts. There are signs throughout my constituency, "We have had enough". "Let's free the west", as the bumper sticker says. One should compare a lifeboat full of holes with writing a $2 billion cheque for the oil companies with no strings attached and then wishing the businesses, home owners, fishermen and forestry workers who are out of work, "Goodbye and good luck". These programs do nothing for forestry and nothing for fisheries. They are essentially left on their own. Even a recovery, because of poor economic planning, will not assist them.

The other matter is the bail-out of Dome. Again, we in this House are quite prepared to look at a set of companies which develop because of the lack of a competition policy. There is a lack of any sense of control involving the question of whether the development of these megacorporations would be in the interests of Canada, yet we develop them. They ran into enormous problems, but now the government whips out its cheque book and says, "We will help to bail you out", and the bank is behind them. That communicates the message, "Goodbye and good luck" to small businessmen, fishermen, farmers, those who are out of work, those who do not have any chance of employment. But when Dome comes to the door or the trough, when the banks come to the door or the trough, or when the oil companies come to the trough, they are paid off, bang. Maybe it is just poor communication and maybe I do not understand what the government is doing although, on the other hand, maybe I have a good idea. But my impression is that the government has really failed in its job as a communicator because I do not understand it, the people in my riding do not understand it, and the people of western Canada do not understand it. I bet that when we go to the polls the next time—and a change of government will not resolve this—the people will not understand it, and it will be, "Goodbye and good luck" to the present government.

So, where are we? In this sort of sad state of affairs there seem to be three problems. I would like to share my insight for whatever benefit it may be to the members of the House of Commons and the people I represent because, being confused, I can only try to develop some kind of empirical observations and try to interpret them. The government has forgotten the purpose of the government process. It is really an accountability process by which the people who represent Canadians stand up and say, "These are what we see as the problems, these are what we see as the programs that will solve our problems, and these are the costs and how you have to share them." It is not a small triumvirate sitting at the front desks on the other side of the House with an all-seeing eye that perceives the problems in isolation, develops the programs in isolation and then randomly imposes the costs on Canadian society without consideration of fairness or equity. It is a shared process, or there is no support.

One of the main problems is that that organization, the government, has failed to understand what the budget is. It is an accountability process. We had better get back quickly to that fact.

Concerning accountability, remember that the people to whom we must communicate are hon. members of the House who directly represent the millions of people in this country. If that communication fails, then everything done will be a failure.

The second main problem is the process of consensus and co-operation. This is a very complex nation with different accessibility to benefits. Ultimately, what we have is a problem.

The Acting Speaker (Mr. Blaker): The hon. member for Pembina (Mr. Elzinga) rises on a point of order.

Mr. Elzinga: I regret to interrupt the hon. member's comments, as important as they are. We on this side of the House find it despicable that hon. members opposite, in the government, cannot maintain a quorum in the House of Commons when we are discussing a budget that they supposedly feel is so important. We just want to put you on notice, my friends, that this budget will not be passed if you do not maintain a quorum.

Mr. Skelly: The point I was making is that there are basically three main problems in this process. One is that the government has forgotten that a budget process is one of accountability, and that is vitally important. The second is that the programs developed and the costs shared must be determined by co-operation and consensus. Essentially, the government has destroyed the sense of community within this country because it is made up of a small group of people who make the decisions, which ultimately exclude everyone else. There is one federal government but ten provincial governments. The federal government is but one player, yet it conducts a budget exercise without inviting them to participate. There are municipalities in this country whose budgets are larger and whose effect is greater than those of some of the provinces. However, they are not brought into the process. Large businesses, and in fact small businesses, are certainly a factor, as well as organized labour and those who have no power, basically those people living on fixed incomes without organizations to represent them. If they are not part of this process of consensus and commitment, then we will all be in serious trouble and we will ultimately see the destruction of the sense of community in this country. We hear, for instance, from the province across the river which says, "Our objectives and ambitions are not being fulfilled and we would like to separate." We see the development of the Western Canada Concept, which now has firm roots in Alberta and Saskatchewan and is growing in Manitoba. Therefore, the destruction of

the sense of community in this country is a serious problem which lies in the way this budget and other programs in the House are constructed.

I would point out one other factor, namely, the operation of the Thirty-second Parliament, which has two basic characteristics. One is an incompetent government. When one steps outside this House, one finds no hesitation in saying that it is a fact that the government is incompetent. Many of the people who have prime control have been here too long and have lost their sense of commitment and their belief in the potential of this country. They have said, "We have tried it all before and we cannot do anything. We must weather the storm." But there are people behind that government, behind those front benches, who seem to have ideas but are being held back. Maybe as the change occurs, maybe as we remove the leader, maybe as we remove the Minister of Finance and Governor Bouey, the symbols of this repression, something new will come forward. But basically, the government is tired and incompetent. It is a tough bullet to bite, but the other characteristic is that the official opposition is unscrupulous in its operation. I am not referring to individuals, because I know that some are sincere and honest, but certainly at the leadership end of that organization there is a group of people who confine themselves on the floor of this House to screaming and yelling at the Speaker, essentially showing contempt for parliamentary democracy and the foundation of government in this country. That has happened too many times, my friends and colleagues. The ultimate result is that they are not here to fulfil a responsibility to provide constructive alternatives to what has been suggested. They are here basically to disrupt for the basest of political reasons, a grab for power. I suggest that this can be rectified. It is the basic policy of a small group of individuals and it is a function of leadership. When you attack people over there and destroy them personally rather than attack the government with alternatives and constructive criticisms, you are doing a tremendous disservice to the entire operation of democracy in Canada.

• (1600)

Basically the government has failed in its understanding of the budget process and the need for accountability. Basically they have failed to understand the need for consensus and cooperation in the entire process. Ultimately, they are incompetent, tired and in need of change within their own organization. Survival is what is at stake.

Unfortunately, the official opposition in providing a service to Canadians has been basically dishonest. They have attacked and eroded the strength of parliamentary democracy in Canada. They have failed in this intellectually honest process of providing constructive criticism by attacking personalities. It is much like the trick of the ancient Roman emperors who preferred to bait bears and shed blood to distract people. They do this rather than provide constructive alternatives and state the policies they would put in place if they were in government. Believe me, it is obvious and lacking in their operation in the House.

What is the answer? There are four short points. Parliamentary reform will not make the House work better. Good faith and a commitment to an effective operation will. If we combine those two, parliamentary reform to make the process more efficient and to allow for greater integrity and personal performance based on supporting this institution, we will find more confidence and understanding of what we are doing. The second is government policy. Basically we are not talking about high interest rates, high inflation and high rates of unemployment. We are talking about a real disease in this country, the lack of a long-term industrial strategy to develop this economy. I am talking about the long term, the long haul commitment, the kinds of things people in this country can identify with.

The government has studiously avoided that. Why? I do not understand. Many Canadian sask for an indication of where we are going in the long haul so that they can make the sacrifices and work together. They want to know at least where they are going. All that most of them know is that fishermen and many businesses are going down the drain, and the budget will not help. It has been stated before that if we are going to establish and strengthen the sense of community in this country, we cannot suddenly drop a bomb in this chamber like the bomb that was dropped the other day, and hope that anyone will support it. There has to be more effective cooperation and consensus in developing those documents.

I now come to my fourth point or resolution. Certainly there are many more. Others will put forward more constructive ones. My final point is that there have to be some symbols of good faith. The operations of this House since the beginning of the Thirty-second Parliament have created confusion and a lack of commitment in this country, especially in the economic sphere. I ask other members of the House what kinds of symbols of good faith and sincere interest do we really have? I suggest you cannot do what this budget purports to do without a mandate. I know that the government will never resign and call an election. The Conservatives know that. Everyone knows it. That is impossible. However, that should be done as a result of a mandate, not just an ad hoc, off-the-wall arrangement.

If they were to offer to people Bouey's head or the head of the Minister of Finance (Mr. MacEachen), basically it would indicate a change. It would be a symbol of good faith. Maybe we should have a replacement. Somebody new from the back benches might help.

Miss Coline Campbell (South West Nova): Mr. Speaker, I am pleased to have an opportunity to speak in this debate on the budget brought down by the Minister of Finance (Mr. MacEachen) last Monday evening, a budget which in my view responds to the economic circumstances of the country at this time.

This budget offers Canadians a way to put an end to the recession and to speed our progress toward recovery. In this effort, it calls on all Canadians to join in the solution and creates a climate where other governments, business, labour and individual Canadians will be able to work collectively

toward bringing inflation down, which in turn will bring recovery within the interdependent context of our international economic relationships.

The policy of this government in its June 28 budget, while maintaining the framework of current monetary and fiscal policy, is to intensify its efforts to lead Canada out of economic recession. The thrust of the Minister of Finance's budget is to restore confidence, confidence in the future where inflation is reduced.

To do this the budget has a four-part action plan: first, bring inflation down to at least 6 per cent through a nationwide collective effort; second, reduce the impact of high interest rates, especially for small businesses, farmers, fishermen and home owners; third, create over 300,000 jobs through direct government action and indirectly through improvement in the investment climate; and fourth, maintain the integrity of our social security system.

Our social security system is a comprehensive system and one of the best in the world. It provides for the cost of bringing up children, for complete medical and hospital services for everybody, for retired people and for elderly people with no or very little income.

How will the June 28 budget bring about this four-part action plan? It will do it by attacking inflation, attacking high interest rates, reallocating funds to create jobs, housing incentives and tax proposals. I would now like to deal in greater detail with each one of these.

The first goal is to attack inflation. The immediate objective for all Canadians must be to cut inflation nearly in half. We must move from a close to 12 per cent inflation to a 6 per cent recovery. There are many forces acting on the Canadian economy which are outside of Canada's control. The high interest policy in the United States is a good example. Another example is that Canada is a trading nation and partners with whom we deal are also suffering from the effects of the worldwide recession and, as a result, international markets for our products are weak.

However, there are areas which we can control and which are within our control. One is our inflation rate. If we are to be competitive on the world market once the recession is over, then our cost structure will have to be lowered or we will be priced out of the world market on which we depend to market our resources.

Therefore, the government wants to reduce our inflation rate to 6 per cent over the next two years. To do this the government is asking all Canadians to share in the effort. The indexing factor applied to personal exemptions and tax brackets for the 1983 taxation year will be 6 per cent, and in the 1984 taxation year it will be 5 per cent.

The pay raises in the public service, which includes the Armed Forces, the RCMP and Crown corporations, will be limited to 6 per cent next year and 5 per cent the year after. Salary increases made in January, 1982, for Members of Parliament, cabinet ministers and Senators will be affected immediately by being reduced to 6 per cent for the rest of the year and next year and 5 per cent the year after that. All regulating prices under federal jurisdiction will be monitored. This will affect such areas as public transportation, communications and foodstuffs.

• (1610)

Effective January 1, 1983, increases in indexed social payments will be limited to 6 per cent and in 1984 to 5 per cent. These limits will apply to old age pensions, family allowances and public service pensions. However, they will not apply to people who receive guaranteed income supplements, which will be double-indexed to account for the reduction in the old age security; nor will these provisions apply to veterans. Those families who receive a child tax credit will see an increase of $50 in 1983 when they file their 1982 child tax return. This increase of $50 will offset the reduced indexation of the family allowance which will start in January, 1983.

What does this mean for old age security and family allowance recipients? In July of 1982 persons receiving old age security received $235.17. They would have received in January, 1983, $251.73. However, with the 6 per cent indexation introduced in the budget, they will now receive $249.23 in January, 1983. Those receiving family allowances would have received next January 1, $29.87, but with the 6 per cent indexation they will receive $28.87. As can be seen, indexation will continue but is being reduced to 6 per cent in 1983 and to 5 per cent in 1984.

The federal government wants to show Canadians that the fight to reduce inflation is serious and that all areas which the government controls will be working to see that inflation is cut in half over the next two years.

Some hon. Members: Hear, hear!

Miss Campbell: The government is offering the challenge to all sectors of Canadian life to help reduce inflation. My own premier has accepted this challenge, and I hope all Nova Scotians, both in the public and private sectors, will see that by reducing inflation to 6 per cent the over-all buying power of their money will be enhanced.

Without the central theme of the budget committing us to restraint, there is no doubt that we would be caught in the vicious spiral which the Minister of Finance spoke of in his budget speech, when he said that this vicious spiral means that inevitably incomes chase prices, which in turn chase incomes and, he added, no one wants to be the first to accept a lower increase in pay. The government has now moved to face this challenge head on, calling on all Canadians to help the nation achieve its goal of recovery by lowering our demands on the economy.

I would now like to deal with the attack on high interest rates, the reallocation of funds to create jobs and funds for housing incentives. The government will not add to the present deficit but rather will reallocate the funds which will result from the 6 per cent and 5 per cent indexation. Some of these funds will be directed immediately to provide relief from high interest rates for small-business men, farmers, fishermen and home owners. It will do this by making available grants of up to $3,000 to help home owners with mortgage renewals costing

more than 30 per cent of their gross family income. It will give relief to small businesses—and this includes fishermen—now, immediately, by reducing their borrowing rate by 4 per cent. It will provide more assistance for Canadian farmers by reducing their interest rate by 4 per cent, through the Farm Credit Corporation.

With the reallocation of funds the government plans to create jobs. Along with lowering inflation and lessening the impact of interest rates, we must also find and create jobs for the many unemployed. The goal of the budget is to create over 300,000 jobs over the next two years. The budget provides an immediate $1.4 billion for direct jobcreation and other initiatives. A sum of $300 million will go to existing programs that stimulate job creation in the private sector. Another $200 million will be added to direct job creation. This will bring this fiscal year's direct job creation to $657 million. This is over and above the new national training program financed at a level of $1 billion to modernize Canada's training system and prepare workers for the jobs of tomorrow.

Another $400 million will go to the housing industry. Furthermore, $400 million will go toward reducing the interest costs by up to 4 percentage points for two years on borrowings by small businesses and fishermen—both incorporated and unincorporated—to finance new investment in research and development. The program here will apply to loans to small businesses by financial institutions which will qualify for the new assistance program. These loans must be used toward financing purchases after June 28, 1982, and before March 31, 1983, of new depreciable property to be used in an active business in Canada. This will include government guaranteed loans to small businesses under the existing Small Businesses Loans Act. The program will also finance the expenditure on scientific research after June 28, 1982, and before March 31, 1983. It is important to note that loans which would go toward the purchase of land, automobiles or property for lease, will not qualify. This interest relief program should benefit businessmen who must borrow to make new job-creating investments.

Another $100 million will go to the interest assistance program for farmers in distressed financial conditions who require a loan and associated interest rebate to survive over the short term. This program will be administered under the Farm Credit Corporation for the next two years. The loans will be made at the regular Farm Credit Corporation interest rate, but a rebate of 4 percentage points will be provided for the first two years of the loan. Over the longer term, the new proposal for the indexed term deposit certificate will be in place to provide assistance on high interest rates for businessmen, fishermen, farmers and home owners.

I want to turn now, Mr. Speaker, to the matter of housing incentives. To start the recovery of the housing construction industry, the government offers a dynamic five-point program. First, the Canadian home ownership stimulation plan will provide a $3,000 grant to all buyers of a new home and first-time buyers of an existing home. The program is effective as of June 28, the night of the budget. Buyers must first make a down payment of at least 10 per cent, over and above the $3,000 grant. An existing home is a unit that has already been occupied and must be purchased before December 31, 1982, in order to qualify for the $3,000 grant. A new unit is a home which has never been occupied, or it is one that must be started before December 31, 1982 and purchased before December 31, 1983. The program is limited to homes with a value of up to $100,000 for most areas of Canada and in all areas of Nova Scotia.

• (1620)

People who want to build their own homes are also eligible for the plan. The grant will be available to owner-builders when the interest adjustment date is set on the mortgage by the financing institution. The next plan had been in existence but has been changed. Under the budget, the Canada mortgage renewal plan allows home owners who have to spend more than 30 per cent of their gross family income as a result of renewing their mortgage to be eligible for a grant of up to $3,000 to help offset the higher interest rates on their mortgage renewal. This plan will be in operation until the end of 1983.

The third proposal provides increased funding for the Canada home renovation plan, which makes available a 30 per cent grant for home renovations on contract work of a minimum of $2,500 and up to $10,000. The $10,000 contract would qualify for the maximum grant $3,000. The 30 per cent grant applies to home owners whose gross family income is $30,000 or less; above $30,000 there is a decreasing grant available up to gross family income of $48,000. This program will be in existence until the funds of $60 million are exhausted, and it has been very well received in South West Nova and elsewhere in Nova Scotia.

The fourth incentive to the housing industry is the non-profit and co-operative housing 1982 allocation which has been increased by 2,500 units. This will be of interest to many areas in Nova Scotia where people have built new homes under the co-operative housing program of CMHC.

Finally, the federal government's commitment to available rental housing was reaffirmed under the Canada rental supply plan for new rental units in a tight market.

The tax proposals contained in the budget are also interesting, and all Canadians will be able to take advantage of them. The Minister of Finance has set up a committee of prominent Canadian businessmen, accountants and economists to advise on the new tax proposals in the budget. The committee has already met with the Minister of Finance and will meet again. Their recommendations on the implementation of the investment initiatives should be forthcoming over the next few weeks.

The two new proposals of the budget are, first, the creation of the new indexed term deposit that would pay the investor tax-free interest on that part of the interest earned that reflects inflation. Funds accumulated in this way would be directed by the financial institution to purchasers of new homes and to

small businesses, farmers and fishermen investing in new plant and equipment at interest rates from 3 per cent to 6 per cent lower than market.

The second proposal is for a new registered shareholder investment plan where the investor puts his money in a fund that buys publicly-traded common shares in Canadian companies. The capital gains on the shares would be taxable at half rate as before, but only to the extent that they exceed the inflation rate.

Mr. Speaker, I have tried to speak on the many areas of the budget which are of interest to my constituents as well as other Nova Scotians and Canadians. The member who spoke ahead of me talked about communications. I challenge members opposite to read the budget papers. They will be effective if all Canadians are to fight the present recession and high inflation rates.

The economic situation facing the country is serious. Most of the industrial world shares the twin burdens of high unemployment and high inflation. There are no quick fixes, no easy solutions, but the budget now before the House offers a combination of proposals and a course that will, I am sure, lead to recovery. It is in this spirit that the Minister of Finance called on Canadians for their collective effort in overcoming our difficulties. I am confident that we can overcome these difficulties and return to better times.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, the hon. member for South West Nova (Miss Campbell) has admonished the whole country and asked us to read the budget. I must tell her that one of the problems the country has is that people have read the budget and that they have been affected by the last two budgets brought in by the same Minister of Finance (Mr. MacEachen), so they are not really willing to take him at his word or take the Liberal Party at its word any longer.

When the Minister of Finance announced on June 22 that he would introduce a new budget to the House the following Monday, we in the opposition had some reason to believe that, after weeks and months of argument and debate and our telling the minister about the paucity of his economic programs, all this was finally beginning to have an impact.

The almost daily deterioration of all the economic indicators in this country, triggered by the minister's first budget and greviously aggravated by his second budget—that downward slide had at last, so we thought, brought this hear no evil, see no evil government to its senses.

Statistics have been used again and again in this chamber and across the country—statistics on unemployment, bankruptcies, foreclosures. We thought they had become so horrifying that not even this remote and autocratic government could ignore them any longer. Finally, the minister indicated on June 22 that there was to be a change. Finally there was to be a response to the calamity taking place in the country. Finally there was to be a new budget, tinkering here and changes there—call it what you will but at least there was to be some action.

On June 28, budget night, we got that action. This time the Minister of Finance surpassed himself. Given a third chance at budget-making—although why he should have merited a third chance after all the damage he has done to the country only the Liberal caucus knows—he again managed to swing and miss. Not for him a comprehensive plan to relieve high mortgage rates and thus provide a widespread and permanent boost to our housing industry. Instead, he offers a one-time freebie that will do nothing to alleviate the 20 per cent mortgages that have to be paid year after year. Then he includes a vague proposal to reduce mortgage rates that will be examined and studied until late this year, even thought 70 per cent of all mortgages up for renewal this year will become due between June and October, in other words, before that committee has a chance to report and have its recommendations implemented.

Not for the Minister of Finance measures that would stimulate the private sector or increase productivity or tackle head on the appalling cost to this country of 1.5 million Canadians who are unemployed. That cost will be reduced only as job opportunities open up.

• (1630)

Instead, in the face of an additional $2 billion pay-out from the unemployment insurance fund since last November, the minister increases direct job creation by a measly $100 million this year. With 1.5 million unemployed, that measly $100 million will produce jobs for perhaps 30,000 Canadians. What about the other million-plus Canadians who are unemployed? What all about all of those others who are going to be facing lay-offs between now and the end of the year? Oh, yes, he did promise to create jobs through something he calls "levered investment incentives". I wish he would explain to the business people of my riding what he means by levered investment incentives. Better still, would he just spell it out in plain English?

There was a time, it would seem, a time like this, that the minister would be called upon to take bold measures. Instead, what he does is raise his head up out of his bunker, survey the state of disaster all around him, and then duck down again. He ignores the crippling damage of high interest rates. He ignores the fact that government spending will increase 20 per cent this year over last year—no restraint on government spending. He ignores his own miscalculation of the deficit; it has gone from $10 billion to $20 billion in a period of seven months. Obviously simple mathematics is not one of the strong points of the Minister of Finance. He ignores all these calamities as he prepares to hunker down again. Instead, he selects and sends out the front line troops to fight off the onslaught that his previous budgets have triggered. Who are they? Well, he shields himself behind the elderly, the unemployed, and the people with lower and middle incomes. In one last vain attempt the minister tries to shield himself and his government from the havoc that he and his colleagues have created year after year as they piled up deficit after deficit. It is not working, Mr. Speaker, and it is not going to work because the people of Canada have had to pay for the government's mistakes and the

mistakes of the Liberal Party for just too long. They have had to pay in terms of lost jobs, lost homes, high interest rates, spiralling fuel costs and, ultimately, in lost hopes, shattered dreams, insecurity and anxiety, and they are just unable to take any more.

What the people of Canada have to say to this government, Mr. Speaker, simply and clearly is this: we do not believe you. We do not believe the deficit is all due to the deterioration of the economy. We do not believe that $20 billion is all for unemployment insurance claims. We do not believe that every man, woman and child in Canada has cost this government $1,000 more than they have contributed in tax upon tax upon tax. They are saying: we do not believe our economic nightmare is the fault of American interest rates or Arab oil. They are saying: we believe it is the fault of an arrogant bunch of callous, cynical and cold-hearted incompetents who should not be trusted to run a parish bingo, let alone the finances of one of the most richly endowed countries in the world.

Some hon. Members: Hear, hear!

Miss MacDonald: If there is one single thing that Canadians from coast to coast can agree upon, it is their lack of confidence in this government. This above all is the problem in Canada. The present budget has done nothing to alleviate the situation. However, Mr. Speaker, I honestly believe that no matter what this government would do at this point, it simply would not work because they have eroded the faith of ordinary Canadians. They have destroyed the trust that must exist between the government and the people. They have spent their substance in riotous living and now they are asking ordinary Canadians to pay for it. Is it any wonder that Canadians have become cynical, disheartened and frustrated?

Meanwhile, the government casts around looking for a solution to its problems. When will the Liberals realize that they cannot provide the solution because they are the problem? They are the problem because of the deception that they practise on the Canadian people. They are the problem because they fail to keep their word and because they say one thing and do another. How often have we heard from the Liberal Party the words "the just society", or "social justice and equity"? How often have we heard those words being mouthed? The November budget laid great emphasis on that word "equity". What a hollow mockery this present budget makes of the concepts of equity, fairness and compassion! Nowhere, sir, is this more blatant than in the harsh measures the government is taking to partially deindex personal income tax and partially deindex old age pensions and family allowances.

I would like to direct the attention of hon. members, Mr. Speaker, to that question of deindexation for a few minutes. Ten years ago the former leader of the Progressive Conservative Party, the hon. Robert Stanfield, began advancing a long overdue change in government policy. He said that people should not be bumped into higher personal income tax brackets unless their real incomes increased. He said it was wrong to have a tax system which took a larger and larger share of people's incomes as inflation rose, without governments ever having to come back to Parliament to openly raise taxes. He said this was a deceitful way of going about increasing the government's revenue. He said that such a system not only defrauded the taxpayer but made government irresponsible and less accountable to the people's representatives.

When Mr. Stanfield first put that idea forward, it was spurned by the government of the day. During the 1972 election the then minister of finance, John Turner, argued that such a system would cost the treasury too much money, it was unnecessary because he said inflation was just a temporary problem, and the Americans did not do it so why should we? Then in October of 1972 the government lost its majority, barely holding on to a plurality in the House of Commons. Mr. Turner decided that a flip-flop might be in order and on February 19, 1973, he brought in a budget which pledged to index personal income tax brackets and exemptions fully to the rate of inflation beginning in the 1974 tax year.

Nor was this to be a short-term experiment. Speaking for the government, a government led by the present Prime Minister (Mr. Trudeau) and including the present Minister of Finance and the present Minister of National Health and Welfare (Miss Bégin), Mr. Turner described his policy as "a lasting solution to this problem should inflation continue". He noted that a worker whose wages had risen only enough to maintain purchasing power in the face of rising inflation could be worse off under the then existing tax system because his higher nominal income would push him into a higher tax bracket. The government's stated intention, according to Mr. Turner, was to eliminate that unfair and unintended result from our tax system. Mr. Turner bragged that through his policy Canada was joining a very select group of countries which have eliminated the hidden revenues accruing to governments through the effect of inflation on a progressive tax system. His words leave no doubt that the policy shift was to be a permanent one in his words "a lasting solution should inflation continue".

• (1640)

In light of what happened on June 28, there is an echo of the poetic worthless pledge of some of the treaties with the native peoples where we find these words: "As long as the grass grows and the rivers flow." Because, Mr. Speaker, lasting solutions in the Liberal dictionary turn out to last nine years. So fundamental and so permanent did Mr. Turner consider this policy that he described it as "a major innovation in tax philosophy and practice" which though not complex would "take some time for people and governments to adjust to". Consequently, he concluded that it should come into effect only the following year.

When Mr. Turner brought in this measure back in 1973, inflation was 5.8 per cent. That is when he decided that the Liberal government should index the tax system up to 6 per cent. The step was so momentous that it was going to take a year for the country to adjust to it. Now with inflation at the rate of 11.8 per cent, double what it was in 1973, the Liberal

government is taking the first opportunity to deindex it to 6 per cent.

What will be the result of this reversal of policy of the Liberal government? People not now paying taxes will join the tax rolls even though they have had no real increase in income, and people now paying taxes will pay more. The real hyprocrisy of the government's position is revealed in the government's own tables in its Budget Papers. These are found on pages 13 and 29. There the government projects that it will take in $1.3 billion between January 1, 1983 and March 31, 1984 as a result of this deindexing of personal income tax. In the process, the government will increase the tax burden on every group of taxpayers, except married couples with children earning less than $12,000 a year. Let me repeat that. The tax burden will be increased for every group of taxpayers except one.

Such a projected revenue increase of $1.3 billion is an admission by this government that it does not expect the program announced in the budget to reduce inflation to the 6 per cent and 5 per cent levels for 1983 and 1984. If it did, there would be no revenue gain for the government from partial deindexation. Yet the government said it is going to make $1.3 billion on the move. The government itself does not believe that it is going to be able to wrestle inflation down to 6 per cent. Otherwise, the government would not have put forward those revenue projections.

Similarly, an expenditure reduction of $260 million is forecast between January 1, 1983 and March 31, 1984 because of the partial deindexation of the family allowance and old age security pensions. Again, this assumes inflation will rise faster than 6 per cent in 1983 and faster than 5 per cent in 1984. In effect, the government is asking the beneficiaries of these programs, the beneficiaries of old age pensions and family allowances, to take significant cuts in both 1983 and 1984.

True, a few low-income families—with children receiving the child tax credit will come out ahead initially because the enriched tax credit more than offsets the reduction in family allowance due to partial deindexing. But by the end of 1984, according to the program, almost all families will lose because of the cumulative impact of partial deindexing for the 1983 and 1984 tax years. That is something the Minister of National Health and Welfare does not talk about. She does not mention the cumulative effect of deindexation.

Old age pensioners fare even worse. True, the poorest of them, those who qualify for the guaranteed income supplement and the spouses' allowance, do not gain; they merely do not lose under the new arrangements. But those who do not qualify for the guaranteed income supplement—the more than one million pensioners in this country, and here we are talking about many single people with total incomes starting at less than $8,500 a year and couples with total incomes starting at less than $14,500—will lose $80 in 1983-1984 and an additional sum of money in 1984-1985. That is what will happen to them.

The income of these people was indexed to inflation in the first place according to the policies of the Liberal government, copied and borrowed from Mr. Stanfield. But we gladly gave it to them because it was recognized that the elderly have no levers to bargain effectively for higher incomes to offset the ravages of inflation. They do not have the levers other groups in society have. Thus it was felt that the purchasing power of their incomes should be protected. That protection, and the principle of equity it embodied, is now to be eroded for at least two years; or should I say, until the Liberal government meets its long overdue accountng with the voters of this country.

The erosion of equity this government is smugly presiding over hits you again, Mr. Speaker, when you examine the partial deindexation of the personal income tax on various income groups. Let me give the analysis of one economic consultant. Patrick Grady of Ottawa, in making his calculations, assumed an indexation factor of 11.7 per cent for the 1983 tax year and 9 per cent for the 1984 tax year. His findings show that the single taxpayer's partial deindexation will raise the effective tax rate for those earning $7,500 by 1.5 per cent in 1983, while those earning $100,000 will see their tax rate rise by only 0.9 per cent.

Now, that is equity? Where is the equity in this? A 1.5 per cent tax increase for those at the lower end of the salary scale but a less than 1 per cent tax increase for those who are well off, those in the $100,000 bracket. How can any member opposite justify that? Have they no conscience at all? Particularly, how can members opposite justify that after the budget of last November when the government cut tax rates for those earning $30,000 or more per year, with the biggest cuts coming for those making $50,000 a year? The social reformers in the Liberal Party, if there are any left—and I am looking at my friend, the hon. member for Lincoln (Mr. Mackasey)—should hang their heads in shame at meekly accepting such regressive measures. Yet I would say that far from wearing sackcloth and ashes this government has the audacity, in the same budget in which it is socking it to the working poor, to publish a paper entitled "Inflation and the Taxation of Personal Investment Income", in which we find this statement:

> The current indexing system has protected Canadians from large tax increases . . . It operates well for income from wages and salaries, pensions, social security receipts and other transfer payments.

That is what the government says about the current indexing system. But then it goes on to gut that system for the next two years. How inconsistent, how inequitable, can a government be within the confines of a single budget? The government seems determined to plumb the depths of both those qualities—inconsistency and inequity. At the same time it becomes the profiteer, the chief beneficiary from deindexing the tax system. It is the one agency which makes money out of inflation. It is in the government's interest to keep inflation high.

• (1650)

The Minister of Finance who once prided himself on his social conscience now seeks to rectify his mistakes, to correct his past blunders by going after the pensioner whose income is $700 per month. He is the new Ebenezer Scrooge but he now has an accomplice—the Minister of National Health and Welfare. She has not only rejected universality and equity by

allowing the Minister of Finance to deindex those pensioners receiving only old age security, but she has casually turned her back as if she had no responsibility for them whatsoever. She said on budget night: "I can live with it and they, the pensioners, can live with it too." That is a very callous remark coming from anyone, but particularly from someone who does not have to live on $8,000, $9,000 or $10,000 per year.

She may indeed have battled for the cause of pensioners in cabinet. I would hope and trust that she did, but she lost out. She is losing out in another battle as well. Indeed, I am afraid that she is losing out in the major war which must be waged in the name of pension reform.

What has happened to the much publicized pension reform which the minister has been enthusiastically promising us for over a year now? She promised it last summer, she promised it last fall, she promised it this spring, she promised it this summer. Now, once again she has said that this much-trumpeted green paper on pension reform has been postponed until next fall. By the time we see the paper, I fear it will no longer be green but grey from old age, from being postponed for so very long.

What is clear is that pension reform is no longer, if indeed it ever was, a priority of the government. Poor people who are living below the poverty line are no longer a priority of the Minister of National Health and Welfare. Why is it that essential social programs always have to be the first to be cut? The minister's promises of the past year now seem very hollow indeed. She accepts a cutback of $100 million in payments to pensioners as a result of the budget.

Instead, she could have argued for a cut of $100 million from the $670 million spent on the rental of premises by the government in the national capital region. It could have been cut if renting were carried out at the cost of average rental space throughout the national capital region. But it did not come from cutbacks in government rental. She could have argued for a reduction of $100 million in the amount spent on professional and consultants' fees which comes to more than $1 billion in the budget this year. That amount could have been cut back by $100 million. She could have asked that $100 million be taken from the $1.6 billion spent on the personal costs of ministers, such as motor car allowances and other personal expenses. That $100 million could have come out of that $1.6 billion. She could have argued that the $250 million spent on information and advertising by government be reduced to provide additional revenue. She could have argued for a reduction in the $2.2 billion spent on utilities, materials and supplies this year. She could have argued for a reduction in any of those areas but obviously she did not, so pensioners have to bear the brunt of a $100 million cutback as a result of the budget.

I said at the outset that there is a deep and fundamental loss of confidence all across Canada in the government. It comes about as a result of measures such as the ones about which I have been talking. There is no sector of our economy, no group of our people, no region of our country which is not affected by that loss of confidence. This House may divide as it did last night 144 to 130 on the question of confidence, but make no mistake, Mr. Speaker, the country, our Canada, does not divide that way. The country is united in its rejection of any confidence in the government. I dare hon. members on the government benches, the Prime Minister, his cabinet and all Liberal backbenchers to have the courage to go to the country to find out what the people think.

[*Translation*]

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, in fact—and I am reacting to the words spoken by my colleague—after June 28, or to be more specific, after the House adjourned on June 30, I did go to my riding and I certainly was not afraid to ask what people were saying about the budget. Naturally, many people who listened to the budget speech by the Minister of Finance (Mr. MacEachen) on Monday, June 28, were wondering which measures applied to which economic sectors and which individuals, and many of my constituents in Lotbinière made the following comment, more or less: the budget seems to have some very good provisions, and according to the minister's speech, it seems we have the mechanisms to deal with the present situation, with inflation and with the recession, and that Canadians are being given the means to face up to the situation through the various programs announced in the June budget.

When I hear members of the opposition talk about the status of the Canada Pension Plan and family allowances and the problems in these two areas that come under the jurisdiction of the Department of National Health and Welfare—when I hear them say, for the sake of making political capital, that the people receiving these payments will be penalized and will have problems and that they are the ones who are going to suffer real hardship as a result of the June budget—Mr. Speaker, when I hear them speak this way, I have to protest, and I want to tell these people on the other side of the House that they are just indulging in petty politicking and trying to make the public and senior citizens believe they are going to suffer as a result of the budget. As far as the old age pension is concerned, the base payment is $239.73 in July, in October it will be indexed, and on January 1, 1983, it will be $249.23, as a result of the 6 per cent ceiling, otherwise it would be $251.73. However, these payments will continue to be indexed every three months. About 47 per cent of 2,368,569 Canadian pensioners are receiving the base pension. If they have the base pension, Mr. Speaker, this means they have other sources of income to live on, they have other income to make ends meet, and that income could be $15,000, $25,000 or $30,000. But whatever the pension system, old age security is a universal system and whether you have an income of $30,000 or $40,000, you get the base pension.

• (1700)

I think Canadians are aware of this situation, namely, that payments will continue as before until January 1, and then

they will be $2 less, but what is really important to Canadians is that nothing has changed for the remaining 53 per cent who are receiving the entire GIS or part of the supplement. In fact, the slightly lower indexation of the base pension will be entirely compensated for by double indexation of the GIS every three months, starting January 1, 1983. As far as the GIS is concerned, I think senior citizens in this country should know that a person who receives the guaranteed income supplement does not have sufficient income, statistically speaking, to live on the base pension alone. In fact, it means that the individual has no further sources of income. On the other hand, people receiving the base pension only have other sources of income which enable them to cope.

I would like to explain to Canadians and to the people in the riding of Lotbinière what the situation is regarding double indexation, and what happens to those who will only receive the base pension. Double indexation will be applied to the GIS every three months, starting January 1, 1983. The July 1982 GIS payment will be as announced a few days ago, that is, a maximum of $240.67 for a single person and $185.55 for each spouse. Next January, these figures would normally be $252.61 for a single person and $194.75 for each spouse, but with double indexation, the cheque will be $255.11 for a single person and $197 for each spouse. In fact, people receiving GIS payments will be receiving more according to the measures in the June 28 budget. In any event, I think that trying to make political points on a subject like this is in very poor political taste. Earlier in the House, there were references to the status of people receiving the base pension only, and in fact, over 1983, people receiving the base pension will be receiving $55 less, and indexation will be 6 per cent instead of 11 per cent.

Mr. Speaker, as far as the base pension is concerned and the $55 per pensioner that the 6 per cent ceiling has made available for other uses, does the House think that these pensioners would not be happy to see that money spent on community development programs that will help people work and help the children and grandchildren of these senior citizens to find work? I am referring to senior citizens who are receiving only the base pension and who have other sources of income. I am sure they would have no objection, because I met senior citizens who are receiving only the base pension and considering the other sources of income they have, I think the $55 in question would be very usefully spent on job creation. I must protest most energetically against the insinuation that we are trying to make political points with senior citizens, and I can assure our senior citizens that job creation is very important for young people who are having trouble finding work. This money will be spent on putting them to work. That is the real situation, Mr. Speaker, and the important thing to remember in connection with what I said earlier is that starting January 1, 1983, GIS payments will be increased. People receiving GIS will be better off than they were before the budget. So there is no reason to act like alarmists and indulge in petty politicking on the subject of senior citizens. And now, how does the budget affect family allowances? At the present time, family allowance, which is now $26.91 per child unless there is a different rate in Quebec and Alberta would normally go up to $29.87 by next January, but with the 6 per cent ceiling, it will only go up to $28.52, $1 and a few cents. Over 1982, the total allowance for one child will therefore be $322.92. In 1983, this figure would normally be $358.44 but will now be $342.24.

The rate of indexation will be 5 per cent in 1984. However, what is important with regard to family allowances is that of the 3,636,851 mothers who receive the allowance in Canada, 2.5 million are also entitled to the child care tax credit. These women will not be affected by the budget. The important thing to tell the Canadian people, Mr. Speaker, is that if the spouse's income is less than a certain amount—I believe it is now something over $20,000—the child care tax credit can be claimed. Those who need it most will therefore benefit from the budget of June 28, 1982.

In this regard, I want to point out that the child care tax credit, which amounted to $261 non-taxable per child this year and should have gone up to $293 in 1982, will be increased by another $50 as compensation and will therefore amount to $343 non-taxable per child in 1983. This will compensate for the capping of family allowances for the next two years. Once again, this is what happens in the case of a universal allowance system. Does the person with children and a family income of $50,000 or $40,000 a year need the child care tax credit more than someone with an income of $20,000 or less? That is why, as concerns the child care tax credit, deductions are made from a taxpayer's income, since those who are more hard-pressed need more money. This is what the budget of June 28 does. It provides $50 more and increases the amount from $293 to $343. Therefore, all Canadian mothers who are entitled to the child care tax credit because their spouse's or their own income is less than a designated amount will receive $50 more. These are the facts Mr. Speaker. This is not the proper time to play politics concerning family allowances and the pension system in Canada. This is important since, out of 3,636,851 mothers, 2.5 million are entitled to the child care tax credit, and they are the ones who will benefit and receive $50 more. This is the important thing to tell the Canadian people instead of trying to indulge in petty politics about this issue. That is why I wanted to begin my intervention by speaking about these two issues, the old age security pension and family allowances.

Mr. Speaker, other programs announced in our budget were received enthusiastically, at least in my own constituency. These programs deal with housing and concern the renovation of Canadian homes. This program will benefit construction workers, contractors, of course, and also realtors. Since June

28, many realtors in the major city of my constituency, Victoriaville, have telephoned me about this $3,000 grant to find out how it would be paid, and I must say that they were very happy to learn the facts. How many homes have been built by contractors who unfortunately cannot find a buyer? A great many! And how many contractors who could have started building new homes are not doing so because of the mortgage payments potential buyers would have to pay? The program which was announced on June 28 in the budget will benefit these people, Mr. Speaker. What I am trying to do is to explain these programs so that the Canadian people will know what we have done following the representations made by realtors, builders and representatives of the housing industry to help this sector, because it is often said that if the building industry is running smoothly, the wheels turn by themselves. The $3,000 grant will apply to the purchase of new homes, whether condominiums, duplexes, triplexes, row housing or single family units. The important thing is that a prospective buyer may opt for either a new home or an existing home. And if a person has never owned a home and wishes to buy an existing home and if that person is a first-time purchaser, he will be eligible for the $3,000 grant. There are, of course, certain conditions to be met.

• (1710)

So, two possibilities are covered. The situation where we have a new home on which construction has started by a certain date, a new home that has already been built but has never been lived in and, what is important to many couples, homes that are several years old. This is an opportunity for people, including young couples or even older couples who have never owned a home, to pay less for an existing home which may be 10, 12, 15, 25 or 30 years old and qualify for the $3,000 grant.

There is, of course, the 10 per cent down payment which must be considered, but even so, $3,000 is still quite substantial, considering the present interest rates. I also think that, to people who are trying to cope with the present situation in the construction industry, this program will be very important, especially those who were laid off for several months last year, because obviously, contractors—and quite a few have already called my riding office—are aware of the situation and are going to start building houses, and even with the present uncertainty regarding interest rates, a person who qualifies for the $3,000 grant has at least that, and in my view and not only in mine, Mr. Speaker, but also according to many of the people in my riding, it is a real incentive for this sector to get back on its feet.

What about other programs that already exists and that were well received when they were announced and even more so when we decided to allocate additional funds I am thinking of the Canadian home renovation plan. One of the existing programs is the RRAP for rural areas. To qualify for the program, a municipality had to have a certain number of inhabitants, and many Canadians had been asking their members for programs for municipalities that did not have the requisite population for the RRAP.

That is why the Canadian government introduced the Canadian home renovation plan under which people would receive up to a certain percentage, namely, 30 per cent, which in many cases could amount to $3,000. Many contractors and people involved in home improvement were very pleased with this program to which $30 million was allocated. On June 28, 1982, the Minister of Finance added another $30 million, thus enabling people whether they lived in a municipality, whatever the population—except for the RRAP program in rural areas—whether they lived in a municipality, a town of 50,000, 100,000 or 200,000 inhabitants, and provided they met the income requirement, to qualify for the renovation plan. I see my colleague for Quebec East (Mr. Duquet) and I am sure that people in Quebec East will be taking advantage of this program. In fact, they have already started to do so, and now more people will be able to benefit as a result of the additional funds that have been allocated. Another important aspect that was well received and which has not been given much attention by the official opposition is the last program I am going to discuss. There is also the Canada Mortgage Renewal Plan. It has been extended from November 12, 1982 to December 31 1983. And there is a provision under which homeowners who must allocate more than 30 per cent of their gross income to mortgage payments will be eligible, after June 28, for a non-taxable cash grant of up to $3,000. The significant aspect is that interest deferment will no longer be required before someone becomes eligible for a grant.

Those are the programs announced in the budget which have been acclaimed by contractors, construction workers and realtors who represent a sector of economic activity which is vitally important in my riding and in my province. After those announcements by the Minister of Finance, a good many people were so enthusiastic that they made a series of phone calls in the ridings of Quebec—in mine, certainly—to let my colleagues know how pleased they were about this new housing policy.

I also read a few Toronto area newspaper articles stating just how relieved the construction industry was about this. I think it was in *The Toronto Sun,* and there was also an article along the same lines in *The Globe and Mail.* During the few minutes I have left, Mr. Speaker, I would like to mention the job creation budgets of the Department of Employment and Immigration. One thing I find very important in that department is the Canada community development Program. Over a period of two years, $300 million will be earmarked for community development projects and other direct job-creation programs. Community development projects create employment through local organizations which are responsible for

launching and supervising the projects. It is a major undertaking which has been a source of employment for many Canadians. Quite true, such projects or programs provide work for periods lasting ten, 15, 20 or 25 weeks, but a lot of people who joined those programs were able to gain experience and then join the regular labour force. Still in the same vein, it has been said that $150 million will be spent on construction activities related to federal projects including, among other things, marinas and regional airports.

While I am on the subject of marinas, I might mention that not long ago I attended the opening ceremonies of a marina in Lotbinière which had been built partly under a community development program and partly with the assistance of the Department of Fisheries and Oceans, with grants of $25,000 and $30,000 respectively. The people who worked on that project were very proud of their achievement on opening day, because they had played a part in the tourism development of the municipality of Lotbinière and were able to acquire skills in a specific field. Since the work was done in a shop, they gained good experience and with their new skills they were able to offer their services in other fields. My riding was allotted $680,000 last year under the community development program, and I did not hear any negative remarks. On the contrary, I heard nothing but praise about that program and all the people in my riding expressed the hope that such programs would be maintained so that they could undertake new projects which could hardly be launched if it were not for those programs.

Quite a number of municipalities are seeking financial assistance to develop tourism and similar projects, and one of the very important programs of the Canadian government is the community development program. I want, therefore, to congratulate the Minister of Finance for allowing his colleague the Minister of Employment and Immigration (Mr. Axworthy) to allocate additional funds to these job-creation programs. I should like to return briefly to the housing programs; because I dealt with the housing industry, I must also mention other categories of people who will benefit, namely the dealers who sell lumber, hardware, iron, wrought iron and—I have in mind some people who play a very important role in my constituency of Lotbinière and the Bois-Franc région—furniture makers. As I said a while ago, if the construction industry is indeed at a standstill, there are some industries which may be worse off financially and employmentwise. So, if the building industry gets going again, it being the wheel I mentioned earlier, furniture manufacturers will sell their products to furniture stores, who will sell them to young couples buying homes. This means that three or four more building related industries will take on a new lease of life. I am sure those people too will welcome the impact of the housing programs.

Much has been done for small businesses. My colleague, the hon. member for Charlevoix and Minister of State for Small Businesses and Tourism (Mr. Lapointe) had the opportunity this afternoon to deal with his Department programs: $400 million will be made available to small-business men, farmers and fishermen; interest rates will be reduced for them and also—I shall close on that point—quite a few people made representations to their MPs concerning the plight of farmers. Well, in his budget, the Minister of Finance, as stated more specifically on page 25 of the budget papers, declared that additional amounts of money, namely $100 million would be allocated over the next two years, in addition to which farmers in dire straits will be able to avail themselves of loans totalling $200 million, under the program. There again a 4 per cent interest rate rebate is available. It will also be possible for farmers to obtain Small Business Bond financing.

There then, Mr. Speaker, you have some of the components of the budget I wanted to mention; when I heard the motion of the opposition about the situation of pensioners, and family allowances, and after hearing allegations made previously which would have people believe that money will be saved on the backs of pensioners and mothers, the main point I wanted to make is this: adjustments have been made and benefits will result despite the fact that some pensioners on the basic pension rate may have to pay the Government of Canada taxes which will help the Canadian people as a whole through job creation: to my mind, that is important, Mr. Speaker.

* * *

• (1720)

[*English*]

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Blaker): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed the following bills, without amendment: Bill C-105, an act to amend the Canada Business Corporations Act; and Bill C-108, an act to amend the National Energy Board Act (No. 3).

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. MacEachen that this House approves in general the budgetary policy of the government.

Mr. Jack Shields (Athabasca): Mr. Speaker, I am happy to participate in this budget debate today. I wonder whether some hon. members, possibly the hon. member for Lincoln (Mr. Mackasey), the hon. member for Scarborough Centre (Mr. Kelly) or the minister from Grand Falls-White Bay-Labrador (Mr. Rompkey), could tell me how they could

support a budget brought into this House which claims it is going to attack inflation and justify a $20 billion deficit. How in God's name is that going to fight inflation? That $20 billion deficit contributes to inflation. That one single item should point out to members of this House the idiocy of the budget and what it is doing. In seven months, November to June, the deficit has doubled. This is not only contributing to inflation but is eroding the savings of people and causing a loss of jobs.

The Minister of Finance (Mr. MacEachen) did not know what he was doing with his November budget. It stifled investment in this country from coast to coast. He said he was going to plug some loopholes and soak the rich, but the rich got away scot-free. The minister aimed for the rich but hit the middle-income families, the mainstay in our society. It is they who were hit with his November budget. The minister stifled investment across this country, absolutely killing the resource industry and the oil industry in the western provinces, causing the loss of a great many jobs.

What are the problems facing Canada today? Basically there are three; unemployment, high interest rates and inflation.

Let me deal first with unemployment. People across this country are frightened. They are frightened that they will lose their jobs and not be able to get another. They are frightened about what would happen if their unemployment insurance ran out. Would they have to go on welfare? Let me deal with some of the problems in my area of northeastern Alberta. Unemployment there is at an all-time high. Certainly there is a recession in the world, but of all countries, Canada was better equipped to face a downturn in the economy than any other country in the western world.

What did the June 28 budget do for the millions of Canadians affected as a result of high unemployment? In one part of the budget it was indicated that $800 million, close to a billion dollars, will be spent on make-work projects. However, when you really go through the document and begin to analyse it, you see that the total amount earmarked for job creation in Canada is about $150 million. Talk about misrepresentation!

Go with me for a moment to the pre-National Energy Program days and the first budget. Go with me for a moment to the second budget of last November. Let us remember what the climate of the economy was then. Let us remember the investment that was waiting to develop the oil sands in northeastern Alberta. Let us remember that Imperial Oil was ready to go ahead with the Cold Lake project, a direct capital investment of some $13 billion creating right across this country, from coast to coast, in virtually every province, 200,000 jobs.

• (1730)

Do you remember the Alsands consortium at the point they were two years ago before this government came to power, ready to invest $13 billion and create jobs virtually in every province from coast to coast? That project was right in the very heart of my riding. It did not affect only northeastern Alberta and the Athabasca riding; it would affect the riding of the member for Lincoln. It would also affect the riding of the member from Scarborough Centre. Both he and the member from Lincoln recognize this fully.

Instead, what happened was a disaster. We hear excuses from the Minister of Energy, Mines and Resources (Mr. Lalonde), consistently saying: "We were ready to go ahead and we still are; they could go ahead but it is not economically viable any more." He compares these two megaprojects in northern Alberta with the one in the Colorado oil shales that Exxon decided not to go ahead with in the United States. He always fails to point out that in the Exxon project and the Colorado oil shales, the recovery cost per barrel of oil in that project was in the neighbourhood of $80 to $85 per barrel. It was a form of hard rock mining. The oil was in shale, and they do not know how to handle it yet. The technology is in place today to produce oil by the *in situ* process in the Cold Lake area and by the mining process in northeastern Alberta at Fort McMurray, the Alsands project. The technology is in place to produce it at close to world price.

I agree that there is not much margin for error. I agree that there is a possibility that world oil prices could drop, causing some hardship. But think for a moment of what is happening today. We are importing energy at world prices, paying in American dollars what we must buy on the foreign exchange with Canadian dollars. We are buying 400,000 barrels of oil per day from Mexico, from Saudi Arabia, from Venezuela, using American funds for which we must exchange Canadian funds. That means putting pressure on our Canadian dollar, an outflow of capital.

What would have happened, and what could happen if this government came to its senses, is that it could have gone to Germany and Japan and said: "Gentlemen, we know that you people are starving for oil. We know that over in Germany security of supply is the main and paramount thing you want for the next century or for the next two or three decades. We invite you to invest in a massive project to develop the oil sands, because locked in those oil sands is an amount of reserves every bit as much as now exists in the Middle East in the Arab countries." Hon. members may not know this, but the total reserves in the Athabasca, Alberta oil sands exceed the reserves that are presently in the Middle East. I am talking about known reserves.

To me, Germany would be happy to invest, Japan would be happy to invest, the United States would be happy to invest, if we said to them: "Help us develop, help us produce from these oil sands; and when we reach oil self-sufficiency, we will sell you the surplus." We would be protecting ourselves at the same time as we would be helping ourselves and helping those countries in the western world.

There is a precedent for this. Why do you think, Mr. Speaker, that Japan went in with Dome Petroleum and loaned them money for development in the Beaufort Sea? Do you not think that Japan recognized an opportunity where we might find in the Beaufort developments or in the offshore enough oil for our needs and that we may then sell to them? Do you not think that the Japanese government did not realize at that point in

time—we can go back three years now—that Canada is a country they can have a secure supply of energy from? Those countries that do not have the necessary oil to keep their economy rolling would be happy to invest in this country? But not under the present national energy policy as it was implemented. That is because this Minister of Energy, Mines and Resources, when he introduced through the Minister of Finance the first budget that became the national energy policy told the world that we are thieves in this country. He said, in effect: "We will enter into a deal with you, but believe me, we will steal from you down the way because we are going to change the rules." That is outright theft of assets of foreign investors. My head hangs in shame when I think of it.

Do you not think, Mr. Speaker, that we would not have the megaprojects going and employment at an all-time high, that we would be looking right across this country, that we would be looking to other parts of the world for skilled labour? We would be saying that we need so many welders, that we need technical people. We would be encouraging our young people to go to universities and to technical schools. Instead, what is happening now is that those young people are telephoning my office, as I am sure they are phoning the offices of other members, and are asking where are the jobs that this government promised to them. They ask: "Where are the jobs for which I enrolled in university four or five years ago?" They ask: "Where are the jobs in the oil industry that I was promised when I enrolled in petroleum engineering?" They ask: "Where are the jobs in accounting that I was promised when I enrolled in commerce?" Indeed, they ask: "Where are the jobs for teachers; I was told they would be needing teachers in 1982?" And then they ask: "Indeed, where can I get a job—period—nothing else, I just want a job. I went to university for three or four years", or "I went to technical school", or "I am graduating from high school and I cannot get a job." That is what we are doing to our country. That is what we are going to continue to do to our country as long as we allow this Liberal government with its present policies to exist in Canada.

I want to tell you, Mr. Speaker, that I was home on the weekend at Fort McMurray. I received a call from a gentleman I have known for ten years. This man is a qualified tradesman. He said he had an emergency and would like to talk with me. I am telling this House now something I hope all members will listen to, including the member from Scarborough Centre. I want them to think about this for a minute. I went to his home. His wife and family disappeared into the bedroom because he wanted to talk to me privately. He said: "Mr. Shields, Jack, I have a problem; I have no money and I have no food in the house, and we have not had anything since lunch." The children ate the last of the cereal. He took me to his fridge; there was nothing in it. He had run out of unemployment insurance and he was too damned proud to walk down to the social development agency and ask for welfare. That is what we are facing in this country and it is getting worse. I hear one of those cheeky members opposite saying "We told you."

• (1740)

Mr. Speaker, in the pre-national energy policy days investment was begging to come into this country to develop some of our resources. We should not be importing 400,000 barrels of oil a day at a cost which is loaded on that very taxpayer who cannot feed his family and himself and who must now go on welfare. When that man was employed he was paying taxes and we were importing oil from offshore. Is that reasonable and intelligent? I do not think it is and I do not think that most Canadians think so either.

I have spoken to lawyers in my riding who tell me that in 10 or 15 years of practice they have never experienced a year with more divorce applications. A milestone was reached last month in Fort McMurray when there were more divorce actions before the courts than in any prior month. One reason for this was desertion, because men could not bear to go home day after day and tell their wives they could not get a job. Put yourself in the place of the man who cannot feed his children or that man who saw his children eat the last of the food that was in the house and was too proud to go on welfare or call a neighbour and say he was broke. That is the sort of situation people are facing. As a result, many men just leave because they cannot face their wives and family day after day.

Unemployment is not just a figure that shows 1.5 million or two million people out of work. It means the breakup of families, desertion and in some cases suicide, wife beating and child abuse. Funny things happen to people when they lose their self-respect and that is what is taking place today.

The government can do something about all this, Mr. Speaker. Instead of introducing massive job-training programs it could enter into long-term deals with countries like Japan and Germany. It would be simple and straightforward and those countries would develop our resources and create jobs. They would invest their money if they were guaranteed security of supply. We need only consider what is happening with that gas line that is going into Europe from Siberia. Some of the member NATO countries are telling Germany and France not to buy gas from Siberia as that will make them subject to the economic whims of Russia.

There is gas everywhere in this country, Mr. Speaker. It is a saleable commodity that we should develop. We should encourage investment from offshore because we do not have the money to invest in the tar sands megaprojects ourselves. We must rely on outside capital and we all know that. It is just common sense. We should go ahead with these projects and contribute to the security supply of our NATO allies and various friendly trading nations like Japan. Instead, we find that Japan is going to ship us ten more cars this month than last month. Of course, the government realizes that does not look good politically so the entry of the cars is delayed. At the same time, however, the Russian Lada, which sells here for $6,000, is being dumped on our market. The whole situation is

crazy, Mr. Speaker, and I have to sit here and listen to hon. members opposite attempt to justify this so-called budget.

We still depend on the Middle East for security of supply of oil. Our purchases from that area are draining our dollar reserve because we must buy U.S. dollars to pay for it. That puts pressure on the Canadian dollar and so, in order to attract more dollars, interest rates must be raised. With just one megaproject, interest rates would drop by at least 2 per cent. It would be a signal to the world that we realize we made a mistake and that we intend to get the oil industry back on stream to lead us out of this economic mess.

We want and need foreign investment in this country, Mr. Speaker, but the government does not seem to realize that. It is concerned with getting after the civil servants and nailing them with a 6 per cent increase. It will become known as the 6 per cent government. It was going to wrestle inflation to the ground two years ago but now it will wrestle it to 6 per cent.

What can be done about high interest rates, Mr. Speaker? The deficit can be reduced. If the government was responsible to an annual meeting of shareholders it would be doing something about that today. The Minister of Finance brought in a budget in November and seven months later he admits he was 100 per cent wrong. Having said there would be a $10 billion deficit, he now says it will be a $20 billion deficit. He may be a nice man, kind with admirable qualities, but he should not be allowed to remain in the job. He made the fundamental error of forecasting a deficit that was 100 per cent wrong. In any other line of business he would lose his job.

How can the deficit be reduced? One way would be for the government to admit that it does not need a $150 million or $200 million budget to run advertising programs in all its departments. We are going to cut back to $50 million at a direct saving to the taxpayer of $100 million. I say that you do not commit to capital projects when you do not have the money. You do not build a new embassy in Washington when the facilities that our embassy staff now occupy will do them for two, three, four years, or however long it takes until we have the money and can afford to build. When I questioned the Prime Minister about whether he would cut back in those areas, he said, "Well, I am sure the hon. member could find lots of areas to cut back, lots of building projects." What building projects do we want to cut back? I say, Mr. Speaker, that every project on the books right now which is not deemed an emergency should be stopped.

• (1750)

We talk about irresponsible corporations and so on. I am sure all hon. members read the paper, but let me point out what happens to Imperial Oil when they feel the pinch. They have shareholders that they have to report to, so what are they doing? They are laying off and cutting back their staff by 500 people. They have curtailed all capital expenditure and are retiring the president of their company three years early. I am sure that many hon. members would agree with me that it is too bad we could not retire the present leader of this great corporation of Canada three years early. However, maybe if they think hard enough, work hard enough at it and listen to what their constituents are telling them, they just may find enough courage to do it.

I want to turn for a moment to the leader of the NDP, Mr. Speaker. I listened with real attention to his remarks on the first day of the budget debate. He said we do not want less government, we want more government. That was his message. We want lower taxes, lower interest rates but more government. How in God's name do you pay for more government without taxes or higher interest rates? You cannot, it is ridiculous, but again that is the NDP. We hear the hon. member for Vancouver-Kingsway (Mr. Waddell) repeatedly saying that government should get more involved, that it should go out and buy not little oil companies but big ones. What is the matter with Imperial? He fails to recognize that if the government does not have the money to do it, the taxpayer is going to be whipped again to pay for these astronomical bills and debts which the NDP would build up. That is totally and absolutely irresponsible.

In closing, Madam Speaker, I would just like to say that the biggest problem facing our country is unemployment, which problem could be addressed very quickly if we were to encourage investment from offshore. As I said, Germany and Japan, countries which do not have an oil supply, could come in and start developing the oil sands where there are massive reserves on the condition that, once we reach self-sufficiency here in Canada, we will then sell them the surplus. We will have lots of takers because in five years it is going to be security of supply once again that is most important. We will have those takers, and once that happens, Madam Speaker, we will have jobs right across the country. We are a sparsely populated country and we could be selling some of the abundance of reserves we have in oil, coal and minerals to countries that do not have them but who do want security of supply.

Madam Speaker: I regret to interrupt the hon. member, but I believe his time has expired.

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• (1800)

[*Translation*]

MESSAGE FROM THE SENATE

Madam Speaker: I have the honour to inform the House that a message has been received from the Senate informing the House that the Senate has passed Bill S-24, to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes, to which the concurrence of this House is desired.

THE ROYAL ASSENT

[*Translation*]

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Madam Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Madam Speaker with the House went up to the Senate chamber.

And being returned:

Madam Speaker: I have the honour to inform the House that when the House went up to the Senate chamber, the Deputy Governor General was pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-116, An Act to establish the Cooperative Energy Corporation and the Cooperative Energy Development Corporation—Chapter No. 108;

Bill C-115, An Act to establish a national program for occupational training—Chapter No. 109;

Royal Assent

Bill C-61, An Act respecting young offenders and to repeal the Juvenile Delinquents Act—Chapter No. 110;

Bill C-43, An Act to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other Acts in consequence thereof—Chapter No. 111.

Bill C-106, An Act respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act—Chapter No. 112;

Bill C-107, An Act respecting motor vehicle fuel consumption standards—Chapter No. 113;

Bill C-103, An Act to amend the Petroleum Administration Act and to enact provisions related thereto—Chapter No. 114;

Bill C-105, An Act to amend the Canada Business Corporations Act—Chapter No. 115;

Bill C-108, An Act to amend the National Energy Board Act (No. 3)—Chapter No. 116.

It being six o'clock, the House stands adjourned till tomorrow at two o'clock p.m., pursuant to Standing Order 2(1).

At 6.08 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, July 8, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

IMMIGRATION

RESPONSIBILITY FOR SPONSORED IMMIGRANTS—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, whereas those who sponsored immigrants prior to 1967 remain responsible for the immigrants for life, and whereas those who sponsored family members between 1967 and 1978 remain responsible for them for life, and whereas those sponsored after 1978 remain the responsibility of their sponsor for ten years, it is obvious that a great discrepancy has been created for new Canadians and their sponsors prior to 1978 who are not being treated equally before the law. Therefore I move, seconded by the hon. member for Edmonton North (Mr. Paproski):

That the government give immediate consideration to making the ten-year responsibility period retroactive for all immigrants sponsored prior to 1978.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

DEMAND THAT THREE BYELECTIONS BE HELD—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, the Prime Minister (Mr. Trudeau) has a double standard regarding the calling of byelections, to wit, two minutes for his friends and as long as 16 months for everyone else. In contrast, the government of Ontario has followed the sterling example set by the Clark government and speedily called the byelection in York South, an opposition-held riding. Therefore I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the House demand that the Prime Minister today follow the example set by the Clark and Davis governments and announce dates for byelections in Timiskaming, Leeds-Grenville, and Broadview-Greenwood. And further, that, should the Prime Minister refuse to do so, the Liberal associations in those ridings be urged to ensure speedy elections by nominating Martin Goldfarb, Michael Pitfield, and Arthur Erickson.

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

VOTING RECORD OF OFFICIAL OPPOSITION—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I too rise under the provisions of Standing Order 43. Liberal and Conservative popularity has dropped again this week due to their common policies of protecting banks, oil companies, and high interest rates. It is a well-known fact in Canada—except amongst the media and a few Tories—that the Conservatives support the policies put forward by the Liberals in Ottawa. There can be no clearer indication of this support than in the actual voting record on legislation which stands as of this date: Conservatives with the Liberals 33 times, NDP with the Liberals only 19 times.

Some hon. Members: Oh, oh!

Mr. Fulton: They do not like the truth, Madam Speaker.

Therefore I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That the great pretender, the Leader of the Tory Party, rise in his place today with the unanimous consent of this House and explain to the people of Canada why the Tories have voted to keep the Liberals in office on 33 occasions this session alone.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

HAZARDOUS SUBSTANCES

REQUEST THAT HOUSE SIT BEYOND NORMAL HOURS TO PASS BILL C-109—MOTION UNDER S.O. 43

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Whereas Bill C-109 which concerns victims of urea formaldehyde foam insulation must be passed before UFFI victims who qualify can obtain the $5,000 federal grant; whereas many victims have been making representations to a number of members of this House in order to have the bill passed; and whereas the New Democratic Party has been refusing to allow the debate on second reading and yesterday refused to support a motion concerning this bill and is therefore still ignoring the urgency of this legislation, although it will probably give its consent today, I therefore move, seconded by the member for Beauce (Mr. Lapointe):

That the House, at its next sitting, consider and adopt Bill C-109 at all stages with one speaker per party, and that to do so, the House sit outside its normal hours, namely, during the lunch or dinner hour.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

POLAND—CALL FOR RELEASE OF SOLIDARITY LEADER, LECH WALESA—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, Lech Walesa has been held in internment since the military takeover in Poland last December when martial law was proclaimed and the Solidarity movement suspended. About 3,000 Poles demonstrated peacefully in Poznan on the anniversary of the 1956 disturbances, requesting his release and thereby showing that Solidarity in Poland is still alive. I therefore move, seconded by the hon. member for Niagara Falls (Mr. MacBain) and the hon. member for Hamilton Mountain (Mr. Deans):

That in the interest of the greater peace and security of Poland, this House urge the Polish authorities to release and restore freedom of movement to Solidarity leader, Lech Walesa.

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

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

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CRIMINAL CODE

TRIBUTE TO SASKATOON POLICE ON DEALING WITH HOSTAGE-TAKING INCIDENTS—MOTION UNDER S.O. 43

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, during the past few weeks there have been two hostage-taking incidents in the city of Saskatoon which have been successfully resolved by the courageous and efficient efforts of a dedicated Saskatoon city police force. In light of the alarming growth of hostage-taking incidents across Canada recently, I move, seconded by the hon. member for Kindersley-Lloydminster (Mr. McKnight):

• (1410)

That this House express its appreciation to the Saskatoon city police for its effective handling of the recent hostage-taking incidents, and voice its endorsation of appropriate and continued support by governments of the specialized training required by the police forces of Canada in this delicate area.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSING

HUDAC RESPONSE TO BUDGET INITIATIVES—MOTION UNDER S.O. 43

Mr. Roger Simmons (Burin-St. George's): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The Housing and Urban Development Association of Canada has recently responded positively to the initiatives contained in the budget to stimulate housing throughout Canada, an attitude which clearly exemplifies the sort of positive approach necessary for all Canadians to take in order to ensure that inflation in Canada is brought under control. I move, seconded by the hon. member for Cape Breton-The Sydneys (Mr. MacLellan):

That this House commend HUDAC for its positive response and express the hope that this public statement will encourage others to work together in cooperation with all levels of government in order to bring down the rate of inflation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Vince Dantzer (Okanagan North): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. During the last election the Prime Minister promised to keep the growth of government spending to less than the growth rate of the Gross National Product. The Prime Minister broke this promise when his first budget increased government spending by 24 per cent. The Prime Minister again broke his promise this year when government spending increased 20 per cent, for a two-year staggering total of 44 per cent, twice the rate of increase of the Gross National Product. Therefore I move, seconded by the hon. member for Okanagan-Similkameen (Mr. King):

That this House demand the Prime Minister stop the flim-flam and start acting with reason, with responsibility, and even with sanity, and immediately reduce this uncontrolled spending growth to an increase of 6 per cent as he is asking the poor and elderly of this country to do.

Madam Speaker: Is there unanimous support for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—PASSAGE OF LEGISLATION—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I rise on matter of urgent and pressing necessity and seek unanimous consent under the provisions of Standing Order 43 for the following motion. The NDP and the UFFI home owners in Canada favour setting up a special parliamentary committee to investigate outstanding questions on the UFFI issue. The NDP and the UFFI home owners in Canada support clarification of the sources of additional funding and commitments that will be used to tap those sources. The NDP and the UFFI home owners in Canada support the calling of one or more meetings of the advisory council to clarify commitments. The NDP and UFFI home owners in Canada recognize that there is sufficient time left in this session to clarify the government's position on additional funding. Therefore I move, seconded by the hon. member for Skeena (Mr. Fulton):

S.O. 43

That the government and the official opposition recognize their responsibilities to home owners with UFFI insulation and that the government and official opposition stop trying to stampede the UFFI bill through the House until the minister's position on extra funding and on the special parliamentary committee is made abundantly clear.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR RELATIONS

ROLE OF NEW DEMOCRATIC PARTY—MOTION UNDER S.O. 43

Mr. John Evans (Ottawa Centre): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the Prime Minister will be meeting with senior labour officials and members of the Canadian Labour Congress tomorrow to discuss economic matters, and whereas the Leader of the New Democratic Party has already indicated to the House his very negative attitude toward this meeting and its outcome, I move, seconded by the hon. member for Burin-St. George's (Mr. Simmons):

That this House advise the hon. member for Oshawa that, rather than continually sow the seeds of discontent and dissension, the NDP should show some responsibility to the Canadian people and use their good offices to encourage the labour leaders to meet and discuss the government's initiatives in good faith.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CRIMINAL CODE

LAYING OF CHARGES IN WIFE ASSAULT CASES—MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, my motion under the provisions of Standing Order 43 is not partisan, and I am sure it will receive the support of all members. Since many police forces are hesitant to lay charges of assault in instances where women have been beaten by their husbands, and their frequent failure to lay charges places a heinous burden on a wife who has to ascertain whether or not it is prudent for her to have charges laid, and since the all-party parliamentary committee on wife battering recommends "that police regularly lay charges in wife assault cases", and because the police department of the City of London, Ontario, has adopted a very commendable policy of laying assault charges in all wife battering cases where they have "reasonable and probable grounds", I therefore move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

• (1415)

That this Parliament encourage all Canadian police forces to establish a practice of having the police regularly lay charges in instances of wife beating, as they are inclined to do with any other case of common assault.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

ORAL QUESTION PERIOD

[*English*]

ENERGY

ASSISTANCE FOR DOME PETROLEUM

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Would the minister indicate to the House whether the government, or any agency of government, has received a request from the Dome Petroleum group with respect to additional financing assistance, additional to the $100 million which it has already received? If they have received this request, would the minister indicate in what form the government might respond to the request? Would it be a loan guarantee, a straight loan, or further equity financing?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the government was approached some time ago both by Dome and by the banks financing some of the loans to Dome Petroleum, which have asked that there be consultations. These consultations have been going on at the official level for several weeks, but I have nothing further to announce in that regard.

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SMALL BUSINESS

CRITERIA FOR RECEIPT OF GOVERNMENT AID

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my supplementary question is directed to the Minister of State for Small Businesses and Tourism. In view of the fact that there are some 900 small businesses going bankrupt in the country every month, would the minister indicate what exactly are the criteria used by government in deciding who does get aid and who does not get aid? Bearing in mind the bail-out of Consolidated Computer to the tune of $125 million, the Massey-Ferguson like amount, and the possible giving of hundreds of millions of dollars of assistance to Dome Petroleum, it would appear that if you are big enough you get some help from the government, but if you are too small it does not want to hear from you; you just go bankrupt.

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I can see why the hon. member is asking this question, because when the government gives loan guarantees to large corporations such as Massey-Ferguson or Chrysler, these transactions get the headlines. However, I can inform the hon. member that the Small Business Development Bond program, which has a loan guarantee mechanism or component, applies in most cases to small businesses, and this goes for both the grant and the loan guarantee components. Thus, the same mechanisms apply to small and large businesses, with this difference, that loan guarantees given under the Small Business Development Bond program to small businesses do not get the headlines.

* * *

[*English*]

CORPORATE AFFAIRS

CONSOLIDATED COMPUTERS INCORPORATED

Hon. Sinclair Stevens (York-Peel): Madam Speaker, if the government is interested in making headlines, perhaps I could direct my next question to the Minister of Consumer and Corporate Affairs. Consolidated Computers has cost the government $125 million to date. It has now been announced that there will be no legal proceedings taken with respect to that fiasco. Would the Minister of Consumer and Corporate Affairs indicate when there will be a full disclosure to the House of what actually transpired, and perhaps a reference to an appropriate committee, so that the Canadian public can see what, in fact, is the mismanagement in which the government engaged?

• (1420)

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, the hon. member is aware that this matter has been referred to the Minister of Justice, who asked a private law firm to review the case. The law firm has advised the minister that there were no grounds for legal action. Now, as the hon. member is also aware, the President of the Treasury Board appeared before the committee of the House to answer questions regarding Consolidated Computer.

[*English*]

TRANSPORT

REQUEST FOR ASSISTANCE TO MAISLIN TRUCKING COMPANY—GOVERNMENT POSITION

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, in the absence of the Minister of Finance my question is for the Minister of Transport. In the cabinet committee this morning was there consideration of the Maislin request for assistance to the tune of $35 million to $50 million? If so, has a decision been made, and will the minister please assure the House, contrary to what the Minister of State for Small Business said, that there will be amendments to include all trucking firms and/or service industries for such help when they are in dire straits?

Hon. Jean-Luc Pepin (Minister of Transport): No, Madam Speaker, a decision has not been made in the Maislin case. I am aware that a decision is to be made in the coming days, or approximately a week. When a decision is made, my hon. friend will be informed.

ECONOMIC CONSIDERATIONS

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, in the consideration of the Maislin request for assistance which will break new ground for government loan guarantees to service industries or trucking companies, will the minister assure the House that economic factors will be the deciding issue rather than Liberal political fortunes in and around Montreal?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the answer is obviously yes. Economic matters will be the only ones considered.

* * *

FINANCE

INCOME TAX PAID BY LOW-WAGE EARNERS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question concerns the government's 6 per cent dream and is therefore directed to the Acting Prime Minister. In his budget speech the Minister of Finance stated very clearly that the government's measures to bring down inflation were not directed at any one particular group. However, using the government's own figures, we find that low-income earners will see their taxes increased by as much as 50 per cent, whereas those earning $100,000 will see only a 3 per cent increase, and if you are earning $200,000 you will actually have a decrease in taxes. Is this the government's idea of fairness and equity?

Hon. Jean-Luc Pepin (Acting Prime Minister and Minister of Transport): Madam Speaker, the budget papers contain on page 26, if my memory serves me correctly, an analysis of the effects of the budget on different groups of people. For example, for married individuals with two dependants under age 18, who are earning $10,000, increase disposable income as a result of the budget by $41, which is 0.4 per cent of their disposable income. If the income is $25,000, the charge of the budget to such people is $72, which represents a decrease of 0.3 per cent of their disposable income. It seems to me, and to all of us here, that this is a relatively low price to pay for getting out of the recession and inflation in which we are now.

The answer is in the budget papers if my hon. friend would like to consult them. I am sure he could find the page himself.

Mr. Riis: The facts actually speak for themselves. If an individual earns more than $200,000, he or she will actually receive a $10,000 decrease in taxes as a result of this particular budget.

Some hon. Members: Shame!

CALCULATION OF GOVERNMENT REVENUE

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my supplementary question to the Acting Prime Minister again refers to the budget which points out that if the limits to indexation are at 6 per cent the government will receive an extra $1.3 billion in revenue. That assumes, of course, that inflation will be higher than that in order to make that revenue possible. Is that not admitting that the 6 per cent world will not be achieved if the government is actually counting on making $1.3 billion because of it?

• (1425)

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I would say to the hon. member that the objective of the government is to ensure the economic recovery by bringing the rate of inflation down to 6 per cent. In my opinion, the hon. member ought to carry on with his calculations and he would realize indeed that if we do manage to lower the inflation rate to 6 per cent or even less, there would then be a significant upturn of the economy, higher government revenues, lower interest rates as well as a reduced deficit. That is the appeal for solidarity and economic recovery which the Minister of Finance made in his budget speech and which the government is now promoting.

[*English*]

BUDGET FORECAST OF INFLATION RATES

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, it is probably because of this kind of rhetoric, as opposed to addressing the serious economic ills of the country, that we find the headlines today predicting an economic collapse in Canada. My supplementary question to the Acting Prime Minister is with regard to the 6 per cent guideline. The budget presumes that an 11 per cent inflation rate will occur in 1983 and a 9 per cent rate in 1984. Is this not in itself an admission that the 6 per cent goal will not be achieved and that it will

therefore permit the Prime Minister the opportunity to bring in complete wage controls?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I would suggest that the hon. member refer to yesterday's oral question period and heed the appeal made by the government to all economic agents instead of attempting to create or aggravate the climate of uncertainty or to spread fear. All together we need to show courage, energy and determination to prove to the people that we can present a common front to restore a favourable economic climate. We will do that if we succeed in lowering the rate of inflation, if we show solidarity, a spirit of sharing and especially courage, instead of hiding our heads in the sand and withdrawing before false fears, as the hon. member is doing.

* * *

[*English*]

TRANSPORT

ACTIONS OF LAKESPAN CORPORATION

Mr. Scott Fennell (Ontario): Madam Speaker, my question is directed to the Minister of Transport with regard to the Lakespan Corporation which is 50 per cent owned by CN Marine and 50 per cent by Rideau Shipping. They discontinued operation on April 20 on the basis that this was a suspension for review. Subsequent to that date they fired their employees, abandoned their office, and cancelled their telephones. Madam Speaker, I have to get to my question. There are nearly 100 small creditors out there with $700,000 of debt owed by this corporation. The shareholders who own the corporation are trying to sell the boat before July 23 to recoup their investment before looking after the small business people. This leaves them out in the cold.

Madam Speaker: Order. Does the hon. member really think it is reasonable to have such a long preamble?

Mr. Fennell: I will ask my question, Madam Speaker. Is the minister aware of the action taken by one of the Crown corporations for which he is responsible?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am not aware of the case, but I shall immediately get in touch with my hon. friend and he will have the opportunity to complete his exposé.

POSITION OF MINISTER

Mr. Scott Fennell (Ontario): Madam Speaker, that shocks me. The minister should be aware of the fact that there is an admiralty writ on a boat owned by the Crown corporation. Does he encourage Crown corporations to be so blatantly unethical in transactions with small business?

• (1430)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I sincerely believe that if the hon. member had wanted to get a full answer from me on this question, with his knowledge of the scope of the Department of Transport, he would have had the generosity, the kindness and the civility to give me notice of the question he intended to ask.

Some hon. Members: Hear, hear!

Mr. Clark: What nonsense! What cowardly nonsense!

* * *

INDIAN AFFAIRS

REQUEST FOR PACIFIC REGION OFFICE INQUIRY

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. What immediate and effective action is the minister undertaking in direct response to the urgency noted, first, in the unanimous recommendation of the standing committee for an independent inquiry into the affairs of the Westbank Indian Band and of the Pacific Region office in Vancouver, second, in the many grievances expressed in letters and briefs to the minister concerning the same, third, in the recommendation of his own departmental officials for an immediate and thorough four-point investigation and, fourth, in the interest and urgings of the premier of British Columbia?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I am fully aware of the concern of the hon. member and of many of his colleagues from British Columbia with respect to the actions of Chief Derrickson and the band council of that reserve. There is no question but that it has aroused great concern. We are now conducting an investigation, concerning which I have already spoken with the hon. member yesterday, and I will apprise him of the full details of that investigation as it proceeds.

As I have already told the hon. member, I am inviting Chief Ron Derrickson down here to go over some of the allegations which have been made with respect to the way he and the band council handle matters there. I have also indicated to the hon. member that I will be pleased to consult with him with respect to that particular meeting with Chief Derrickson.

Mr. King: I would like to say that there are aspects of this review that could be ongoing right now, before the meeting with the chief.

REQUEST THAT BRITISH COLUMBIA AND MANITOBA REGIONAL OFFICES BE AUDITED

Mr. Fred King (Okanagan-Similkameen): My supplementary question is for the same minister, Madam Speaker. Is the minister willing to follow the recommendations of the officials in his department, namely, to close the B.C. and Manitoba

regional offices for three months for the purpose of conducting an external audit?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I will have to raise that particular matter further with the hon. member a little later. If he is asking us to do something about the Westbank situation, I do not know whether the resolution of that matter pertains to closing all the offices of the department in the Province of British Columbia. I will be pleased to look into it.

* * *

EMPLOYMENT

HIRING OF SHIPS OFFICERS AND ENGINEERS

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the Minister of Employment and Immigration. With some million and a half Canadians unemployed, Canadian registered ships are still operating out of Canadian ports, with licensed engineers and other senior officer personnel coming from outside Canada. I therefore wish to ask the minister is there a shortage of properly certified engineering and navigation officers in Canada and, if so, is the minister giving any thought to designing a program whereby unemployed Canadian ships officers, many of them living in my riding, would be placed as observers on supply vessels, oil rigs, tankers, icebreakers and bulk carriers, giving them experience and requiring companies to hire them when openings exist following their certification?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would like to point out to the hon. member that last December we announced, as part of a general program of measures to deal with the current economic situation, the basic restriction on the application of foreign workers who want to come to Canada, and there is no longer the possibility of foreign workers coming into Canada on open applications. They must now have job validations demonstrating that there is absolutely no Canadian available for those jobs anywhere across the country. That particular program has been in place since early December. I would be very pleased to send the hon. member details of it because I think it is a direct answer to the question about which he is concerned.

TRAINING OF OFFICERS TO COMMAND SHIPS AND MARINE DRILLING RIGS

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, my supplementary question is directed to the same minister. Since Petro-Can and Bow Valley Resources are presently building oil rigs and a supply vessel in Marystown, Ranger Oil plans to charter an oil rig for five years, Husky Oil is constructing six supply vessels for 1983, Gulf Canada is bringing a fleet into the Arctic during 1983-84, and Balder offshore and K. D. Marine of Halifax are planning to bring in more supply vessels during the next year, I would like the minister to tell me what steps he is taking to make certain that Canadians are trained to command these rigs and ships.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I thank the hon. member for that supplementary question. It gives me the opportunity to point out to him and to other hon. members of the House that the legislation establishing a new National Training Program was given Royal Assent last evening. That means that we can now put over $1 billion into new training programs across Canada. Part of that program is specifically designed to aid the whole area involving the development of highly trained engineers and technicians in the marine industry. We have already held discussions with a number of marine colleges, both out west and on the east coast, to help them buy new equipment and facilities so that we can ensure that Canadians will be trained for those jobs of the future.

* * *

ENERGY

ASSISTANCE TO EASTERN REFINERIES

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. On May 31 of this year the minister announced that the Canadian government would be willing to consider providing financial assistance to eastern refineries in order to increase the market for western crude oil which would otherwise be shut in. Today, can the hon. gentleman officially inform this House and all Canadians whether such arrangements have been finalized with the eastern refineries and what the benefits will be to Canada in terms of oil costs and our balance of payments?

Mr. Clark: Order!

Mr. Harquail: Exactly how much will it represent to the Canadian economy?

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the government recently announced a number of steps to reduce the quantity of shut-in oil in Canada. In May and June there has already been a very, very substantial reduction in shut-in oil. As a matter of fact, at the end of June the quantity of shut-in oil was well below historical levels. We have reason or good cause to believe that the problem of shut-in oil will be very substantially taken care of by the latter part of this year. We are holding discussions with the refiners in eastern Montreal to ensure that they will take more Canadian oil. We have already reached an agreement with Irving Oil whereby Irving Oil will purchase 31,000 barrels per day of Canadian oil, the net result being a savings of about $500 million in the petroleum importation payments, benefits of about a quarter million dollars a day in royalties to the government of Alberta and about a million and a quarter

dollars a day in benefits to Canadians, particularly in western Canada, in terms of additional revenue and work.

Some hon. Members: Hear, hear!

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PENSIONS

PURCHASING POWER OF INDEXED BENEFITS

Mr. Neil Young (Beaches): Madam Speaker, my question is directed to the Minister of National Health and Welfare. Last week the minister told the House that, as a result of the deindexation of old age security benefits, pensioners would lose a mere $55 in 1983. Now that the minister has had an opportunity to examine and study the budget in detail, would the minister confirm for this House that the net loss of purchasing power of pensioners over the next two years will, in fact, be four times what the minister told the House last week—

Mr. Lalonde: Nothing, if inflation is at 6 per cent.

Mr. Young: —and that the 6 per cent dream world that the government is trying to promote will actually be an economic nightmare for those pensioners?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I do not recall having said this in the House, but I said last week, and I will repeat it here, that in 1983 pensioners not in need, those who receive only the basic old age pension, less than half the pensioners in Canada, will receive increases in their pensions, but not as much as anticipated. That will be equal to a loss of anticipated increase of $55. In a few days they will get $239 for this month, and next January they will get $249. So, I cannot answer the question of the hon. member positively.

• (1440)

QUERY RESPECTING PENSION REFORM

Mr. Neil Young (Beaches): Madam Speaker, my supplementary question is directed to the same minister. Anyone who has studied the budget knows that it is not $55; these people's real incomes will be reduced by over $230.

For the last 18 months the minister and other members of the cabinet have been touring the country raising expectations among seniors about pension reform. If pension reform means cutting incomes for seniors, that indicates the minister has no clout in the cabinet and should resign.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, the cabinet is fully committed to pension reform. The hon. member does not seem to realize that the budget is proof of that. The majority of pensioners in Canada will get double indexing. All those who receive the supplement will get double indexing to make sure they do not lose a penny. They will see the full value of their dollar protected. We have always said that we would target for those most in need, and we will continue to do so.

FINANCE

REQUEST THAT COMMITTEE BE APPOINTED TO DETERMINE GOVERNMENT SPENDING PRIORITIES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the Acting Prime Minister. The Acting Prime Minister will know that both the current Auditor General and the former auditor general have said that the country faces imminent economic collapse unless the government takes decisive action with respect to its deficits. Indeed, the former auditor general has suggested that government expenses be priorized into essential expenses, desirable expenses, and non-essential expenses. Would the Acting Prime Minister, together with the President of the Privy Council, appoint a special committee of this House to priorize government expenses?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the position the ex-auditor general has taken is exactly the same position as the one the government has taken. We agreed that the present situation is serious, and we presented to Canadians a real challenge in the budget which the Minister of Finance introduced the other day.

On the subject of selectivity of federal government expenditures, I have been in committees regularly in recent years. I have regularly listened in the House, and I have not heard anyone suggesting to me as Minister of Transport that there should be cuts. As a matter of fact, each time I come out with something dramatic, be it with regard to VIA, coastal services in Newfoundland, or some other matter, hon. members are extremely reluctant to agree with this approach. If we all were more responsive to the message of reducing federal government expenditures, I suggest that would make life easier, at least for the Minister of Transport.

Mr. Stevens: What about Mirabel?

PROCEDURE IN DETERMINING PRIORITIES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I am pleased the Acting Prime Minister at least recognizes the problem. Yesterday the Prime Minister suggested that the Public Accounts Committee could inquire into this matter, but the Acting Prime Minister will know that the Public Accounts Committee is limited in its inquiries to past expenditures and past deficits. I wonder what can be done with respect to current expenses.

The situation has changed dramatically in the last eight months with respect to the deficit figures in the previous budget. What proposals do the Acting Prime Minister and the government have with respect to going over existing expenditures approved in the estimates already with respect to this

year, and priorizing those expenditures so that when changes have to be made in the expenditure program this House will have real input into those changes?

Hon. Jean-Luc Pepin (Minister of Transport): Speaking as a minister, Madam Speaker, the process of priorization is with us with a vengeance at this moment. We have limited resources and, obviously, choice is paramount in our minds.

On the subject of the committee work of the House of Commons, every budget of every department goes before a committee, and it is really the responsibility of the committees to force members of cabinet to justify their expenditures.

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RAILWAYS

CROWSNEST PASS RATES—APPLICATION OF INFLATION GUIDELINES TO GILSON REPORT RECOMMENDATIONS

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I would like to put a question to the Acting Prime Minister. The Gilson report on grain transportation recommends increasing costs to grain producers in western Canada by 15 per cent a year, a total of 45 per cent in the next three years. Could the minister inform producers and members of this House whether 6 per cent and 5 per cent will apply to the movement of grain in western Canada, or is that an exemption because he feels producers have more money than his department?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, my hon. friend has not read the fine print of the Gilson report. If he had done so, he would know that in the first year of implementation there is no increase to the farmer at all. He would also know that in the second year the increase is at a level of 14 per cent for transportation costs, which represent 2.5 per cent of the cost of production of a bushel of wheat. In due course we will have to address the problem of the second year.

* * *

GRAINS

TWO-PRICE WHEAT SYSTEM

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, with respect to the costs which will have to be borne by the producers of grain in western Canada, can the Acting Prime Minister, who is responsible in this House for the Canadian Wheat Board, inform the House whether he has had an opportunity to review the two-price wheat system, which will expire at the end of this year, which provides a minimum of $5 and a maximum of $7 a bushel? If he has had an opportunity to review that, would he inform the House whether this will be increased to keep pace with increasing costs or whether it will be dropped and the producers made to suffer?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, we have not reviewed the two-price wheat system yet.

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HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—DELAY IN PASSAGE OF LEGISLATION

Mr. Jack Burghardt (London West): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. In light of the refusal on the part of the NDP on two occasions to agree to passage of Bill C-109, I wonder what the minister can do to facilitate the operation of the program to provide funds to UFFI home owners who are experiencing difficulty.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, it is clear that it is urgent that we pass the bill, which in fact would provide for three things. First, it would authorize the government to pay home owners a certain amount of money. Second, the money they receive would be non-taxable. Third, the home owner who receives this money would retain the right to sue the government if he wanted to sue the government at a later date.

I hope through consultations among House leaders, and with my critic in the official opposition, the hon. member for Hamilton-Wentworth, and the hon. member for Comox-Powell River, we will be able to arrive at an agreement for speedy passage of the bill. Indeed, the Conservatives have already indicated that they have no more speakers to discuss the bill at second reading, and I hope the NDP will have no more than one or two speakers and then that we could take the bill to committee, where I am prepared to sit morning, afternoon and night so that we could report the bill and allow home owners to receive the money they certainly deserve.

Some hon. Members: Hear, hear!

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TELECOMMUNICATIONS

BELL CANADA APPLICATION FOR RATE INCREASE

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I would like to return to the wonderful world of 6 per cent and address a question to whichever minister is apologizing for the Minister of Finance today. The Minister of Finance has repeatedly sent smoke signals to regulatory bodies such as the CRTC that they should hold the line at 6 per cent, yet the Minister of Communications is quoted as backing Ma Bell's application for a whopping 25 per cent increase in residential telephone service. To whose signals should the CRTC listen?

Hon. Francis Fox (Minister of Communications): Madam Speaker, since my name was taken in vain by the hon. member, I would like an opportunity to reply. At no point have I endorsed an increase for Bell Canada of that nature. My

response in answer to questions is to the effect that the Minister of Finance in his budget indicated quite clearly that in the area of public communications the regulatory organizations responsible to Parliament would be expected to follow the 5 per cent and 6 per cent guidelines unless there were "exceptional circumstances". That was indicated in the budget. I would fully expect that that guideline, which is in the budget, would be followed by the various regulatory agencies of the governments.

• (1450)

Mr. Rose: Madam Speaker, I am glad that the minister has had the chance to clarify his remarks because they seem to contradict what I read in the press.

GOVERNMENT POLICY ON REGULATED PRICES

Mr. Mark Rose (Mission-Port Moody): The minister defended the Bell hike, on the grounds that no company could be held to 6 per cent when it could get 16 per cent by investing in bonds. Given that rationale, there appears to be no authority and no ceiling on any price regulated by the federal government.

I should like to ask whichever minister will respond, how we can really believe that the government is serious or that it intends it own regulatory bodies to hold the line. Who is going to believe that in the country? No one.

Hon. Francis Fox (Minister of Communications): Madam Speaker, once again, it is quite clear that under its statutory obligation the CRTC must receive rate applications from Bell Canada, must hold hearings on those applications, and must come to a decision on what rate of return ought to be allowed to the company. It is also clear that there is an appeal from the decision of the CRTC to the federal cabinet. If the cabinet feels that the rate increase awarded by the CRTC is not justified, it can return the matter to the CRTC or indicate which way the decision ought to go.

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IMMIGRATION

RESPONSIBILITY FOR SPONSORED IMMIGRANTS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, I have a question for the Minister of Employment and Immigration. The sponsors of immigrants before 1967 have to be accountable for them for life. The same applies to people who came in under the family sponsorship program before the new act went into effect in 1978. Sponsors of immigrants after 1978 are only responsible for them for ten years. Would the minister consider making such sponsorship retroactive so that all sponsors are accountable for immigrants for a ten-year period?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I appreciate the hon. member's question which obviously relates to a case which has come to light recently in the Toronto area, regarding an application for welfare under provincial rules. I would point out to the House, first of all, that eligibility for welfare is a provincial decision and has very little to do with any decision being made under the federal jurisdiction. It is within provincial rights and responsibilities.

The Immigration Act provides that sponsorship is very much a moral obligation for those who have undertaken to sponsor a relative. In effect, it is a special privilege to come into this country under relaxed criteria, but sponsor responsibility is not legally enforceable under the old act. It is enforceable under the 1978 act. A judgment has to be made by the municipality as to whether it will consider the provisions of the 1978 act as part of the criterion for eligibility.

GOVERNMENT POSITION

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, the provincial governments and municipalities are hanging their decisions in this particular case and, I understand, in other cases, on the agreement that was signed by the sponsors pre-1967 and pre-1978. Is the minister telling the municipalities that they should not hang their decision on that, and that the ten-year sponsorship applies to everyone in Canada at the present time?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am indicating that the whole question of the enforcement of the sponsorship provisions is only legally enforceable under the provisions of the 1978 Immigration Act. It was not established in any statutory form under the previous immigration legislation. We do not therefore have the power to enforce it, other than by whatever persuasion or moral suasion that can be applied. We are saying to the municipalities that in this case their judgment on who is eligible for welfare benefits should be based upon the usual criteria applied. There is, however, obviously a moral obligation on the part of those families that undertook sponsorship to adhere to their undertaking.

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AGRICULTURE

PROPOSED ESTABLISHMENT OF VETERINARY COLLEGE AT CHARLOTTETOWN, P.E.I.

Mr. Tom McMillan (Hillsborough): Madam Speaker, may I put a question to the Minister of Agriculture. The minister has consistently told this House and the country that the federal government was totally committed to meeting its share of the cost of a veterinary college in the Atlantic provinces, provided that the four premiers could get their act together and decide among themselves on a site.

Now that all four provinces have finally agreed on Charlottetown as the site for the veterinary college, following sensitive negotiations and diplomacy, why has the federal

government reneged on its promise by recently announcing that it will not have anything to do with funding this veterinary college which is so badly needed?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, what the hon. member says is not true because the facts are different. I received no confirmation and no authority. I sent a telegram, and I hope to meet Premier Buchanan next week at the provincial ministers' meeting in Halifax. I could find nothing on record that is different from what he said before, that he is going to have tuition, etc. I am waiting for him to say something firm that will be placed here, the same as the Premier of Prince Edward Island, the Premier of New Brunswick and the Premier of Newfoundland have done, but there is nothing like that before us at the present time.

REQUEST FOR GOVERNMENT COMMITMENT

Mr. Tom McMillan (Hillsborough): Madam Speaker, if the premier of Nova Scotia places a firm commitment on the minister's desk next week, to the effect that he will support a veterinary college for the Atlantic colleges in Charlottetown as agreed by the other Atlantic provinces, will the minister in the House today give a firm commitment that the federal government will meet its share of the cost of this facility?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member has stated that things are different from what they really are, or as I have stated them. He said that I said emphatically that when they got agreement, we would go ahead. I have repeatedly said that I had the money in the blue book. We withdrew it from the budget when they could not agree. That is what was said, Madam Speaker.

Some hon. Members: Oh, oh!

Mr. Whelan: I said we would have to find new funds for it. It was delayed for how many years? They were five years without making up their minds. We had the money in the blue book. We know that a veterinary college is needed. We said it was needed, but they could not agree amongst themselves on how it should be funded.

Some hon. Members: Hear, hear!

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FISHERIES

BAY OF FUNDY HERRING FISHERY

Miss Coline Campbell (South West Nova): Madam Speaker, I should like to direct a question to the Minister of Fisheries and Oceans. In view of the fact that the herring fishery in the Bay of Fundy should be well under way but is not, because the parties have not been able to negotiate a price, would the minister appoint an independent person to see if a solution can be found to the problem as soon as possible?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I would hesitate to give an affirmative answer to the hon. member because the fishermen and the processors are engaged in a normal negotiation. I hope they find a solution. I would hesitate to move between the processors and the fishermen who, I think, are seriously negotiating for the first time to my knowledge.

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CORPORATE AFFAIRS

CONSOLIDATED COMPUTERS INCORPORATED—REQUEST FOR REFERRAL TO COMMITTEE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a question for the Acting Prime Minister related to the case of Consolidated Computers where the Canadian public lost $125 million. A Department of Justice study has been conducted into the narrow question of legal culpability. There has not, however, been a public study into the question of how the Parliament of Canada can prevent future $125 million losses or other multimillion dollar losses as a result of circumstances similar to those which pertain to Consolidated Computers.

Would the Acting Prime Minister give us an undertaking that the government is prepared to consider a reference to an appropriate committee to allow Parliament to study the Consolidated Computers case with a view to ensuring that we put safeguards in place to guarantee that the public will not be forced to lose or risk millions of dollars of public money because of errors made by the bureaucracy?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, it is my understanding that the President of the Treasury Board has already appeared before a committee of the House to account for what went on in this particular instance. I do not see why another committee could do better.

• (1500)

REQUEST THAT ANDERSON REPORT BE TABLED

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the reason why another committee would have the opportunity to go further is that the minister was reporting briefly on information brought to his attention. I may say in passing that he has not yet tabled the Anderson report into the Consolidated Computers matter, and the House would like to have that. I am sure the minister would not want us to have a situation existing where the people of Canada run the risk of losing another $125 million as a result of another Consolidated Computers case.

The inquiries to date have not been adequate. Will the minister give us an undertaking at least to consider giving Parliament the opportunity to inquire into Consolidated Computers with an eye to establishing safeguards to stop future multimillion dollar losses to the Canadian taxpayer, and will he undertake that the full Anderson report will be tabled and not hidden from Parliament?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, obviously I cannot give this undertaking before I have spoken to the minister responsible. I will do so and report.

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HOUSING

CANADA MORTGAGE AND HOUSING CORPORATION—PRICE INCREASES IN HAMILTON, ONT.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have one question for the Acting Prime Minsiter. Why did Canada Mortgage and Housing Corporation increase the price of homes it had listed for sale in Hamilton by almost $3,000 two days after the budget was introduced?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am really not informed on this particular matter. I regret that the minister responsible for CMHC is not here, but I will bring it to his attention immediately.

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[*Translation*]

PETITION

MR. FULTON—APPOINTMENT OF CHAIRPERSON TO THE INTERNATIONAL JOINT COMMISSION

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred ninety-eighth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Skeena (Mr. Fulton) on Wednesday, July 7, 1982 and finds that it meets the requirements of the Standing Orders as to form.

* * *

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Nielsen: Madam Speaker, I would like to address the usual Thursday question to the government House leader. The question of Bill C-109 was the subject of an exchange three times today during question period and motions under Standing Order 43. The Minister of Consumer and Corporate Affairs is in the House and I presume the government House leader has had the opportunity of conferring with the minister. As he knows, we said yesterday that we were prepared to deal with C-109 through all of its stages tomorrow provided that, as the minister stated to our critic, the hon. member for Hamilton-Wentworth, the subject matter of the bill would be referred to the Standing Committee on Health, Welfare and Social Affairs, including the reference of the board of inquiry into the hazards of UFFI.

Can the government House leader say that we will see that bill tomorrow so that we can deal with it on that basis expeditiously? Having disposed of that, will we be passing to Bill C-124 and, if so, what will follow into next week as far as the government House leader can take us, please?

Mr. Deans: Madam Speaker, the House leader for the official opposition raises an interesting point with regard to the UFFI bill. I do, however, want to point out that we have received communication—myself as late as today in a telegram—from representatives of home owners with UFFI from across the country asking that the bill not be proceeded with immediately. Therefore, in the face of these home owners' request, we cannot give unanimous consent.

Some hon. Members: Shame, shame!

Mr. Deans: However, like the minister and the Conservative Party, we want to see the matter resolved and I am hoping that the minister will sit down in earnest with our critic and discuss the serious problems and deficiencies.

Mr. Nielsen: Madam Speaker, surely the government House leader is going to answer my general question, which is the normal practice on Thursday. What will be the business tomorrow and next week in light of the obvious absence of the co-operation of the NDP?

[*Translation*]

Mr. Pinard: Madam Speaker, tomorrow and in the following days, we will study Bill C-124, an Act respecting compensation in the public sector of Canada, and after that Bill C-125, an Act to provide supplementary borrowing authority.

[*English*]

Mr. Nielsen: Madam Speaker, does the government House leader intend to deal with C-124 until second reading is complete and then pass to C-125?

[*Translation*]

Mr. Pinard: For the time being, yes, Madam Speaker.

[*English*]

Mr. Skelly: Madam Speaker, I wonder if I might addres a few short remarks to the government House leader—

Some hon. Members: No!

Mr. Skelly: —on the matter of C-109?

Madam Speaker: Order. The hon. member may ask a question about government business but this is not the time to negotiate any arrangements which might be made among the leaders of the different parties on the passage of certain bills.

Mr. Skelly: Madam Speaker, I recognize the requirement but I would like to know for my edification whether the government intends to continue with this absolutely back door approach, or whether Bill C-109 will be dealt with once the

minister has clarified the outstanding issues. Since we recognize that this bill will not be proceeded with and this session will continue for some time, there is certainly time to clarify the outstanding matters.

The question of a special parliamentary committee is vitally important, as well as identifying the sources of funding. Is it the government House leader's intention to have those matters clarified so that we can then bring forward the bill and deal with it as expeditiously as we would like to?

[*Translation*]

Mr. Pinard: Madam Speaker, the situation is very simple and very clear. All Canadians know by now that the New Democratic Party is against the speedy adoption of the bill on houses insulated with urea formaldehyde and it will have to shoulder that responsibility. As to whether it is common practice in the House to use a motion under Standing Order 43 to score political points, I must say that the example is set by members opposite.

* * *

[*English*]

HOUSE OF COMMONS

ANNIVERSARY OF CLASS OF 1974

Mr. Gilbert Parent (Welland): On a point of information, Madam Speaker, perhaps you would be interested in knowing that today is the anniversary of the class of 1974. I simply wanted to go on record as saying to those of us elected in 1974: Happy Anniversary.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

FINANCE, TRADE AND ECONOMIC AFFAIRS—PRESENTATION OF FIFTEENTH REPORT OF STANDING COMMITTEE

Mrs. Céline Hervieux-Payette (Montreal-Mercier): Madam Speaker, I have the honour of tabling the fifteenth report of the Standing Committee on Finance, Trade and Economic Affairs.

[*English*]

PRIVILEGES AND ELECTIONS—PRESENTATION OF FOURTH AND FIFTH REPORTS OF STANDING COMMITTEE

Mr. Maurice Foster (Algoma): Madam Speaker, I have the honour to present the fourth and fifth reports of the Standing Committee on Privileges and Elections, in both official languages.

FINANCE, TRADE AND ECONOMIC AFFAIRS—PRESENTATION OF FOURTEENTH REPORT OF STANDING COMMITTEE

Hon. Bryce Mackasey (Lincoln): Madam Speaker, I have the honour to present the fourteenth report of the Standing Committee on Finance, Trade and Economic Affairs, in both official languages.

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JAMES BAY AND NORTHERN QUEBEC AGREEMENT

TABLING OF IMPLEMENTATION REVIEW

Mr. Ray Chénier (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Madam Speaker, under the provisions of Standing Order 41(2), I wish to table in both official languages copies of the James Bay and Northern Quebec Agreement Implementation Review.

* * *

[*Translation*]

CANADA-GERMANY TAX AGREEMENT ACT, 1982

MEASURE TO AVOID DOUBLE TAXATION

Hon. Yvon Pinard (for Mr. Bussières) moved that Bill S-24, an Act to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes, be read the first time.

Motion agreed to and bill read the first time.

* * *

• (1510)

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,009, 3,251, 3,253, 4,310, 4,342 and 4,347.

[*Text*]

MR. JAMES COUTTS

Question No. 3,009—**Mr. Cossitt:**

1. At the time Mr. James Coutts resigned as Principal Secretary to the Prime Minister for the purpose of contesting the by-election in the constituency of Spadina, did the Prime Minister give him an assurance that he would receive an appointment if he were defeated in the by-election and, if so, what was the appointment?

2. Is it government policy to appoint to a position anyone who is referred to as "a backroom Liberal" who resigns his post with the government and subsequently loses a by-election?

Order Paper Questions

3. (a) Was it government policy that the Prime Minister should arrive back in Ottawa from Africa as he did on August 17, 1981 because it was the date of the by-election in Spadina (b) had the Prime Minister or anyone acting on his behalf prepared a congratulatory message or statement regarding Mr. Coutts and, if so, who prepared the statement and does the government intend to release the wording of the statement?

Right Hon. P. E. Trudeau (Prime Minister): 1. No. 2. No. 3. (a) No. (b) No.

MR. TOM AXWORTHY

Question No. 3,251—**Mr. Cossitt:**

Did Mr. Tom Axworthy, Principal Secretary to the Prime Minister, hold beer and sandwich parties in his office at public expense on the occasion of telecasts of one or more Montreal Expo games and, if so (a) what were the names of all members of the Prime Minister's staff who attended (b) what was the total cost and what are all the reasons justifying such expenditures?

Right Hon. P. E. Trudeau (Prime Minister): No. (a) Not applicable. (b) Not applicable.

MR. JAMES COUTTS

Question No. 3,253—**Mr. Cossitt:**

To the knowledge of the government, while Mr. James Coutts was Principal Secretary to the Prime Minister, was a special table reserved for him at public expense in the Canadian Grill of the Chateau Laurier Hotel and were any expenses incurred paid for from public funds and, if so, what was the total amount?

Right Hon. P. E. Trudeau (Prime Minister): The government never paid to reserve a special table for Mr. Coutts while he was Principal Secretary to the Prime Minister. Mr. Coutts was reimbursed from time to time for expenses incurred on official business.

REPORT OF RCMP SECURITY SERVICE

Question No. 4,310—**Mr. Robinson (Burnaby):**

1. On what date was the most recent report of the RCMP Security Service to the Cabinet Committee on Security and Intelligence given, as required by paragraph (b) of the 1975 Cabinet Directive on "The Role, Tasks and Methods of the RCMP Security Service"?

2. How many reports were there since the second report, which covered January 1977 to April 1979?

Right Hon. P. E. Trudeau (Prime Minister): 1. The most recent report, covering the April 1, 1980 to March 31, 1981 period was submitted to the Solicitor General on March 4, 1982 and will be considered by the Cabinet Committee at the earliest opportunity.

2. Two.

NATIONAL HARBOURS BOARD

Question No. 4,342—**Mr. Howie:**

1. In the past three years, was the National Harbours Board involved in any lawsuits with respect to its operations in New Brunswick and, if so, what were the names of the litigants?

2. Were any outside lawyers employed by the board and, if so, what was the total amount paid to them to date?

Mr. Jesse P. Flis (Parliamentary Secretaty to Minister of Transport): The National Harbours Board advises as follows: 1. Yes. Brunswick Petroleum Transport; Peter Kiewit and Sons Co. Ltd.; Maritime Testing Ltd.; Jos. A. Likely Ltd.; Furncan Marine and Empire Stevedoring Co. Ltd.; Vessel Astra; Salt Co. 2. Yes. $143,541.92.

CANADIAN CHANCERY IN WASHINGTON

Question No. 4,347—**Mr. Shields:**

1. Was a competition called for an architectural design for a new Canadian embassy in Washington, D.C.?

2. Was it a public competition and, if so, what were all the details, including the names of the firms that responded?

3. Was the competition by invitation only and, if so, what were all the details, including the names of the firms that were invited to compete?

4. (a) What were the terms, conditions and guidelines given to the firms and architects entering the competition (b) who was eligible to enter the competition?

5. Was it indicated in the terms of the competition that the cabinet was to make the final decision as to which architect would be chosen and, if not, what selection process was outlined to the contestants?

6. Prior to the decision being made to construct the embassy, was a need-study conducted and, if so (a) by whom (b) at what cost (c) is the study available (d) was the study made available to the architects submitting proposals for the design of the embassy?

7. Are there preliminary estimates of the cost of constructing a new Canadian embassy in Washington, D.C. and, if so (a) who did the estimates and at what cost (b) are the estimates in Canadian or American funds?

8. Which departmental budget does the capital cost of the construction of this embassy come out of?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. No. An architectural design competition as such was not called for in the case of the Canadian embassy in Washington, D.C.

2 and 3. All registered architectural firms in Canada were notified, by their provincial associations, of the government's intent to select an architectural consultant for the proposed new Canadian Chancery in Washington. From this initial contact, 318 firms expressed interest in being considered further. Questionnaires were sent to them, and 71 firms responded providing additional data on their experience and capabilities. The names of the 71 firms are contained on the list below.

4. (a) All interested firms were provided with a plot plan, photograph and map locating the site in Washington together with other data sufficient to allow each applicant to prepare and present a submission suitable for an evaluation of their experience, design philosophy, managerial capabilities and cost and budget control procedures. (b) All firms registered in Canada were eligible to enter this stage of the competition and 71 decided to do so.

5. The terms of the qualification competition do not refer specifically to how the final decision was to be made.

6. A "need-study" was conducted by the firm Woods Gordon of Toronto at a cost of $118,000. The study dealt with options available to Canada in resolving its Chancery needs and supported the selection by the department of a site on Pennsylvania Avenue. The study is considered an internal

document by the department and involves more detail particularly on sites which have since been rejected and therefore was not presented to architects submitting proposals.

7. (a) There are preliminary estimates of the cost of constructing a new Canadian embassy. The preliminary estimates have been prepared by the technical staff of the Department of External Affairs with no cost supplementary to those associated with staff salaries. (b) The estimates take into account the cost in both Canadian and American funds.

8. The Embassy project will be a charge to the budget of the Department of External Affairs.

Firms:

Adamson Associates
Annau Associates
Arcop Associates
Arnott McPhail and Associates
Barry Cline, Architect
Beinhaker Irwin, Architects/Planners
Bemi, Pye Richards, Architects
Bobrow-Fieldman, Architects/Planners
Boga Group, Architects and Planners
Boigan and Armstrong, Architects
Capital Consortium
Murray and Murray
Page and Steele
Scholer and Heaton
Carmen Bennett, Architect
Chandler Kennedy Group
Clifford Laurie, Bolton, Architects
Colin Bent, Architect
D. Owen and Associates
Da Roza, Architects
Della Lana Griffin, Architect
Diamond, A.J., Architects
Dimitri, Dimakopoulos and Ptnrs.
Downs/Archambault, Architects
Dubois Plumb and Associates
E. George Kneider, Architect
Erickson, A., Architect
E. J. Gaboury and 10 Arch. Group, Architects
E. R. Baldwin, Architect
Fliess, Gates, McGowan and Ptners.
Freschi, Bruno Architect
Frost, Brammer and Associates
Gardiner/Thorton, Partnership
Gene Dub, Architect
Hamilton Kemp, Architect
J.P. Thomson and Associates
Johnston, Maragna, Stark and Temporale, Architects
Kachmaryk, Novick and Johnston, Architects
Keith L. Graham and Associates
Kelton and Lacka, Architects
Laslo/Nemeth, Architect
Lazosky/Stenman, Architects
Lee, Elken, Beckstead, Architects
Lennis/Trotter, Architects
Lippert Svidris, Architect
Littlewood, Alan, Architect
Luc Durand, Architect
Markson, Jerome Architects
Mid-Canada Consortium
Norman Dobell, Architect
Moffat, Moffat, Kinsohita, Architects
Moriyama and Teshima, Architects
Myers/Rounthwaite and Associates
Neish, Owen, Rowland, Roy
P.L.L. and Associate
Papineau, Gerin, Lajoie, Architects
Parkin Partnership
R.D. Lines, Architect
S.R. Pakarnyk, Architect
Safdie, Desnoyers, Larose, Laliberte and Patrucci, Architects
Sankey Partnership & Blouin, Blouin and Associates
Shore, Tilbe, Menschel, Irwin, Peters, Architects
Smith Carter and Fiset Miller
Stetcheson Katz, Architect
Strasman/Dunlop, Architects
T. Vancouver, Architect
Tawadros Architects
The Davies/Leggat Partnership
Thompson/Berwick/Pratt, Partnership
V. W. Kuchar and Associates
Wade Williams, Partnership
Webb, Zerafa, Menkes
White/Bushman, Architects
Wiens/Johnstone, Architects
Zeidler Roberts Ptnrshp

[*English*]

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

Mr. Beatty: Madam Speaker, I wonder whether the parliamentary secretary might tell the House what procedures he follows on points of order on written questions on the Order Paper which are brought to his attention. It was some weeks ago that I brought to the attention of the parliamentary secretary question No. 4,041, which deals with the reports of the Standing Joint Committee on Regulations and other Statutory Instruments, of the Economic Council of Canada and of the Task Force on Regulatory Reform. I have been informed they were supplied to the President of the Privy Council's office some weeks previous to that by the President of the Treasury Board, but for some reason they have never emerged to see the light of day. Does the Parliamentary Secretary to the President of the Privy Council in fact make any inquiries as a result of these points of order raised in the House? If so, can he tell me what he has done in the past month or so with regard to this particular question?

Mr. Smith: Madam Speaker, when I undertake to look into a matter on behalf of a certain member of Parliament as a result of an inquiry, I do follow it up; the appropriate ministers' offices are contacted, and the matter is pursued.

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Wednesday, July 7, 1982, consideration of the motion of Mr. MacEachen that this House approves in general the budgetary policy of the government.

Mr. Yves Demers (Duvernay): Madam Speaker, thank you for giving me this opportunity to speak to a subject as important as this budget. As everyone in this House is aware, for several years, and especially during the last year or year and a half, industrialized countries have been faced with very serious problems. What happened to our economy, which had been doing so well in the years from 1970 to 1974? Well, we all know that around 1973 or 1974, oil prices increased by an incredible 700 or 800 per cent. Inevitably, the increased price of oil was reflected in production and transportation costs, and oil consuming countries have all had to raise their prices tremendously in order to continue to make a profit or just to break even. With the oil crisis came inflation, which started in 1974-75 at between 6 and 7 per cent and now, in 1982, in Canada, has risen to nearly 12 per cent. Because of inflation, in every collective agreement negotiated subsequently, employees have demanded wage increases at least equivalent to the rate of inflation, in other words, between 8 and 12 per cent. Producers had to pass on these increases in the prices for their products and we have been in this inflationary spiral for a number of years, which is one of the reasons we are now in a recession.

Furthermore, a few months ago the powerful United States decided to raise interest rates to previously unheard-of levels, namely 18, 19 and even 20 per cent. The reason: the U.S. wants to bring back petro-dollars invested throughout the world. Petro-dollars are invested in Canada and also in France, Great Britain and Italy, and it is a fact that people with money to invest, whether it is $100,000, $10,000 or $10 million, are going to invest it in countries where they can get the best return on their investment. In this case, they are taking their money to the United States which is paying the highest rates in the world. That is why millions of dollars have been pouring in to the United States. Here in Canada, if we do not want our economy to be bled dry for the benefit of the U.S., like many other countries we must raise our interest rates to compete with U.S. rates.

One often wonders why the United States is trying to bring home all those petro-dollars. I am not sure about the reasons, but I do have a question. As we all know, a number of European countries, including Germany and France, are negotiating with the U.S.S.R. for the construction of a pipeline from Siberia to Europe, which will carry Siberian natural gas to energy-hungry Europeans. Obviously, the United States is not very happy about this, because in the event of a serious conflict between the U.S.S.R. and our countries, the first thing the U.S.S.R. will do is cut off the supply of natural gas to our allies, namely Germany, Italy, France and Great Britain. Is this why the U.S. wants to repatriate its petro dollars, to prevent the financing of a megaproject that is going to cost several billion dollars? I am not sure but it might be one of the reasons. What I do know, however, is that in the short term, the U.S. economy will certainly benefit from the situation, because with all this money, the Americans will be able to build a lot of factories, and subsequently provide jobs for their people. Even if in the U.S. unemployment is also running at about 10 per cent, an increase in the number of jobs may be expected in the short term. I am not so sure about the long-term effects, however, because the U.S. dollar is already worth 25 or 28 per cent more than the Canadian dollar, and European currencies have fallen about 50 per cent, in terms of the American dollar, from where they were about two years ago. This means that as time goes on, the U.S. will find it increasingly difficult to export its products and, conversely, other countries will find it much easier to export their goods to the U.S. Nevertheless, I am not too worried about the U.S. I am sure they realize what is involved, and they had reasons for taking the action they did.

Where does Canada stand in these difficult times of very high interest rates? As I said earlier, we have almost matched U.S. rates, while our Canadian dollar has fallen. Today, our dollar is worth about 78 cents in terms of the U.S. dollar, which does not look too good. However, if we compare the performance of our Canadian government with that of all other industrialized countries, including economically strong countries such as France, Germany and Japan, we realize that our dollar is very strong, because although it is worth 78 cents in U.S. terms, currencies in European countries have fallen by 50 per cent compared with the American dollar. And if we draw a comparison with the Canadian dollar, two years ago, one franc was worth 28 or 29 cents, while today, in 1982, although our dollar is down to 78 cents in U.S. terms, one French franc is worth only 17 or 18 cents in Canadian money. So we can say that Canada's policies have still been quite satisfactory, and that today, although our dollar may be weaker than the American dollar, it is much stronger than the currencies of all other industrialized countries.

• (1520)

People tell us that paying 18 per cent interest is outrageous, and I agree. If here in Canada we wanted to have a 12 per cent rate, while U.S. rates are as high as 18 per cent, on the face of it, it might make things easier for our industries, but we all know that investors in Canada would transfer their Canadian funds to the United States, and there would be no capital left in Canada to finance our Canadian industries. In fact, the initial improvement would be followed in a few months by a definite worsening of the situation. It would not be impossible

to reduce interest rates, but if we were to do so, we would have to prevent an outflow of Canadian capital toward the United States and other countries. The procedure to be followed in this regard would be the adoption of an exchange control law. With such legislation Canadians could not take money out of Canada to invest it in other countries at their will. I must admit that, in the short term, this could solve the problem for a few months. However, we know quite well that, in Canada, we not only need money from Canadians, but also, from foreigners in order to develop our country, whether it be the tar sands projects which are now facing problems, the James Bay project, which has cost us $18 billion, or other major Canadian projects. If we did implement exchange controls, no foreign company would be interested in investing in Canada since it could not get back the profits to its own country, and the situation would be even worse.

Compared with what is happening in the United States, our economy is at a standstill. In addition to interest rates, there are certainly several reasons for our economic ills. I do not want to describe them all today, because some of them are obvious, others are apparent and others are more subtle. However, I would like to mention a few of them because I believe that we, the elected representatives of the people, on all sides of the House, have a duty to make suggestions so that all Canadians may discuss them and gain the best possible understanding of the problems. One important problem is the fact that wages have increased more quickly in Canada than in the United States, which means that our production costs are often higher than in the United States. This is a problem, but it is not the worst one because I agree that Canadian workers should earn a good living. However, Canada is dangerously and obviously lagging behind in the area of productivity. If we compare Canadian and American productivity, we find that ours is about 20 per cent lower. Who is responsible? The various government levels are partially responsible. Because of their abusive wage demands and working conditions, labour unions heavily share that responsibility. Consequently, the workers who make up the membership of these unions are also responsible. I would like to give a few examples. In Quebec, for instance—and I suppose that the situation is similar in many Canadian provinces—if you are a carpenter working on construction sites, you have a certain territory where you can work, let us say the area of Montreal. If your contractor accepts a building contract in Trois-Rivières, for each employee he hires in Montreal to work in Trois-Rivières, he will have to hire a certain number of local workers. This means that if a Montreal contractor needs 100 employees for a job in Trois-Rivières and hires 50 employees in the Montreal area, he will have to hire 50 workers in the Trois-Rivières region. As everyone must realize, the best workers from these regions already have a job because the best workers in any field can always find a job. This contractor will therefore have to hire workers who are not as good, and therefore not as productive. When he makes his submission, he takes this fact into account and increases his prices by 10, 15 or 20 per cent to compensate for a lower productivity.

We are now going through a public transport strike in Montreal. Those who sell tickets have been asked to give change to the public. This is part of their job, they must collect the money and give change to the public. They believe that this is not their job, that they do not have to do the work, and they are even talking about going on strike. This would not give them any more money, but they are putting obstacles in the way. I went to the hospital very recently because my youngest son had an operation, and I witnessed something which surprised me. A nurse dropped a bottle on the terrazzo floor. Two and three-year-old toddlers were playing around the glass. The nurse had no right to pick up the shattered glass, she must make a call because the union says a cleaning attendant must pick up the glass. So, according to union instructions, the nurse called the cleaning attendants. Fifteen minutes later, for some reason, the glass was still on the floor, with the children around. I took a sheet of paper and picked up the glass; because I am not unionized, nobody can stop me from doing it. Such situations are utterly stupid. First of all, children could have been harmed, and this is very important; second, the nurse could have picked up all the glass in two minutes. Just imagine! She called somebody that started from the other end of the building, who may have walked half an hour or fifteen minutes to get there, then he took five or ten minutes to pick up the glass and had to walk another quarter of an hour to get back to work.

• (1530)

It is because of such nonsense that no salary increases are granted, but productivitywise, each one of us Canadians has to pay for these mistakes with our taxes. In that context, I feel that we Canadians all have to start thinking, because we must understand that today we are in competition with the United States, Japan and every other nation. If we are to protect our jobs, we will not do so by asking Canadians to put in terrific hours, to work on the double, but simply by requesting that within those eight or seven and a half hours people work, they give a full day's work, and I am convinced that with the level of education in Canada and our mining potential, this country can make for very pleasant living and can compete very easily with any other nation.

Workers are not the only ones at fault. Our businessmen also share the responsibility. Quite recently the Canadian government had to guarantee several million dollars to Chrysler because that corporation was in serious difficulty. We guaranteed several million dollars to protect those jobs. But how come that since 1973, since the oil crisis, when we all realized that automobiles should be smaller, the Chrysler Corporation kept on producing cars that were exceedingly large, exceedingly heavy, and that guzzled a lot of gas? Consumers, of course, were aware of this and sales went down. Therefore, that corporation was clearly at fault. I could refer

to other cases, of which there are several. This points to the responsibility of management, especially in the case of large corporations and, amazingly, in the case of that corporation.

I mentioned earlier that governments have a goal, the federal government, provincial governments, municipal governments. We have so many regulations and paperwork that we require businessmen and employees to spend part of their working hours completing forms, complying with regulations and all kinds of things. This is hindering productivity. We, as government, realized this and, some time ago we set up a committee to look into all these demands on industry, with a view to reducing them as much as possible. An industry that must use 5 per cent of its time completing forms has a 5 per cent productivity loss. As I said, all governments are guilty to some extent. These include provincial governments, and I should like to state a few facts which affect me most as a Quebecer. Our province of Quebec is making mistakes, tremendous mistakes. Very recently, it bought the Asbestos Corporation. Everybody has been aware for several years that asbestos will face great difficulties in the future, that asbestos will become difficult to sell, that it has been banned in several countries because some studies have demonstrated a direct link between its use and cancer. Sales have been going down for several years. Yet, the Quebec government stuck to its idea of spending several millions of Quebecers' money to purchase this corporation. Now, it has bought it, paying top dollar for it, and the directors of this corporation, who in my opinion are very clever businessmen, played their cards extremely well. They behaved as though they did not want to sell to push the price upward, as though they felt very badly about it. But I suggest that, when they sold their company, they were the happiest directors in the world. As a matter of fact, Quebec has had to lay off several hundreds of its asbestos workers. Quebec is the new owner of the corporation, but its workers are no longer working, something which had been foreseen! Quebec residents pay between 20 and 25 per cent more income tax than their Ontario counterparts because of mistakes such as this one and because of a lack of restraint in their economy. The Quebec government has just bought, as I said, the Asbestos corporation, just as it had bought the Sidbec steel plant a few years previously, the Sidbec steel plant which is accumulating millions of dollars in deficits every year; now, it is anxious to get rid of it, even at a loss. It would have been better advised not to buy Asbestos and to keep the Sidbec steel plant.

If you compare the budget of Quebec with that of Ontario, you can come up with interesting findings. In 1974-75, Quebec spent $7.9 billion and Ontario $9.6 billion. Ontario clearly spent more than Quebec, but Ontario has a population of approximately 9 million and Quebec 6 million. In 1980-81, Quebec spent $19 billion and Ontario $17 billion. If there are some of you who could explain to me how Quebec with a population of 6 million could spend $19 billion, while Ontario with a population of 9 million managed to spend only $17 billion, that is, less than Quebec with 9 million population I would be pleased to hear them!

Comparing totals is always difficult. But if you determine the spending on an individual basis, you will find that in 1980-81, the per capita spending in Quebec was $3,018, and when I say on an individual basis, I include pensioners, children, handicapped people, everybody who is not working. The per capita spending in Ontario was $2,071. Quebec, therefore, for every person living on its territory spent $947 more than Ontario did for its own people, while it spent only $109 more in 1974-75. An increase of 900 per cent over six or seven years. If this keeps up, Quebec residents, needless to say, will continue to pay more taxes than their Ontario counterparts, not only during this generation, but during many generations to come.

To continue in the same vein, I would point out that since the present government came to power in the province of Quebec, civil servants have been hired by the ton. A slew of new departments were set up to accommodate friends of the party and, naturally, the bill is now being paid which makes things pretty rough. Now, to come back to the over-all situation in Canada, Canadians lack certain things, of course; but despite our weaknesses, and we must speak of them too—it is a good thing to speak of them—we must not become overly pessimistic. Canada and Canadians should feel confident that we will soon have worked our way out of this crisis.

Still, the fact is that when we compare the potential of Canada with that of other countries, we realize that all in all we are privileged. Canada is a country where the level of education is just about the highest in the whole world, and therefore where science and technology are also extremely advanced. We are lucky, not because we are Canadians, but because we have been lucky! We live in a country where there is an abundance of oil, part of which is in oil sands and hence very costly to extract; but it is still there. It gives us a measure of security, and considering those countries which have none at all, that is an asset. In addition to oil, we all know we have natural resources such as forests, water, both salt and fresh, iron, zinc in fantastic quantities. In light of those factors, we can look to a very promising future and as Canadians, we should stop being pessimistic and look to the future with confidence. Indeed, the last budget brought down by the Minister of Finance (Mr. MacEachen) demonstrated vividly that the country is now going through difficult times over the short term and that steps must be taken to help our industry.

This year of course, we know that the inflation rate in Canada will reach 11.8 per cent while south of the border it will be 6 or 7 per cent. We can easily understand that if those conditions were allowed to prevail for two or three years, we would no longer be competitive. Canada must therefore bring its inflation rate down so that it is roughly the same as that in the United States. Accordingly, the matter which came under

consideration was not a salary freeze, but a 6 per cent reduction in the forthcoming year and a 5 per cent reduction the year after, which would contribute to reducing our own inflation rate to a level comparable to the American one. And why are the United States so important? They are impotant because 75 per cent of our national trade is done with the Americans. Our companies are experiencing difficulties and this is understandable when we have to pay 18, 19 per cent interest rates. It is quite difficult for those companies to make profits and quite often they incur losses which are serious enough to bring them to the verge of bankruptcy.

Well, the government and the Minister of Finance have decided that the federal government would pay 4 per cent of those interest rates to reduce them by 4 points and this will first of all help the construction industry. The construction industry is the most Canadian of all industries because all its employees are necessarily Canadians. All building materials are manufactured in Canada whether it is lumber, gyproc, asphalt shingles, cement, electric wire, or plumbing equipment. This economic sector is entirely Canadian and I think it is the first one which should be assisted. Well, buyers of new homes will be eligible for a $3,000 grant, but they actually will get more than $3,000, because $3,000 is not a very high amount compared with the prices of houses today. What is more significant is the fact that the mortgage rates on houses will be reduced by 4 per cent and this is a lot, because it means 4 per cent this year, next year, the following year and every year as long as the same individual remains the mortgagor of his house.

We know quite well that in the near future, maybe in an unforseeable but near future, the interest rates should stabilize and become much more normal. To a prospective buyer of a new house concerned about economic restrictions, we say: You will pay 4 per cent less interest than the normal rate throughout the period when it will remain high and we know that to own a home has been for several years the best investment that can still be made in Canada.

• (1540)

I think that those measures will stimulate the construction industry and help Canadians become home owners. We will also help all small and medium-size businesses by reducing their interest rates by 4 per cent. Of course that will make a big hole in the Canadian budget. The deficit had to be increased to meet those requirements. But there is one thing to be said, namely that a government is administered exactly the opposite of the way a family budget is administered. In a crisis when everything is going very badly, a government must spend more to help create jobs and to help businesses invest, expand and hire people. With the creation of those jobs, there will be lots of work in two or three years and practically all the unemployed will have found work. By then the government will collect many taxes from the labour force and from businesses that will be making profits, so we should do the contrary and pull in the purse strings because full employment often fuels inflation. I said it was exactly the opposite of a family budget because a family has to tighten its belt when things go badly and it must immediately act with caution. But the government must spend money for a specific purpose, and that is to create jobs for Canadian workers.

Another innovation in the budget is aimed at encouraging all Canadians to invest—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but I must inform him that his time has run out. However, he may continue if there is unanimous consent.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): The hon. member for Duvernay may continue his remarks.

Mr. Demers: Mr. Speaker, I do not intend to take up too much of the time of the House, so I will say in conclusion that even if we are going through difficult times, I think that all members of the House have a message for Canadians. We must tell them to work hard because Canada is experiencing difficulties, but we have to tell them as well that Canada has a tremendous potential and that if we all pull together the situation will be back to normal in the very near future.

[*English*]

Mr. Bill Yurko (Edmonton East): Mr. Speaker, I feel privileged to participate in this debate. I wish first to speak briefly about the domestic economic climate and perhaps, if I have not been too windy, to touch on the international economic situation if time permits. I do not wish to abuse the privileges of the House, so I will try to limit my remarks to less than 20 minutes.

Canada today is in the midst of cost-push inflation, sustained primarily by high cost money, the high cost of governments and the very high costs of overhead, management salaries and skilled labour in the private sector.

Our nation is living beyond its means and adjustments are desperately needed. The brutal force of inflation is the result of living beyond our means. The nation has two choices: to continue to live beyond its means and thereby live on debt and an accelerating cycle of inflation, eventually resulting in the short-term collapse of the economic cycle, or by self-imposed restraint and Draconian government measures to lower temporarily the expectations of all Canadians, cut the inflationary cycle and then follow with a cycle of confidence and growth.

It is easy to heap the blame upon the federal government or a successive number of governments for the economic disaster facing Canadians today. Although the federal government must shoulder much of the blame, it is not the only culprit. All present provincial governments are living on debt, meeting their obligations with borrowings, as are most Canadians. All governments in Canada, regardless of political persuasion,

have simply become too big, not necessarily in the economic planning sector but certainly in the administration of a massive variety of programs which people often could and would much rather do for themselves.

All governments in Canada are taxing away for redistribution some 45 per cent of the gross national product of this nation, and this figure is going up. The federal government accounts for one-third and the provinces and municipalities the other two-thirds.

All governments are redistributing borrowed wealth. As the Minister of Finance (Mr. MacEachen) told us in his recent budget, the federal government deficit in this fiscal year will be $19.6 billion. The budgetary deficits of all the provinces together this fiscal year are projected to be $9.4 billion. I suspect that the actual figure will be more like $12 billion.

At the end of the current fiscal year, the debt structure of the federal government will reach about $145 billion and that of the provinces about $70 billion. This is a debt load of about $9,000 for every woman, man and child in Canada. With interest rates in the region of 20 per cent, this is just too much for the Canadian people and the Canadian economy to sustain for too long. Therefore, the first order of a federal budget and indeed every provincial budget is fiscal restraint. Governments simply must restrain themselves. The alternative is economic collapse and chaos and a long drawn out cycle of recovery. It is the next 12 to 24 months that are critical. Some of us have seen clearly this economic scenario that was developing over the last several years and indeed the last several months.

During the last few months I have tried to be constructive. I introduced a series of motions and made several speeches in this House with regard to needed economic policies and strategies. Permit me, Mr. Speaker, just to review a few of the motions I introduced under Standing Order 43. On May 6 I moved a motion stating that I felt certain that the Minister of Finance may wish to second it, and the Speaker actually put the motion. At that time I said:

> Madam Speaker, the federal government's fiscal and economic policy cannot expect solely the private sector to cure the inflationary ills of the nation. The public sector must bear its share of the burden as it takes some 45 per cent of the GNP with little or no positive influence on productivity. Therefore I move:
>
> That the government immediately adjust its economic strategy to:
>
> (1) allow the dollar to drop by at least 5 per cent of its value and then maintain a new level through the appropriate fiscal and monetary policy;
>
> (2) immediately call a federal, provincial and municipal conference to stabilize for at least two years the salaries and benefits of all public servants whose income is greater than $25,000 per year;
>
> (3) cut government expenses in a Draconian fashion and introduce a new budget incorporating the necessary incentives for growth;
>
> (4) restructure the National Energy Program immediately;
>
> (5) undertake with the provinces a massive public works program on a national basis to create jobs.

I moved that motion on May 6. It is interesting that the dollar since then has dropped by 5 per cent, wages in the public sector are being stabilized for two years, a new budget has been introduced, the National Energy Program has been significantly and beneficially changed and construction programs are being undertaken.

• (1550)

On February 17 I gave a speech in this House asking for selective stimulation of the housing industry for job creation. In the same speech, I asked "that a task force be put together at the earliest opportunity to come forth with a whole series of programs by governments for selectively stimulating the Canadian economy and creating jobs without necessarily increasing inflation". All of this is being done in the new budget. I was certainly pleased to hear HUDAC's recent response to the stimulative housing initiatives in the budget.

On May 11 and again on May 20, I moved a motion "that all Members of Parliament voluntarily accept a 10 per cent cut in their basic salaries", to show leadership in this House and to the nation. I followed these motions by a private members' bill to limit MP's increases to a maximum of 6 per cent. Some opposition members accused me of grandstanding and all sorts of insincere motives. Well, this budget has both an MP salary reduction and a limitation on increases to 6 per cent and 5 per cent in the next two years. I have heard no one scream against these budgetary provisions.

Again on June 9 I introduced a motion. I stated:

> —equity investment pessimism is pervasive in Canada. Canadians are investing their money outside Canada and in high-interest-bearing bonds and certificates. This has substantively curtailed the ability to generate equity capital in Canada and has jeopardized the survival of small business in Canada because of the high cost of debt capital. A new budget is necessary to create confidence in the Canadian economy, and it must contain incentives for equity investment. Therefore I move, seconded by the hon. member for Bow River (Mr. Taylor):
>
> That any new budget abolish capital gains taxation on all equity investment in Canadian registered companies.

We recognized, as so many of us have, the massive transfer of equity capital to debt capital in the nation, also imported capital. Effectively, the Minister of Finance has basically introduced such measures in the budget. He proposed indexing the gains to inflation for equity investment in Canadian owned companies, but he might just as well have gone the full mile and totally removed capital gains on investments in Canadian companies. He increased the amount of paperwork which is becoming extensive in the area of capital gains taxation.

I am asked what is my position on the June 28 budget. First, let me say that it was desperately needed. Second, its intent and purpose is short term. It cannot be otherwise in this very turbulent economic cycle. Third, its goals are to cut inflation, hopefully to 6 per cent in two years, bottom out the recession cycle, sustain a short-term economic holding action and, finally, initiate the beginning of a new and dynamic growth cycle, and to do this without massive and sweeping government legislative action across the entire society. Voluntary restraint is still partially our choice. The government has finally whipped up enough courage to provide some desperately needed economic leadership to the nation.

It is my intention to support the restraint measures embodied in Bill C-124 and vote for the principles in that bill. Rounded out, the budget has three basic elements. First, public sector restraint; second, investment stimulation through equity

incentive financing and lower debt financing; third, job creation through a variety of fiscal juggling. In the first element, the budget goes as far as the government dare go on wage restraints, but this must surely be looked upon only as the beginning of public sector restraint, both at the federal and provincial levels. Surely it must be followed by employment reduction through early retirement, as the Imperial Oil Company did so adequately in the last few days, and a reduction in the unproductive expenditures in all areas of government.

In the second element, which is investment stimulation, the government could have gone even further, although I expect that the special advisors committee will be pushing like hell.

In my estimation, the third element of job-creation is marginal and much help is needed from the provinces in this area. I hope that the government will continue discussions with the provinces to initiate an increasing variety of job-creation programs, particularly in the construction industry.

I know that it is easy, as has been done by many, to say that the budget measures are not enough that some elements are inequitable, that some elements are missing, that the emphasis is misplaced and that it may be tricky or deceptive. I listened to the speeches of the leaders of the two opposition parties with mixed emotions. I was particularly impressed with some of the thoughts of the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). Much wailing and gnashing of teeth was directed toward the government's over-enthusiasm at fiscal restraint in some areas, particularly in areas like reducing the indexing of old age pensions to 6 per cent and 5 per cent in the next two years. On Canada Day, or Dominion Day, I had the occasion to meet two groups of senior citizens in Edmonton, all of whose members were pioneers, totalling some 600. Not a single one of these hardy pioneers complained that 6 per cent and 5 per cent increases in the next two years was too little. In fact, they were more concerned about the young men and women who are unemployed and they wished they could somehow help.

There are many other aspects of this budget that one could debate positively or negatively, but allow me to look backward a little bit. During the decade of the sixties, I worked mostly out of New York and also Arizona in the United States. What a decade the sixties was for North America! The sixties was an era of magic, when we of the technologically trained society held the world in our hands, when technology and the world economy exploded in a decade of development and growth, and human interaction and peace. There seemed to be no limits to our imagination or to our dreams as scientists, engineers and politicians. We were certain that we could change the world in but a few decades and build a paradise on earth.

Then we left the sixties behind and cautiously entered the seventies. I remember writing the following for a speech that I gave to the Man and Resources Conference in Toronto in 1974. In that speech I said:

> This century has fostered revolution in science and technology, in the generation and use of energy, in industrial productivity, in population growth, in urbanization and in destructive potential which have buffeted humanity at a rate too quick for the human mind to adequately comprehend and absorb. The spiritual, social and intellectual consequences of these revolutions are profound and not entirely determinable. Our present day cultures are increasingly beset by an oppressive sense of fragmentation and instability. We are beginning to question and even doubt our own continuity as a progressing civilization. We derive from our awesome technological complexity both a confidence of power and a sharp premonition of vulnerability.

● (1600)

Yes, the seventies became a decade of doubt and readjustment both worldwide and in Canada. The western world built a mobile society based on cheap oil. The oil then became expensive, and this triggered a world economic whirlwind which brought inflation, a halt to world economic growth, protectionism and pessimism. In retrospect, Canada would perhaps have been far better off today if we had gone quickly to world energy prices, as the United States did. However, that is wishful thinking.

This pessimism and inwardness catapulted into the eighties with disruptive force and affected Canada so much that today one must ask what has happened to us as Canadians. What has happened to our dreams? What has happened to our ideals? What has happened to our will to be in the forefront of world nations in productivity, in sharing and in helping each other and all the less endowed people of the earth? The great idealism of the sixties and early seventies has crashed, trampled in the wake of our own riches. We lost our initiative, our drive, our determination and even our will to excel both nationally and internationally. We have exchanged political co-operation for political intransigence. Federal-provincial co-operation has given way to upmanship and gamesmanship, although I am encouraged by the posture and attitude of the ten Premiers since the recent first ministers' conference. In particular, I am encouraged by the actions of the Progressive Conservative Premier of Nova Scotia who accepted the federal restraint guidelines.

We have traded productivity and pride of accomplishment for slothfulness and laziness, and now I see labour leaders publicly advocating more of the same as a strategy for fighting restraint. The figures on lost time in the Canadian work force released today are alarming. At times we seem to have become a people without purpose, without compassion and with dubious honesty, and this House is a representative microcosm of the Canadian fabric today. Here we bicker like children and throw verbal frisbees back and forth. We distort, we delay and we belittle each other. The intent is to be destructive and disruptive rather than constructive and efficient. This House has become a place of negativism and pessimism. Through television we provide a daily diet of our characteristics in this House to the nation, and people often ask me when I go back to my constituency if we will ever agree on anything again, as we agreed when we debated the Quebec referendum in this House. "Can you people down there not agree on some direction or on some few things which should be done in this nation?" That is what I am asked.

We must agree, and we must develop a new optimism and a new perspective with regard to the magnificent country we have. So few of us enjoy this wealth like no other peoples of the world. I know every Member of Parliament deals with immigration problems in his constituency because there is not a soul

anywhere in the world who does not want to emigrate to this country which has such vast potential. We must find the enthusiasm, the desire and the optimism necessary to build this nation again. We must agree to work together to solve the economic malaise facing and punishing all Canadians, and I know we can do better from here on than we have done in the past.

[*Translation*]

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, I may say it is a pleasure and a privilege to be taking part in this budget debate. I would like to take a few minutes to talk about those of us who were expecting miracles and those Canadians who are convinced that all the problems our country is facing today are the result of errors, past and present, of the Government of Canada. I also have some comments on the state of the economy in the riding of Gaspé and I shall explain how weak international markets are responsible for the shutdown of several factories, and that the world economic situation must improve if we are to revive our copper, paper and seafood industries.

First of all, Mr. Speaker, I should like to quote from an editorial by Claude LeVergne, published on July 4 under the heading: "The budget as a reminder of reality". It says, and I quote:

> In fact, the Finance Minister, who, it is generally conceded, had very little room to manoeuvre, opted for an economic sermon rather than radical corrective measures. To that extent, his speech may prove to have been worth while provided it was understood. Without wishing to overestimate this last budget, the fact is that opposing factions both inside and outside Parliament have been extrapolating the proposed measures in a very negative manner, without actually suggesting any real alternative solutions. It is always easy to say too little too late, but it would seem to be incumbent on the critics to come up with real guidelines for corrective action, which they have failed to do. If Mr. MacEachen succeeds in making Canadians aware of the present crisis situation, his speech will not have been in vain.

Mr. Speaker, all around us today, we see signs of great upheaval which have been characteristic of the North American scene during the last twenty years. We have seen the spectacular growth of an economy with an almost limitless capacity for expanding production suddenly turn into an inflationary monster gone completely out of control. The goal of the June budget is to restore public confidence in a future when inflation will subside and new investment will create the jobs we so urgently need. Mr. Speaker, the appeal for national solidarity made by the Minister of Finance (Mr. MacEachen) must be heard by all Canadians. Many, far too many people, including politicians, businessmen, labour leaders and educators, are claiming that any system of government that has failed to get rid of unemployment, exploitation and inflation is a failure and should be eliminated.

According to this kind of reasoning, we should destroy all our hospitals and shoot all the doctors because they have failed to wipe out disease. Mr. Speaker, before destroying one system, I think they should suggest another that will be able to resolve the problems of unemployment, exploitation, undue profits and inflation. As Leo Rosten said: "Anyone can promise Utopia if he does not specify a program." Our system of government is ideal, and the objective of the Minister of Finance will be achieved and our way of life preserved, provided enough Canadians show sufficient concern for the national interest in their daily decisions. In the years to come, Canadians will have to spend more time and energy on resolving the nation's problems. Excessive wage demands and unreasonable profits increase the cost of goods, and consumers will have to pay the bill. Canadians must condemn every purely egotistical decision. Indifference to poverty is inexcusable in a society that is dedicated to the dignity of the individual.

Mr. Speaker, I would now like to discuss the economic situation in the riding of Gaspé and the distributive justice we are asking for, which is the philosophy of the Liberal Party but is too often ignored by certain departments. The needs of each community and its individual members are multiple and complex. They include basic requirements such as survival, as well as more complex psychological aspirations such as personal development. These needs truly represent the basic goals of individual Canadians. Socially, they correspond to two essential goals, namely well-being and equity. All the intermediate goals help toward meeting these basic aspirations. Well-being is measured by the extent to which material, sociocultural and other needs are met. On the other hand, equity consists in the fair redistribution of the assets of society. It is probably the idea of equal opportunities which best illustrates the most significant and universally accepted concept of equity at the present time. Its aim is to provide everyone with the same opportunities to achieve well-being. Another aspect of equity is the equality of results.

In the Gaspé area, and especially in my constituency of Gaspé, we have neither equal opportunities nor equal results. The standard of living in a country or a region depends on the income of the population, the cost of living and the economic benefits. We are well aware that we have many non-economic benefits in the Gaspé area. However, the average salary is 40 per cent lower in that area than in Quebec as a whole. In the Gaspé region, the majority of the experienced labour force works at unskilled jobs in the resource sector, for instance, in the mining and forest industries. In fact, the Gaspé region has proportionately twice as many workers in these industries as the Quebec average.

As you know, Mr. Speaker, the present world recession is felt more badly in economically weak and disadvantaged regions where the economy is supported by the resource industries. In my constituency of Gaspé, the regional unemployment rate is 40 per cent, among the highest in Canada. To make the situation even more confused, many industries are now experiencing financial problems. On June 30, Mines Madeleine Ltée closed down their mining operations in Sainte-Anne-des-Monts. This is a permanent closure which has thrown 110 people out of work. The Marsoui sawmill has been

closed for 18 months. Over 100 workers are now unemployed, in addition to 125 forest workers. Gaspesia Ltée of Chandler and Mines Gaspé Ltée of Murdochville are closing down temporarily because of newspaper and copper stock surpluses. A total of over 4,000 workers are directly affected by these temporary shutdowns.

• (1610)

In view of the economic situation, manpower centres do not find it advisable to set up relocation committees for workers who have lost their jobs since mines and plants are closing down everywhere. The tourist industry is also very important in the Gaspé region. I am told that there were 25 per cent fewer tourists in June 1982 than in June 1981. Mr. Speaker, I urge all Canadians to visit the Gaspé area this summer because prices are very reasonable there and, as you know, the people are very hospitable. As a matter of fact, Mr. Speaker, even though the Gaspé constituency is economically depressed, the people there still enjoy life and are eager to work. The job creation and economic development initiatives announced by the Minister of Finance will certainly improve the situation for the Gaspé people, but more than stopgap measures are needed. The Industry Development and Industry and Labour Adjustment Programs are two initiatives which could help our regional economy to recover if the required infrastructures were in place. The people of the Gaspé area agree that they have to share the burden and the responsibility of getting Canada out of the recession, slowing down inflation and increasing productivity. Many economists have explained that the lack of social capital, that is the infrastructures, is the main reason behind the lagging economic development in Gaspé and other similar regions. Here is how I would sum up my proposal: there can never be equity among individuals and a truly just society unless the Government of Canada implements measures which are better tailored to meet regional needs and peculiarities.

It is of the utmost importance that governments set up mechanisms and infrastructures in regions such as the riding of Gaspé so that Canadians not be exclusively consumers, but producers as well. The people of Gaspé want a place under the sun in our beautiful and great country and they urge the governments to subsidize employment rather than unemployment.

The budget refers to a program aimed at boosting the building industry. I dare hope that it is only the first of many more stages. We in the riding of Gaspé have to cope with inflation like everybody else and, as I said at the outset, we have to think in terms of adequate infrastructures to spur the economic recovery of our region and encourage investors to set up shop there.

We have nothing against massive investments in such designated centres as Montreal and Quebec City. Still, the products of Gaspé must find their way to those centres and that is why we urgently need adequate infrastructures. Right now, I have in mind the improvements that will have to be made to the airports of Sainte-Anne-des-Monts, Pabos and Gaspé so as to promote the industrial expansion of those regions and centres. I also have in mind the construction of a multiple purpose harbour in the Sainte-Anne-des-Monts and Cap-Chat region, as well as the improvement and upgrading of harbour facilities in Gaspé. Finally, what can I say about the small marinas along the coast of the Gaspé Peninsula? A cursory examination of existing facilities and the lack of infrastructures throughout the region vividly reflect the fact that fishermen are so hard pressed to earn a living at their trade.

Mr. Speaker, I do not want to ask the government for more money than we can rightfully expect. However, within the scope of the programs mentioned in the June 28 budget and others already implemented, I would like that very careful consideration be given to the reallocation of available funds while keeping in mind the particular needs of the people of Gaspé and especially the needs of the whole electoral riding of Gaspé which I represent. That is what is called distributive justice. A good many citizens of the Gaspé area look favourably upon the budget proposals aimed at appreciably lowering the interest rates. Whether buying a new house or beginning construction before next December 31, the first-time home buyer will be eligible for a $3,000 grant. Small businesses as well will be able to get working capital for development and construction at 4 percentage points under the prevailing rate, and fishermen will also qualify for the reduced rate to finance new capital equipment. All those people greatly appreciate the effort of the government and will certainly benefit from those budget measures. As far as I know, two businesses in the riding of Gaspé have already applied to avail themselves of the rates at 4 percentage points lower than prevailing rates. Those measures will certainly give a boost to businessmen, fishermen and farmers anxious to run a sound operation, and they will dispel their fears about risks and overly high investment costs.

Mr. Speaker, we all know the major cause of unemployment—the idling construction industry.

The construction industry's multiplier is 3.5. This means that for each dollar invested in the building industry, we are expending $3.50 in other industries such as logging, mining, furniture, textiles, appliances, etc. I am therefore happy that the budget includes various types of proposals to help to stimulate housing. The five-point package may not have in the Gaspé Peninsula the social and economic impact they will have in other areas. However, it will help the lumber industry to recover and provide jobs in sawmills and logging operations.

There is also a $30 million funding increase for the Canada Home Renovation Plan (CHRP), a program that certainly will have a very significant impact in the Gaspé Peninsula as soon as people in that area are aware of the terms.

And of course, Mr. Speaker, the needs are great. People are willing, but there must also be a political will for the whole of Gaspé rather than just one or two cities east of Quebec to experience harmonious development. This is the distributive justice of the Liberal Party, Mr. Speaker.

Recently, I was reminded of Hamlet's monologue that goes like this:

To be, or not to be: that is the question:

Whether 'tis nobler in the mind to suffer
The slings and arrows of outrageous fortune,
Or to take arms against a sea of troubles,
And by opposing end them?

People in Gaspé have always had to fight to earn their living. I feel I am speaking on their behalf when I say that once more they would be ready to go all out to get the most from the prevailing situation to ensure the welfare of their community. However, they want to make sure that government authorities, under the budget tabled June 28, will ensure that the maximum available funds are used for a consistent economic recovery and reallocation of funds, based on the particular conditions that make Gaspé an area where resource development is slow because of a blatant lack of infrastrutures in various fields. Mr. Speaker, once more we are faced with a challenge. It is the duty of every Canadian to do his part to obtain the security we all are looking for. This budget is a call to reality that every Canadian should answer.

• (1620)

[*English*]

Mr. J. R. Ellis (Prince Edward-Hastings): Mr. Speaker, I have not taken part in some of the major debates in this House recently, for a number of reasons. The debate on the National Energy Program was skilfully handled by some of my colleagues who have a particular expertise in that area. In addition, I found it necessary to spend a great deal of my time working with individuals and companies in my constituency in an attempt to shield them from the vagaries of this government. Even then I was unsuccessful in my attempt to commit the government to buying better quality, Canadian-built and lower-priced equipment, rather than Japanese.

As for the debate now taking place on this excuse for a budget presented to us on June 28, there have been a number of speakers from my party who have very capably covered the major points and it would be quite easy for me to sit back and allow them to speak on this occasion. Indeed, I would be quite comfortable with most of what has been said to date by my colleagues. There is, however, a facet of this budget which has not, to my knowledge, been dealt with.

My colleagues, by and large, have dealt with the over-all impact of the budget on Canadians. Let me deal for a few moments with its impact on individuals and attempt to add a human scale to this latest travesty by the Minister of Finance (Mr. MacEachen). Let me attempt to break it down and point out what it means to individuals in the riding of Prince Edward-Hastings, a small but I expect typical riding in eastern Ontario.

We have been told that the budget deficit for 1982-83 is a figure of $19.6 billion. That is just a number, Mr. Speaker, one which is very hard for the majority of my constituents to reconcile. I know that I cannot think of it in terms of real dollars. However, when you break it down to an amount of $840 for every man, woman and child, newborn or centenarian, it is a number I can relate to.

Prior to this budget the national debt incurred by the Liberal government was $135 billion, another figure which is just as difficult to understand. It is more manageable when broken down to $5,700 for each person. For people living in the city of Belleville, where I live, this means that the deficit the federal government will incur this year in their name alone amounts to $29.5 million. It is interesting to note that that is exactly the same amount that the entire city administration will spend this year.

Let us look at that figure again, Mr. Speaker. All of the money collected by the city of Belleville this year to pay for the entire administration—the city council, staff, police and firemen, snowplowing, garbage collection, road repairs, street cleaning and maintenance, and the myriad of services provided by the city—will be equalled by that part of the federal deficit owed by the citizens of Belleville. Does anyone really believe there is any comparison between the services received by the people from the municipalities and those from the federal government? I am confident that most would agree they get a far better deal from their city.

Over the years the city of Belleville, like most municipalities, has spent money on capital projects on which in their wisdom they have deferred payment. These include major roads, bridges and other large capital expenditures. This means the city has a debt, and it is roughly $13 million. The federal government has also not paid its way over the past few years and the consequences are, as I said a few moments ago, a debt of $135 billion. In terms of the people in the city of Belleville, that works out to $200 million, or 15 times the debt Belleville has incurred for its own capital works budget. Once again, does anyone really think that there is any benefit to the people of Belleville from that particular debt?

Let me take a moment, Mr. Speaker, to relate the figures to those rural parts of the Quinte district which I represent. If you apply this year's federal deficit to the residents of Prince Edward County, they owe $19 million on top of the $131 million already incurred by the federal government. Compare that to the total Prince Edward County budget for this year of less than $4 million. For Hastings County, if the current deficit were going to be paid this year, it would amount to $88 million. The debt incurred by the Liberal government on their behalf before this budget was some $600 million, and that is still unpaid. These are astronomical figures, very difficult to understand, and even more difficult when you consider that the entire Hastings County budget for 1982 is only $14.5 million. In all of these cases that I have outlined, these are just the deficits. These are just the amounts which the federal government has spent but has not collected.

• (1630)

The federal government spends money at the rate of $214 million a day, $9 million an hour or $150,000 a minute. Thus, when the federal government spends, it spends in two hours and eight minutes as much as the whole of the city of Belleville spends in one year. In 17 minutes and 20 seconds the federal government spends all that Picton will spend in one year. In

five minutes and 15 seconds the federal government spends the entire budget of Deseronto. The federal government would spend the entire budget of the little village of Tweed, through which many members from Ontario drive on their way to Ottawa, in four minutes. The federal government would gobble up the budget of the pretty village of Wellington located on the south shore overlooking Lake Ontario in Prince Edward County in two minutes and 28 seconds.

How does the federal government spend this money? Some of it goes to items such as Mirabel airport. Mirabel airport has cost the taxpayers of Canada some $700 million to date. That is equivalent to the budget for the whole of the city of Belleville, the whole of Prince Edward County and the whole of Hastings County, not just that portion I represent. It includes the portions represented by my colleague the hon. member for Northumberland (Mr. Hees) as well as by my colleague the hon. member for Hastings-Frontenac-Lennox-Addington (Mr. Vankoughnet). The cost of operating Mirabel airport would be the equivalent of covering all of Hastings County budgets for 15 years.

The federal government has an advertising budget of nearly $235 million. In other words, the federal government spends on advertising alone more than the city of Belleville spends in its whole budget for eight years. Perhaps it is better to leave those figures in the impersonal billions of dollars, because when I get them down to real terms it frightens the hell out of me.

Let me try to relate some of the major items in the budget in more human terms that would apply to the people of a riding such as Prince Edward-Hastings. Many of my colleagues have made the point that senior citizens have been hit hard, in fact hit twice by this budget, once by having their pensions deindexed and second by having their income tax deindexed, resulting in their having to pay higher income taxes. I suppose the Minister of Finance knew that those people in their sixties, seventies and eighties were those who came through the dirty thirties; they know what a real depression is like and would probably not complain as much as some younger ones would.

Let me tell the Minister of Finance that these are the same people who have watched this Liberal government over the years, have watched its wasteful spending, have seen the lack of responsibility, have heard the disparaging remarks made about the Parliament of Canada by the Prime Minister (Mr. Trudeau), and have seen cabinet minister after cabinet minister show favouritism to one part of Canada over another. They know how much a $20 million contract to a Belleville firm would mean, or what $30 million in assistance would mean to a Windsor factory. Those things would provide jobs. Our senior citizens also know there was no chance of those things happening because the businesses are located in Ontario.

Yes, the senior citizens are the ones who know how to tighten their belts better than most Canadians. But also better than most Canadians, they probably appreciate that it would not have been necessary had it not been for the action of this government.

When it comes to restraint, this government has long since forgotten what the word means. I want to go on record as being quite prepared to see cuts made in the salaries of Members of Parliament and senior civil servants. As far as Members of Parliament are concerned, since there are so few it is a token gesture in any event. Senior civil servants, many of whom make twice as much as Members of Parliament and who are fully protected against inflation, could stand a cut both in salary and in real numbers.

How can there be any credibility left for a government whose projections could be so wrong? We have all heard that projections made in the November 12 budget are now admitted by the Minister of Finance to be in error. The authors of those projections should have been fired. Instead, they received major raises.

Why would any businessman want to invest in Canada? Whether it is a Canadian businessman or one from offshore—who would first of all have to fight all of the FIRA regulations—these businessmen have no idea what the tax climate is going to be from day to day. Businessmen who were operating under one set of rules prior to November 12 had those rules changed, even though the legislation was never brought in. In June of this year another change came about. It is doubtful whether that legislation will be passed before another budget is brought in later this year in the fall.

Let me return again to the city of Belleville. When I was mayor of that city I had to prepare a five-year budget for its citizens. I know that my successors continue to do the same thing. Thus it is that if someone wished to know what the city of Belleville is going to spend over the next few years, he or she need only go to the city hall and ask a competent civil servant or a dedicated member of council to get an answer. With over 500,000 civil servants, should the Government of Canada be allowed to do less?

The federal government spends a lot of time advertising what it is going to do and spends a lot of money on programs to provide jobs. What the federal government should do is emulate one young farmer in Prince Edward County who last week alone had nearly 400 students on his payroll on a part-time basis. He had no help from the federal government. He and his wife had to stay up nearly all of Thursday night to make out the pay cheques for his employees. These cheques were in payment for work ranging from a few hours to a full week. The total payroll was over $10,000. If the federal government would spend only a portion of the money it wastes in helping farmers and small-business men do their jobs, there would be far less unemployment.

And how about a small successful businessman in Belleville, who by supplying merchandise at fair prices and excellent service has built a good business over the past 25 years? Even now with a much weakened economy his sales this year will probably equal those of last year. The problem is that with the extra costs imposed on him by all levels of government he will show a loss in his operations this year. He must cut back his staff. He must take advantage of work-sharing programs in order to stay alive, and he will stay alive only with no profit

and little incentive to continue. Is this any way to treat a businessman who has dedicated his entire life to building his business, to hiring and training people and to providing benefits for a number of employees? Is this how to provide incentives for prospective businessmen?

This government has lied to the people of Canada in so many different ways that it is difficult to enumerate them all. Can one really believe that the budget deficit will be only $19.6 billion, given the track record of ministers of finance to date? Would a person really start a new business knowing that he has to compete with the federal government for available dollars in order to run that business? Could one plan one's retirement knowing that one's pension is at the whim of this government? Would you even buy a car, Mr. Speaker, knowing that this government two years ago said that an 18-cent increase in the price of gasoline was too high? The answer, of course, to all of those questions is a flat no.

The few stop-gap measures in this budget that are of some value may well be turned around before the end of this year. Nowhere in the budget does it say that the statements in it are the policy of the federal government and will remain so. There is really only one answer that taxpayers can give this government. It is very simple. For the sake of Canada, for the sake of all Canadians, and in the name of God, this government should go. It should get out and let someone else do the job.

• (1640)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, I suspect that by this time in the budget debate Canadians will be reacting with dismay to the kind of rhetoric which we have been hearing from hon. members opposite. While I realize that we refer to hon. members opposite as the opposition, it seems in this case that "opposition" has meant anything but the constructive alternatives which one expects in our parliamentary system. Instead, members of the opposition are like artists who use only black paint; an unusual concept, perhaps, but difficult even to know when the work is completed, let alone what it is meant to convey.

Certainly Canada, along with the rest of the industrialized world, has serious economic problems. Equally obvious was that for these difficulties to be overcome, a course for Canadians to follow had to be charted. An example of leadership had to be given, and the Minister of Finance (Mr. MacEachen) certainly described that course and set out that example of leadership in his budget.

Now, we do not claim that pointing the way to the solution of our country's problems in the budget presented last week immediately solves those problems, as some opposition members wish Canadians to believe is possible. As the Leader of the Opposition (Mr. Clark) said in his recent interview with *La Presse* of Montreal before the budget, he has no alternatives. In his speech in this debate he certainly proved this to be absolutely true. In reviewing the remarks of opposition members in this debate, there have been the usual kinds of contradictions—at one and the same time calling for increased expenditures and urging a reduction in the deficit.

The budget proposes a balanced route to full recovery, one that calls on Canadians to work together. It calls on those in a better position to do so to aid those most in need, as Canadians have done on so many occasions in our past history. The government in the budget is pointing the way by setting an example for others which I believe must and will be followed. The budget outlined the basic choice—working together for economic recovery or having to continue on a course of high costs, high inflation and lack of international competitiveness, efficiency and productivity.

In a world in which Canada would be isolated from all around us, we might well see our problems dramatically reduced without action by government and the private sector working together; but we do not live in such a world. We are part of the global economy and, as such, we suffer to a substantial degree from the problems of others. Within these kinds of constraints, the government has presented a program in the budget aimed at restoring the Canadian economy while protecting those most in need.

One could say that one of our country's problems is that our successes—and there are many—are obscured by the more strident, the more fearful and the less confident among us, especially those on the other side of the House. Certainly the budget does not ignore the general problems of our economy. The program proposed by the Minister of Finance directs help to those most seriously affected, and it urges everyone to contribute to the solution through government, business and labour working together. The budget could not and did not try to do everything for everyone, but it has asked that everyone do their part. This was in the firm belief that Canada's success is based upon all of us working together in a sense of solidarity and sharing.

I believe that request to be a positive aspect. There are those who speak only of the restraint which is required while ignoring that the reasons the restraint has been requested are to increase assistance and support for those in need, particularly those seeking employment, and to help get the entire economy back on a track of productivity and growth.

Much has been said in this debate about the deficit. We recognize the deficit to be a serious matter. We have not agreed with those who say that the deficit should be increased even further. Also we have not agreed with those who call for steps to lower substantially the deficit at this time, because to do so would only mean pulling substantial purchasing power out of an economy where market demand is already far too weak. It would mean putting even tighter restraint on an economy in which growth of gross national product has already stalled and needs to be encouraged.

Our deficit increase came from the operation of automatic stabilizers in our government expenditure and revenue system. Government tax revenues fell as corporate profits and personal incomes fell. The government spent more but mainly on programs such as unemployment insurance and job creation. Without the operation of automatic stabilizers, the effects of

the recession would be worse, the hardship even more severe. The funds provided in the budget will be spent on productive activities to create jobs, to combine with private sector initiatives and investment, and to provide needed assistance to sectors like small businesses, farms and fisheries. As an economic recovery comes about, the basis for correction of our deficit situation will be there as well. As profits and incomes improve, government tax revenues will also improve. As more people get off the unemployment rolls, expenditures on programs like unemployment insurance will decrease.

We have in this budget a number of measures aimed at directly assisting the recovery of the economy. Thus the Minister of Public Works (Mr. Cosgrove) set out measures described generally in the budget aimed at greatly improving the housing sector. These measures will have a tremendous multiplier effect, encouraging not only the construction of houses but also activating sectors such as appliances, furniture, textiles and forest products. These measures will be the source of more than 100,000 jobs. They will also provide additional help to those who could be spending an excessive amount of their income on home renovations or on renewal of their mortgages and the interest costs involved therein.

The Minister of Employment and Immigration (Mr. Axworthy) has given details of the measures generally set out in the budget aimed at direct job creation through government programs which will have the effect of maintaining incomes while the economy recovers and permanent jobs are created through private sector activity.

In addition, the Minister of State for Small Businesses and Tourism (Mr. Lapointe) has provided a more detailed description of the budget measures to provide new assistance to small businessmen, fishermen and farmers through the new program of direct grants aimed at reducing the interest costs of money borrowed for new capital expenditure by up to four percentage points.

The measures to help the housing sector, to help home owners deal with high mortgage costs and to help workers maintain income through participation in government job creation programs are aimed at bridging the gap before implementation can take place of the far-reaching and very innovative proposals for new kinds of measures for all lenders of savings and purchasers of shares in Canadian companies to help them be free of tax on the portion of their interest or their gain represented by inflation. These new measures would make it possible for small business people, farmers and fishermen to obtain funds at interest rates several percentage points lower than prevailing market rates. I am confident the government will want to implement these measures as soon as their feasibility and design are confirmed by the special private sector committee headed by Pierre Lortie, president of the Montreal Stock Exchange.

• (1650)

I want to ask the House to give special attention to the programs in the budget which add some $300 million to the economic and regional development envelope to assist the private sector in the creation of long term, permanent jobs through existing programs like the enterprise development program, the defence industry productivity program, the regional development fund and the program in support of technology-enhanced productivity.

There are a number of good examples that can help to demonstrate why this funding has been added and to illustrate the potential of such funding. Just look back, Mr. Speaker, at some of the announcements I have made over the past five or six weeks. I announced that Control Data of Montreal, with the assistance of the enterprise development program, would be developing a new super mini-main frame computer with a world product mandate for its production in Canada, and this is expected to create some 600 jobs.

Then, not long afterward, I announced that again with the support of the enterprise development program of my department Mitel of Ottawa would be developing and marketing a new advanced private automatic branch exchange system, the SX-2000. This could well be providing more than 1,000 jobs both in the Ottawa area and Quebec for people making this new advanced product which would provide the nerve centre for equipment in the new offices of the future.

Not long after that I announced that, again with the support of one of my department's programs. the defence industry productivity program, Litton Industries of Toronto would be manufacturing, once again on a world product mandate basis, a new type of inertial guidance system for commercial aircraft using the new ring laser gyro technology, and this is expected to provide some 1,000 jobs. I was happy to take part in the ceremony marking the delivery of the first such system to Aerospatiale of France. Incidentially, this indicates how we already have the potential for leadership and competitive access to world markets for equipment like those connected with aerospace, electronics and the telecommunications sector.

Just a few days ago I announced that Leigh Instruments of Carleton Place, not far from Ottawa, would be making some very important new components for the new CF-18 fighter plane in association with Lear Siegler of the United States, again with the help of the defence industry productivity program of my department. This is also expected to create a substantial number of new jobs.

What we are talking about here is assistance to lever high-quality additional jobs and advanced technology activity in ways that support new Canadian-controlled advanced technology firms and, yes, foreign-controlled firms operating here on a world product mandate basis which are bringing substantial benefits in terms of jobs, technology and exports to the Canadian economy.

When I refer to developing our own economy I think it important to refer to the role of the Foreign Investment Review Agency. There are those who continuously and perhaps—although I hope not—even deliberately misunderstand or misrepresent the agency and its function. I want the House to remember that FIRA has served to ensure that the limited areas of foreign investment it deals with are of significant

benefit to Canada. That is its basic mandate. I would hope that there is no one in the House or in the country who would wish foreign investment to be otherwise for the Canadian economy.

The recent changes announced in the budget, changes of an administrative nature, are based on the work of an interdepartmental committee under my direction, in a process of administrative review that was announced in the economic development document tabled with the last budget. I have long believed that administrative improvement in FIRA was essential to the efficient and effective functioning of the FIRA process. My work as minister has certainly strengthened this belief I held before I assumed this present responsibility.

As the Minister of Finance said in his budget:

> The Foreign Investment Review Act must be administered to adhere to the objectives established by Parliament. Its procedures must be timely and efficient. In particular, efforts must be made to avoid red tape and extended delays.

The measures announced have been developed to deal with these issues. We do not want to have administrative impediments making it difficult for FIRA promptly and efficiently to help the government on behalf of the Canadian people to ensure that, to the extent it is needed, investment from abroad is in fact of significant benefit to Canada. We certainly welcome such investment, but we want to encourage and ensure that it is of significant benefit for Canadians. I suggest that the rhetoric about FIRA somehow frightening off that investment is simply that, just empty rhetoric not based on fact because the number of applications to FIRA has been steadily rising. The United States department of commerce said in a recent survey that affiliates of U.S. parent firms in Canada intend to invest more in this country than in any other country in which subsidiaries of U.S. parent companies operate.

As many have said, businesses operate best when they have confidence. However, I believe the essential element to business confidence is confidence that they will be able to make a profit. The Foreign Investment Review Act is certainly not intended to be a roadblock to investment aimed at creating employment which does not simply operate to perpetuate the branch plant environment that has been of so much concern to so many people.

We have a responsibility to Canadians to ensure that the Canadian economy is vibrant and growing and certainly, as in the past, the Foreign Investment Review Act which was a mandate created by Parliament will play a very important and positive role in that regard in the future.

I want to conclude by reminding the House of the basic concepts of the very important budget presented by the Minister of Finance a few days ago. First, the minister pointed out that we must work together in order to enter an era of growth based upon 6 per cent increases in costs in Canada. We must move away from the present 12 per cent world of inflation and into a 6 per cent world of growth. We must operate on a basis of government leadership and example. We are certainly doing this. We must operate on the basis of government, labour and business working together in a co-operative and consultative way. As well, we are certainly doing this. We must make major efforts not only in support simply of direct job creation, important as that is, but in support of efforts by the private sector to create permanent, long-term jobs. We are making a major commitment of government funds toward this purpose.

I think it has been clearly demonstrated during this debate that the budget presented by the Minister of Finance a few days ago is a courageous and much needed effort to chart a course of leadership to bring the Canadian economy back on a path of full growth and development and all that this means for Canadians and their families. Therefore, in order to help Canadians achieve this goal, I ask the House to vote conclusively and overwhelmingly in support of this budget in the interests of all Canadians and future generations.

Mr. Ellis: Mr. Speaker, on a point of order, would the minister allow one brief question?

The Acting Speaker (Mr. Ethier): Is that agreed?

Mr. Gray: Mr. Speaker, if there is time I would be happy to do so.

Mr. Ellis: I will be very brief. My question has two parts. Could the minister who spoke so glowingly about the new programs and concepts tell me first—since it was not indicated in the budget speech—if this is the policy of the federal government; and second, can I tell businessmen in my riding that these new concepts and policies will be in place a year from now so that they can count on them?

Mr. Gray: Mr. Speaker, if my hon. friend will have the common sense to speak, work and vote for the budget, they will be. I hope he will have that common sense.

Mr. Beatty: Mr. Speaker, would the minister entertain a second question?

The Acting Speaker (Mr. Ethier): That can be done with unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

• (1700)

Mr. Beatty: The minister spoke of the deficit. Could he indicate to what extent he accepts personal responsibility for the deficit because of the Consolidated Computer fiasco, where he urged the continuation of spending on Consolidated Computer which cost Canadian taxpayers $125 million?

Mr. Gray: Mr. Speaker, I would ask my hon. friend why he did nothing for the nine long months the Clark government was in office to correct the situation. That situation had built up for ten years before I became minister. He let the problem go on. I brought it to an end, while preserving the technology base and the 300 jobs involved. If anybody has to take responsibility, it is my hon. friend and his government for their negligence which I had to correct.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I rise to speak to the June budget. It never ceases to amaze me how the Liberal cabinet would put the entire blame for the

nation's problems today on the nine months that the Progressive Conservative Party was in power. One would think that the whole nation collapsed during that nine-month period whereas in actual fact it took nine months to find out all of the graft, corruption and evil that they had hidden away in the closets. They were so numerous it took nine months to count the skeletons in the closet before we could even start to address the problem. Fortunately for them they were able, in coalition with the New Democratic Party, to bring down the Clark government, and once again the cloak of secrecy has fallen over the affairs of the nation. They can continue to add skeletons where the others lie.

I want to speak to the Canadian people and other members of this House about the underlying philosophy of this budget. Canadians have now come to realize that there is an economic philosophy in this country. The great Liberal Party of years past has now become really a party like the NDP. It is really a philosophy of socialization.

There is a difference between the parties, and I want to discuss that. Regretfully, Canadians now have to pay the price for having elected successive Liberal-NDP coalition governments. It is a truism that the sins of the fathers are visited upon their children. That is what the Canadian people are suffering today.

It is my thesis that the Liberal Party has changed fundamentally from that party of reform of the early forties and fifties, a party that many people fell in love with because it was going to redistribute and create genuine justice and equity. It no longer is that. It is merely a centralist, socialist and nationalist party. I will show how that has not worked to the benefit of individual working Canadians.

Ordinary working Canadians are now injured and in a position where they are worse off then they were in 1968. That should always be where we start because the true test of any government should be the condition of ordinary Canadians.

I challenge any member of the Liberal Party or the NDP to name even one socialist state where the ordinary people are better off than the Canadian people were in 1968 but not today. In 1968 we had a very low unemployment rate. There was basically full employment. The unemployment at that time of 3 per cent to 4 per cent was the ordinary case of people moving to new jobs. Youth unemployment was low. Inflation was 4.2 per cent. The bank rate was 7.5 per cent. Government spending totalled about $12 billion compared to financial requirements today of over $17 billion. The government deficit was small.

However, at that time we had a solid country. This was an exciting nation. I graduated in 1968. All the young people had jobs to go to. This was truly a dynamic nation. There was the unity of Expo '67. We had a health insurance program and a medicare program that was sound. We had post-secondary education that was expanding. It was really a treat to be part of it. We had old age security, the Canada Pension Plan and a solid private entrepreneurship base that was creating wealth, bringing in technology and developing modern ways to search for oil in the west.

We had a research and development component that was adding new cereals, grains and alfalfas. For example, canola has returned billions of dollars to this country. We had all of that in 1968. We were respected internationally and we were clearly charging ahead.

Then this Prime Minister (Mr. Trudeau) was elected who, by his own admission, is a socialist. The Prime Minister has never denied that. Members on the government side try to deny that, but not once has the Prime Minister. He has always been straight up and honest with Canadians. He honestly believes that a small cabinet and a bureaucracy around it can make decisions that are far wiser than having millions of individual entrepreneurs make those decisions. One need only review his writings at university to find that. He has never denied it. Not once has the Prime Minister denied any of his writings, and nor should he because he has never tried to deceive the Canadian people. He has always told them the situation exactly.

Since that date we have a steady march toward government involvement. That is what socialism is. It is the taking over of the marketplace where millions and millions of decisions are made and reducing it so that the decisions are made by one group. That is a government in power. They have done that by way of Crown corporations. Over the last 14 years the number of Crown corporations has increased by well over 200 so that the total now is over 400 Crown corporations in the country.

One need only look at Bill C-124, the government restraint bill, which lists all of the Crown corporations, all of the regulatory agencies and other agencies that respond to government, to find that the bulk of them came in during the last ten to 14 years. During that period the nation has seen a steady decline in vitality. I do not believe it is an accident that Canada faces the problems it does today. It is the direct result of the centralization of power and the nationalization of decision making in this nation.

At the same time, the tax system has changed dramatically. Under the old system, if a person started a business and incurred an expense in the process, it was automatically deductible against whatever income the business earned. That is not the case today. Today all of the money goes into the centre. We must come to Ottawa with hat in hand and on one knee. The government will decide whether you get a grant. That is a different system from what we had before.

Previously in the oil industry you would bring together a skilled group of engineers and scientists that would do the seismic work. They decided where to drill based on the scientific data. When they drilled they would deduct the cost from the revenue if they found oil. Now they first have to come to Ottawa. Depending on where they are going to drill and depending on their rate of Canadian ownership, they might get a grant that goes from 90 per cent if they drill where the governments wants them to, down to less than 50 per cent if they drill where they decide. We are going to have wells being drilled in areas where the government wants them drilled, not necessarily where the oil is. When you drill a dry hole, which averages about $5 million, that money is gone. There is no

recovery from a dry well. The billions of dollars that will be lost to this nation as a result of that process is a tragedy. It makes anyone who knows the oil industry weep.

The ordinary Canadian citizen is always at the end of the whip. No matter how the government tries to say they can pull money out of the air, that money basically comes from Canadian citizens. If you look at the statistics on the amount of money that is put up by citizens, Mr. Speaker, you realize that we truly are back to the days of feudalism and that we are all serfs. A slave is really just someone who is taxed 100 per cent. Therefore, as an economic creature, all of his economic rent goes into the hands of another person who decides how to spend it. The slave has no decision-making powers.

• (1710)

That is what is happening today. If one adds up municipal, provincial and federal taxes, one will find that well over 50 per cent of one's economic rent goes into the hands of other people who decide how it should be spent rather than you. That is the difference between the parties. The Liberal Party, which is clearly with the NDP, very much wants that economic power to come into the centre and then the cabinet will decide how it will be distributed, as compared to our party which would leave it with millions and millions of individual people. We believe that the collective result of millions and millions of decisions is far wiser than one made in the middle.

Then there is the deficit. Clearly, $20 billion is almost intolerable. We then find Bill C-125, which the government wants us to approve, a bill which would let it borrow $11 billion. Just a few days ago I stood up to oppose a previous bill which would have allowed the government to borrow $6 billion. I suppose that in another three months it will be up to another $15 billion, because the government now must go out into the marketplace. Over and above all the billions of dollars it collects from people through income tax and other direct taxes, whether sales taxes or corporate taxes, the government must go out and raise an additional $17 billion. It is no wonder that interest rates are high, because the government needs the money. Therefore it jacks up interest rates. If we did not have the deficit we would not be paying the interest. That is the lesson that people have to learn in their own lives. If one does not get into debt, one does not have to pay the interest.

Where are we? As a result of this administration, we now find, in 1982, that health insurance is in real trouble. We find that the medicare system is failing. We find that post-secondary education is weak and getting weaker when at this time it should be stronger. In terms of the international sphere, never have we more needed trained, high technology people, yet in the last fiscal agreement the federal government cut its contributions.

We are losing indexing of old age security payments. People receiving benefits under the Canada Pension Plan are in real jeopardy because their premiums came into Ottawa, but did Ottawa put that money into a fund which would generate wealth for them? No. It lent the money out to the provinces and at a very low rate of interest, the theory being that when more people were taking out than putting in, the provinces would pay back the loans to the federal government which would then distribute it under the Canada Pension Plan. But seven provinces east of Saskatchewan all have enormous deficits. They took the money, spent it on programs and do not have it now. They are in a deficit position. Therefore, we are in the absurd position that when the pay-out from the Canada Pension Plan is greater than the premium income, the provinces will be called to pay the debt back. Where will they get the money? They will have to increase taxes on the very same people who in earlier years paid their premiums. So they will be doubly taxed. It is incredible but that is the burden the Liberal administration has put on this nation.

Again, in 1982 unemployment affects 1.3 million people. Canada is no longer an exciting, dynamic place for young people to come out to as it was in 1968 when I was graduating along with many other members. There is a real uncertainty among our youth because their unemployment rate is 17.5 per cent nationally. It is over 40 per cent in some specific provinces.

We then get back to the National Energy Program which single-handedly destroyed the most exciting and dynamic industry in the west, one which would have carried this whole nation through these tough times because thousands and thousands of young people were coming from across the country to take jobs in Alberta. Had that Alsands plant gone ahead and had the Cold Lake plant gone ahead, with the petro-chemical upgrading plants they could all have had jobs. Now there are no jobs. Interestingly enough, it is the young people from Ontario and Quebec who are having to go back to their homes and say that they do not have jobs, although there is still enough economic development in Alberta to absorb the Alberta graduates. So ironically it is not hurting the very people whose province the energy program has hurt.

Of course, from a narrow, selfish point of view, Albertans would be entitled to say: "The longer the oil stays in the ground, the better it will be for our children and for our grandchildren". The only reason they were producing that oil in the first place was for the good of the nation, not for any selfish need on their part. Inflation is now at 11.8 per cent. The deficit is at $20 billion. What does that do? Governments operate around balanced budgets. Therefore, in bad times they would go into debt in order to make the capital investments that would make capital available for industry to create jobs and then, in the good times, the tax revenue would flow and they would pay back the debt so that they could go around that zero line. Sometimes there is a deficit in good years; it is paid back and a surplus may even be built up. Then in bad years it goes down. What happens when one gets into a deficit position is that one will always go around the line.

Now the Liberals are going around the line of annual deficits of about $20 billion and a net deficit of about $20 billion and a net deficit of something over $100 billion. The problem is that one is still going around that line, but out of the revenue one must pay interest on that deficit. Therefore, something like 25 per cent or 26 per cent of every revenue

dollar is simply servicing the debt. What that does is to concentrate wealth. People who have money in the bank were doing just fine. I have invested my cash. Some people have even sold assets and put the money in the bank because that wealth is concentrating the interest on $100 billion. What that does is create a class society. It simply means that the rich become incredibly rich, the poor have no chance of getting out and the middle class is being eroded from the bottom. It is becoming smaller and smaller. Pretty soon we will be in a situation similar to that found in India and all the other Third World countries where there is either a fascist dictatorship on the top or a socialist-communist dictatorship. There will be incredibly rich people and incredibly poor people. Well, that is not what Canada is all about. If one speaks to ordinary citizens, one finds that that is not what they want; but that is exactly what is happening to this nation and it is happening because of deficits.

I can say to hon. members opposite that the parents of those of us from the west learned that lesson, because during the thirties the province of Alberta had to default on provincial bonds and that was such a humiliation to the people of Alberta at that time that they put in a Social Credit government, and British Columbia very quickly followed. There is a public populist feeling that they will not tolerate government deficits. I come from that milieu, I can see the history of it and I believe that to be correct.

I will be presenting a private member's bill to change the Constitution so that governments cannot take us into deficit positions. For years, the Liberal government has been able to offer programs like this, good programs, but with a low capitalist tax. It says, for example: "Relax; here is the program and your taxes will not change. We will then borrow it all at the same time." First at 10 per cent, then at 15 per cent and then at 20 per cent. Now, over 25 per cent of our revenue services that debt, so we are now getting socialist taxes to meet the socialist programs. But in the meantime people have gone out and bought houses that are too big, they have huge mortgages, they have paid too much for land and they have paid too much for businesses. With the combination of high taxes to meet these programs, they are just falling like flies. There are tens of thousands of bankruptcies in this nation, and that is unnecessary. When a government offers a program, it should be forced to say to the people: "Here is the program, here is the tax. What do you think? Do you want it?" If that were done, people would give their views and governments would not get themselves into such trouble.

• (1720)

It is no accident that we are where we are. It is not the fault of the United States of America; it is not the fault of the European Economic Community; it is not the fault of the Premiers. We are in trouble because the Canadian people elected a Liberal-NDP coalition. They had the right to do that and that is what they did. That coalition is governing with its majority. I am naturally hopeful that in the next election the people will realize that in the long term the nation should not permit a concentration of power. It does not matter to me whether it is a Liberal government, a Conservative government or an NDP government; any time a nation permits the concentration of power into too few hands, there will be trouble. That is exactly what the battle for Parliament was about. Kings had absolute power. The power of those kings is now exercised by the executive—the cabinet—and the cabinet is supposed to be responsible to all of us. That is the part of our form of government which has failed. Because of party discipline, individual government backbenchers have not stood with sufficient vigour against the tendency of the cabinet to concentrate power.

The alternative thesis is that they agree. Perhaps Liberal backbenchers agree with everything the Cabinet has done. Perhaps they agree with the National Energy Program in total. Perhaps they agree with the budget and its deficit. If that is so, the only solution for the Canadian people is to turf them out on an individual basis. I suppose that is exactly the solution.

What is this socialism about which we talk? Some people laugh and hoot, as if socialists were communist in the sense of Brezhnev and his crew. That is not the model of socialism about which I speak. I speak about socialism as the economic system whereby there is public ownership and control of the means of production. That is exactly what has been happening in this country.

I explained earlier the operation of the oil industry and that prior to the National Energy Program entrepreneurs made decisions about where they would drill. Now it is government which decides. It is government and bureaucracy which decide where driling will take place. Bill C-85 is legislation to establish a corporation called Canagrex to promote, facilitate and engage in the export of agriculture and agricultural food products. This legislation is in exactly the same position as the Petroleum Administration Act some years ago when the government decided it wanted to move into the oil industry. This Canagrex legislation will mean the ultimate takeover of food production in this country. When we have powerful government, what happens is that it causes problems, and the solution is not to have less government but more. As we get more problems, we get more government.

It becomes a circle, and ultimately we end up with a country like Russia. The classic example is eastern Europe, where they used to export food but people now stand in food lines. Bureaucrats and politicians in Russia decide that there will be so many million hectares of wheat, so many million hectares of barley, oats and so on. A mechanism has been put into place whereby seed is distributed to farms at the "right time". But they always forget that mother nature plays a hand. Sometimes there are late rains. On July 15 when farmers should be sowing barley, because some bureaucrat has said they should sow wheat, in goes wheat. Farmers at the state farm level know it will freeze off, and it does. Under our system, if it rains here or hails there, the individual farmer can make the instantaneous decision to change his crop. Therefore, we invariably have a huge surplus, which contributes some $6 billion to our trade balance.

To the extent that Canagrex takes decision-making away from individual farmers we will be in trouble, and I have no doubt at all but that Canadians could be standing in food lines too, because when we get beyond the export of cereal grains, Canada is a massive importer of food. It is not at all beyond the realm of possibility that Canadians could be standing in food lines. If there ever is a blockage of that line of trucks coming in from the United States of America, Canadians could be standing in food lines within three days.

Somehow we think we can kick the United States around all the time. We live under its nuclear umbrella, yet we stand up and say we are nuclear free. We forget that we are involved in guidance systems and testing of Cruise missiles. We seem to think we can kick the Americans and still live under their protection. We are going to learn a hard lesson.

The prime vehicle on the road to socialism has been Crown corporations, of which I said there are over 400. In Bill C-124 we can see the details. I explained how we are using the tax system to make us more socialist. Unfortunately, the defect is that socialism simply does not work because the government causes problems and then creates more government to solve them. The classic example I mentioned on an earlier occasion is Petro-Canada. Some years ago it started with $300 million or $400 million. Every year since then it has come back, and the Liberal government has procured hundreds of millions more into it. Direct total investment was some $2 billion cash, but Petro-Canada still was not working so we gave it a 25 per cent back-in provision respecting oil lands in the north. That was not working, so we just outright confiscated 25 per cent of the oil lands from other companies and gave them to Petro-Canada. It is still not working, so now we have the ultimate provision. Every time any citizen drives up to the gas pump, he pays approximately four cents per gallon off the top, which goes to Petro-Canada. Petro-Canada will succeed if it takes every penny out of every Canadian's pocket. It cannot fail because it was created by a political cabinet; it has to succeed. It does not matter whether the cabinet is Liberal, Conservative or NDP; their reputation is at stake, so Petro-Canada will succeed no matter what. As the years go by, we will see more and more money being poured into Petro-Canada, and it simply will not work.

Another way governments hurt people is by reneging on agreements. The classic example is the treatment of federal superannuates by this budget. There are approximately 120,000 retired federal public servants who have average incomes of just over $7,000. The surviving spouses of retired civil servants have average incomes of about $2,100. Those men and women worked 20 or 30 years and paid premiums in order to be entitled to their pensions. That is fair enough; private industry does the same thing. However, federal public servants paid an extra 1 per cent in order to have their pensions indexed. Throughout the course of their lives they gave up an extra 1 per cent of their incomes in order to have protection from inflation in the future.

Mr. Kristiansen: You opposed it.

Mr. Thacker: The most recent budget did away with all that. We have confiscated 1 per cent from our retired federal civil servants. It is just gone. There was no point in their having paid it at all. They might as well have paid just the ordinary premium. One might think a government truly committed to equity and fairness would at least say to federal public servants at this time, "We will not collect the 1 per cent from you", but the government will continue to collect the extra 1 per cent during this two-year restraint period. Alternatively, one might think the government would feel some obligation to pay the 1 per cent back. It could say, "Look folks, we cannot honour our part of the agreement; therefore, we will at least give you back your money". If I sign a contract with somebody who does not perform his part of it, surely I am entitled to damages or at least to get my investment back. The government stopped that. There is no shame on the government benches, Mr. Speaker.

• (1730)

I have examined what happens with other nations because I was interested in the extent of centralization of power and socialism that there has to be before a system breaks down.

We all know that in Poland people have to stand in line to get food. Some people may think that this is because the government took over the farms, but that is not so; over 90 per cent of the farmland in Poland is owned by individuals. The government has taken over all the support services, however, such as the distribution of fertilizer and seeds as well as the processing of crops. So even if ownership of land is left in the hands of individuals, they will still have to stand in food lines if there has been nationalization of the infrastructure of farming. That is what happened in Poland.

We have an example of this in Canada that members of the New Democratic Party should be glad to—

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

[*Translation*]

Mr. J.-Roland Comtois (Terrebonne): Mr. Speaker, it is a real pleasure for me to take part in the budget debate this afternoon. I would like to remind my colleagues that in the last few days, all the media have been saying that while the November budget was prepared by public servants, the latest budget was prepared by politicians. That reminds me of a saying that is rather popular in my area: The experts are always right except when things go wrong, and then we call in the politicians. Let me give you an example. In October 1981, I wrote to the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) to submit a proposal for a Canadian interest rate policy. I thought he might find it useful in preparing the November budget, but coming from a member and a politician—and since the budget was apparently prepared by public servants—obviously my proposal was not accepted.

It is some consolation to me today that the Minister of Finance probably decided, this time around, to put his hand in, and I see that the budget contains most of my recommendations. This is rather interesting because, at the time, I told him how important the interest rate issue was to Canadians, and I also told him about the uncertainty caused both by inflation and high interest rates, especially for farmers, the housing industry and small and medium-sized businesses. I tried to draft a policy statement, in very simple terms, that would deal with inflation and interest rates while at the same time protecting investor profits. I knew my concept could be further refined but, in any case, the important thing was to propose a truly Canadian policy on interest rates that would apply to very specific areas such as agriculture, housing and small and medium-sized businesses.

I therefore proposed a formula that dealt both with the rate of inflation and investor returns, and I told the minister that interest rates should never be in excess of 75 per cent of the market rate. I submitted a series of tables, and this is all in line with what the minister put into his budget. For instance, with an inflation rate of 3 per cent we have an interest rate of 9 per cent, and an inflation rate of 12 per cent could raise the interest rate to 18 per cent. The minister is proposing more or less the same thing, although with a different formula. And that is why this evening I am very pleased, Mr. Speaker, with this opportunity to inform the House that the June 28 budget meets my expectations, especially in the areas I mentioned.

• (1740)

I should like to go over what the budget means to the average Canadian citizen. I believe that the budget is made for Canadians as a whole. It will help those who most need lower interest rates. Parents who have trouble making both ends meet will receive higher tax credits. Purchasers of new houses will receive a grant. Businesses will pay less to borrow from the banks. Of course, government tax revenues will be reallocated during the next two years to activities that will create jobs and promote investment immediately. This budget aims at restoring confidence, which was on the decline, as everyone agrees, confidence in a future when inflation will be lower and new investments will create the jobs needed. With this budget, the government is taking the lead in a two-year national effort. It wants to join with the other levels of government, businesses and workers to reduce inflation and promote economic recovery.

What are we doing exactly? Instead of letting wage settlements attempt to catch up with inflation, the government has decided to limit salary increases in the public service to 6 per cent this year and 5 per cent next year. What does this mean exactly? It means that the 500,000 people who work for the government and Crown corporations will get a maximum increase of 6 per cent. This will represent a saving of $250 million this year and $550 million next year for allocation to programs designed to stimulate the economy and create much needed jobs. Who will be affected by this initiative? Everyone who works for the government and for most Crown corporations, ministers, Members of Parliament, Senators, deputy ministers and senior public servants, or about 500,000 people.

It is to be hoped that this decision will make provincial and municipal governments reflect on their own approach. Let us hope also that big companies, utility companies and labour unions will consider this suggestion carefully. If all sectors of society could agree voluntarily on a ceiling of 6 per cent, inflation would be reduced and more jobs would be created before long. What is the government trying to achieve in the June 28 budget? First, to tackle high interest rates—the highest priority, of course—at the same time to tackle inflation, to reallocate funds in order to create jobs, to help the housing industry and to introduce tax proposals. These are the five important points to remember. How does the budget tackle high interest rates? In order to promote the housing industry, the purchasers of new homes will receive a $3,000 grant on purchase. This is a positive measure since we know that housing is the prime industry to get the economy moving. I can tell you, Mr. Speaker, that in my constituency of Terrebonne, contractors used to be able to build from 2,500 to 3,000 new homes a year. Last year, only 400 to 500 homes were built. This year, only a few hundred homes have been built to date. Thanks to this measure and others, it will be possible to boost residential construction without delay, and this will create thousands of jobs and generate economic benefits throughout Canada.

Second, small businesses will be able to secure loans at interest rates 4 percentage points lower than prevailing rates to invest in new plants and equipment. As you can see, Mr. Speaker, this is very much like the proposals I submitted to the minister last year. Farmers will also be able to secure loans at interest rates 4 percentage points lower than prevailing rates to finance new equipment. As for fishermen, they will also be able to secure loans at lower interest rates to finance new equipment.

Another way of fighting high interest rates will be the creation of a new type of indexed term deposit certificate with a competitive interest rate. Income tax will be paid only on that part of interest income that exceeds the inflation rate, and here again I could give examples. If for instance a person bought a $1,000 indexed term deposit certificate with a 16 per cent interest rate while the inflation rate is 11 per cent, his or her interest income would be $160 but he or she would be taxed only on $50, the difference between the inflation rate and the interest rate. Again, it can be seen that these factors are taken into account, as I had suggested.

These new indexed term deposit certificates should attract $3 billion a year that will be available for reduced interest rate loans, through that tax relief, to new home buyers because the big problem for buyers is high interest rate and the unavailability of long-term loans. Currently, this is the real cause of the

slump in residential construction. When the proposed plan matures, small businesses, farmers and fishermen will be in a position to borrow some $12 billion to $15 billion a year at reduced interest rates, through that tax relief, to invest in new plants and equipment.

Second, while stimulating employment, residential construction, the expansion of small and medium businesses, farming and fishing, we must try to reduce inflation, and to that end, we have decided to place a 6 per cent ceiling on the indexation of deductions and personal income tax brackets for the 1983 tax year, and of 5 per cent for 1984. In order to set the example for provinces and private industry, the government is putting a limit on pay increases throughout the Civil Service. Mr. Speaker, it is my view that examples will be followed, and hopefully other sectors in this country will follow suit and fight inflation also. Therefore, these specific measures on public servants, salaries, transfer payments and administered prices show that the government is embarking on a two-year fight on inflation. This, in my view, is the message we must put across to our people.

There is also the $1.4 billion funding for direct job creation and other programs. Much criticism is being levelled at the government deficit that will total $19.6 billion. That criticism borders on obsession. If we can reduce our expenditures generally, instead of directly reducing the deficit, let us invest those expenditure reductions into the most dynamic areas. I feel there should be a review every two or three months, following which the most buoyant industries in our economy would receive more assistance in order to stimulate job creation while those which are lagging behind should of necessity receive less. This is the right way, in my view, to promote economic growth efficiently in this country. I believe that the best way to reduce the deficit is to generate higher revenues instead of cutting left and right through our often essential programs, in social services for instance. Therefore let us generate more economic activity, more revenues for the government, and the deficit will reduce itself, without making cuts that are too harsh for most Canadians. We should encourage competition between the most aggressive businessmen in this country. For this reason, I wholeheartedly support direct job-creation programs in some specific sectors. We have allotted, among others, $300 million to existing incentive programs to create employment in private industry. Two hundred million dollars more will be allotted to direct job-creation and $400 million to housing. As I said earlier, this plan can be very quickly and very easily carried out. Mr. Speaker, there are many builders in my area. Last week I met one who told me that in Canada we have all we need. We have concrete, steel, lumber, all kinds of materials and trained labour, nevertheless the construction industry is in trouble. Why is that? The problem is uncertainty, excessively high interest rates, inflation, the investor's reluctance to get involved in development programs and buyers' fear. But I think that the steps included in the budget will succeed in restoring confidence, which is vital to economic recovery.

In addition, $400 million will be earmarked for the reduction of interests charged to small businessmen who are borrowing to make new investments in job creation and $100 million for the reduction of interests charged to farmers who are experiencing financial problems. I feel that it is an excellent measure. Our farmers need those funds to survive the recession.

Housing assistance is divided into five specific points. First, buyers of a new house, the construction of which started before December 31, 1982 will receive a $3,000 grant. Any first buyer of a house is eligible for the $3,000 grant. That is absolutely essential in our program. In addition, the Canada Home Renovation Program has been given an additional $30 million. Once again, such a program can easily be implemented.

To meet the special needs of low-income families, the Non-Profit Housing Assistance will be increased from 25,000 to 27,500 units this year. There will also be more flexibility in the interest-free loans made available under the Canada Assisted Rental Program which has been experiencing some problems; but with more flexibility, I am sure the program will quickly receive a new impetus. Lastly, the Canada Mortgage Renewal Plan is extended to December 31, 1983 and owners who have to pay more than 30 per cent of their gross income on their mortgage as a result of a mortgage renewal after the tabling of the budget will be eligible for a $3,000 grant. They will no longer have to defer their interests to become eligible.

In addition, tax proposals, if implemented, would allow Canadians who invest in a new form of term deposit to pay tax only on that part of the interest that exceeds the rate of inflation. The money could be channelled, at rates from 3 to 6 percentage points lower than prevailing rates, to buyers of new houses as well as to small businesses, farmers and fishermen who invest in new plants and equipment. A new registered investment plan is proposed providing for the purchase of publicly traded common shares of Canadian corporations. Half the capital gains would be taxable each year as in the past, but only to the extent where gains exceeds the rate of inflation.

So, Mr. Speaker, the public is invited to study those proposals and make their comments known as soon as possible. A committee of prominent financiers, accountants and economists has also been set up to look into the feasibility of the various proposals. I believe, Mr. Speaker, that this advisory committee on inflation and the taxation of personal investments is to report at the latest next September 30.

I think we should insist that this committee table its report as soon as possible, on the 15th of August if at all possible, to do away with the uncertainty that will once again exist about this new program during coming weeks. I am sure the committee could meet every day, if need be, for two or three weeks, then report on August 15, so that the government and the

Minister of Finance can announce their decisions with regard to the new program that will be implemented.

Mr. Speaker, I do not wish to keep my hon. colleagues any longer. In closing I should like to say that Canadians expected the Minister of Finance to take rather drastic measures. All in all, this budget meets their hopes. I am convinced that if each and every Canadian wants to co-operate by lowering his or her expectations, we can not only get the economy back on track but also reduce our deficit, create thousands of jobs and once again give our fellow-citizens all the services they can rightly expect. In a society such as ours, a society built on sharing, which is what Canada is, to be shared goods must first be generated. I believe the budget sets us on the right track. I am convinced its effects will soon start to be felt and that as early as next September and October, statistics and reports will tell that the budget has achieved its goal allowing the economy to gather steam for a major recovery.

• (1750)

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the budget we got from the Minister of Finance (Mr. MacEachen) last November deepened the recession that this country was experiencing at that time. The budget we got a few days ago from the same Minister of Finance guarantees that we will have a continuing and an even more serious recession to come.

When the minister delivered his budget last November we had 891,000 people unemployed, which represented 7.5 per cent of the labour force. He forecast then that in 1982 we would have 946,000 people or 7.8 per cent of the labour force unemployed. Instead, when he presented his budget a few days ago, we had 1,241,000 people or 10.4 per cent of the labour force unemployed. Members of Parliament know that the figure of 1,241,000 does not reflect accurately the number of unemployed. Members of Parliament know that there are in many parts of this country tens of thousands, indeed, hundreds of thousands of Canadians who have given up looking for work. They have given up looking because in their one-industry towns there simply is no work. we not only have 10.4 per cent of our labour force unemployed but we have almost double that percentage of our young people who are unemployed. A whole generation of young Canadians, the best educated and the best trained that we have ever produced, are being consigned to the scrap heap by the mistaken policies of the government.

When the Minister of Finance delivered his budget last November the cost of living was rising at 12.7 per cent per year. When he delivered his most recent budget, the cost of living was 11.8 per cent and is still rising. Wages are rising by 11.2 per cent. In other words, wages are rising by less than the increase in the cost of living. That situation has been going on for five years. The real income of ordinary Canadians has gone down, yet we are told by the government that the way to stop inflation is to cap by law the wages of public servants. The government hopes that other employers in the public and private sector will follow suit despite the fact that real earnings, the real living standard of ordinary Canadians, has gone down in recent years rather than up. To blame ordinary Canadians for inflation is patent nonsense.

Business bankruptcies were running at 642 a month last November at the time when the Minister of Finance presented his budget. Business bankruptcies are now running at 886 a month. That is an increase of 38 per cent, and it is continuing to increase.

We are told that the deficit which the Minister of Finance estimated would be $10 billion last November is now estimated to be $19 million. We should ask ourselves, and the minister should ask himself, why the deficit has almost doubled in a period of just a few months. The reasons are not very difficult to find. It is not because of poor management, although there is poor management according to members of the official opposition. The deficit is up because of the recession we are in, because of the 1.25 million people who are unemployed, who by virtue of not working are not paying income tax and are not purchasing the goods and services which they need and on which they would be paying sales tax. Companies are not making profits, therefore they are not paying the amount of corporation tax they used to pay. Government revenues are way down. At the same time that government revenues are way down, expenditures are rising. Of course, they are rising because if you have more people unemployed than ever before unemployment insurance benefits will escalate. Unemployment insurance benefits are up over 40 per cent, I believe, over last year. When the unemployed run out of unemployment insurance benefits they go on welfare, and costs to the federal government, the provinces and municipalities go up. Of course, the deficit is up.

I predict that in the fall we will get another borrowing bill which will be even bigger than the one we are going to have to deal with in the next week or so. Last November when the Minister of Finance presented his then budget, manufacturing capacity utilization was running at over 73 per cent. In other words, Canadian plants were running at over 73 per cent of their ability to produce. When the minister presented his budget a few days ago plant capacity was running at less than 70 per cent. Obviously, when plants are running at less than 70 per cent capacity what is needed to get them working at a higher capacity and what is needed to get Canadians back to work is to increase the purchasing power of Canadians. If the people had more purchasing power they could buy the goods and services they need produced by other Canadians. As a result there would be a reduction in the number of people unemployed. But instead of following policies which would increase the ability of Canadians to buy the goods and services we can produce, ordinary Canadians get a tax increase. The partial deindexation of income tax would take $1.3 billion, that is $1,300 million, out of the pockets of Canadians. If you add wage controls in the public sector, about which I will speak later, and the partial deindexation of family allowances and pensions, you add another $1.3 billion which the government proposes to take out of the pockets of Canadians in the next 20 months.

That is the wrong policy to follow if we want to get people back to work.

May I call it six o'clock, Mr. Speaker?

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Orlikow: Mr. Speaker, in the few moments in which I spoke before the supper break I made the point that as a result of the deindexing of income taxes, of the capping of the indexation of pensions and of the restraint put on public service wages and salaries, Canadians will have a reduction in their take-home income in the next two years of $2.6 billion. However, not all Canadians will suffer as a result of the last two budgets brought forward by the present Minister of Finance. The people at the top will pay substantially less in income tax than they paid before last November's budget because of the sharp reduction in their marginal tax rate which the Minister of Finance put into effect; it was reduced from over 60 per cent to 50 per cent.

According to this week's edition of *The Financial Post*, a taxpayer with a wife and two children and a taxable income of $20,000 would have paid, before last November's budget, $2,502 in income tax. After the November budget and after the budget of a few days ago, he will have to pay $2,434, a reduction of less than $100. Before last November's budget, the taxpayer with a $200,000 income would have paid $98,000 in income tax. After the November budget that tax would have been reduced to $87,276. After this last budget it was increased to $87,860. Therefore, the taxpayer with an income of $200,000 received a reduction of over $10,000. That is typical of the Liberals, "To those who have shall be given".

• (2010)

I would like to make a few remarks about what the government is doing to our old age pensioners. I say this with great regret because we in our party had great respect for the Minister of National Health and Welfare (Miss Bégin). We applauded the speeches she made all across Canada when she talked about the tens of thousands of pensioners, particularly women pensioners, who are living on old age pensions and GIS. She pointed out that many of them live in poverty. Now she has caved in and given up the fight. She has agreed to the disastrous decision of the Minister of Finance.

We should study what will happen to our pensioners and consider for a few moments the history of pensions in Canada. It has taken generations to develop pension plans. I believe our first pension plans began in 1926. It has taken all these years to lay the foundation for a pension system which would permit our retired people to live in some dignity and comfort. In 1926 we started with a pension of $20 a month for people 70 years old. In order to receive that pension they had to pass a means test. Gradually over the years the age for pension eligibility was reduced.

A few years ago indexing was introduced. I know that our Conservative friends did not like indexing and thought it was detrimental. But where would our pensioners be now if indexing was not implemented during what the Conservatives felt was the terrible minority Parliament of 1972 and 1973? At the present time, pensioners who receive old age security benefits receive $239 a month. Until the capping of indexation in last week's budget they were receiving the full indexation. The cost of living will rise by more than 11 per cent this year. The government has indicated that old age pensioners will receive an increase of only 6 per cent in the coming year, regardless of what rise occurs in the cost of living, and they will receive 5 per cent the following year, regardless of how much the cost of living will go up for that year. If the quarterly increases in 1983 for old age pensioners with full indexation was worked out at an annual rate of 10 per cent—we must remember that we have inflation of 11.5 per cent—rather than cap it at 6 per cent, at which it is now, the loss will be $77 in the next year, rather than the $55 the minister is talking about. But in the second year, with a 5 per cent ceiling on old age security payments, the real loss will be $218. Therefore, over the next two years, old age security pensioners will lose approximately $300, or $12 a month.

However, this is not the most serious effect. The fact is that if full indexing starts two years from now—one must ask oneself if we will ever see full indexing again once it has been taken away—but if full indexing starts in 1984, it will start at the lower amount. The pensioners will never catch up to what they would have received if indexation had not been capped as is proposed by the minister.

If we had the actuaries calculate the loss to pensioners over their whole lives—as I say, they will never make up that $300 which is to be taken away from them by the government in the next two years—I have been told that over the whole of their lives they will be shortchanged by several billion dollars. In view of the views which the Minister of National Health and Welfare has expressed so frequently, she should never have accepted this. I suggest that she should have resigned rather than accept it.

The government has put a 6 per cent limit on increases permitted to public servants in the coming year. The government implies that they will not lose too much because the cost of living will be brought down to 6 per cent. There is no evidence that can be given by the government that the 11 per cent cost of living today can be reduced to 6 per cent. The government cannot reduce the cost of living because it continues to follow the monetarist policy of high interest, anti-intervention, anti-full employment and anti-demand and management policies which have been endorsed by this government for many years and unfortunately endorsed by the short-

lived Conservative government. That government kept following the same course. It retained the same head of the Bank of Canada and brought in a deputy minister whose views must be similar to those of the Liberals since he is one of the so-called experts on that team which advises the Minister of Finance.

There will be no substantial decrease in interest rates. The budget does nothing to end the strangulation of the economy which has been caused by high interest rates. This is due to the government's insisting on following the advice of the Bank of Canada in tying our dollar to the American dollar. We must keep in mind that, on the advice of the Governor of the Bank of Canada, the government made desperate efforts to keep the dollar at 85 cents U.S. When that did not work it made strenuous efforts to keep the dollar at 80 cents U.S. Now it is making the same kind of efforts—probably just as futile—to keep the dollar above 75 cents, U.S.

In order to do this, interest rates for Canadians have to be kept high. Therefore, individual Canadians such as farmers, home owners and small-business men now have to pay interest rates at 20 per cent or higher. Farmers, businessmen and home owners have repeatedly told the government and other members when they appeared before the finance committee which was looking into bank profits that they cannot live with interest rates which are 20 per cent or more.

Bankruptcies are at an all time high. Farmers are going out of production. Home construction is now at an all-time low. There are less than 120,000 units per year being built. This is half of the number of units being built a few years ago.

Given the interest rates which we have today there can be little, if any, reduction in the cost of living. How can interest rates be lowered and how can people be encouraged to invest in productive ways when they can do so much better by simply depositing their money in the bank or purchasing Canada Savings Bonds? Although many companies need to be modernized, expanded or computerized, what Canadian who has some savings will invest his money in the stocks of some company or buy long-term bonds when he can get 14 per cent or 15 per cent from term deposits? A year ago Canadians were able to get 19.5 per cent interest on Canada savings bonds. The result is that investment in Canadian companies has dried up. We now see Canadian companies which used to be able to sell shares or long term bonds being forced to go to the banks to borrow hundreds of millions of dollars, indeed billions of dollars, from the bank on short-term loans.

A couple of weeks ago *The Financial Post* listed approximately 15 of the largest companies in Canada which are paying anywhere from 75 per cent to 150 per cent of their entire cash flow in interest payments. Those companies are hanging on for dear life. Many of those companies would now be bankrupt if it were not for the banks carrying them.

• (2020)

Let me give hon. members another reason that it is ridiculous to talk about bringing the rate of inflation down to 6 per cent. The government said that it could not honour the contracts which it had signed with its employees in good faith, which gave the employees more than 6 per cent in wage and salary increases. It must bring in special legislation to restrict wage and salary increases to 6 per cent in the coming year and to 5 per cent the next, but the Government of Canada made an agreement with the producing provinces about the price of oil. On July 1, a few days ago, the price of a barrel of oil went up $2.25. On January 1 of 1983 it will go up $4 a barrel, and on July 1, 1983 it will go up another $4 a barrel. That is $10.25 in one year. Every increase of a dollar in the price of a barrel of oil adds half a percentage point to the cost of living. So, when we are speaking of a $10 increase in the price of a barrel of oil, we are looking at a 5 per cent increase in the cost of living in the next year, just because of the increased cost of energy. When the leader of our party suggested to the Prime Minister (Mr. Trudeau) that he should go to the producing provinces and ask them to give up some or all of that price increase to help keep the cost of living from rising, the Prime Minister said, "We have an agreement. We cannot vary it". So it obviously depends upon whom one has the agreement with. An agreement with our employees can be ignored, can be overruled, however, can that be done with an agreement with the producing provinces or the oil companies? It cannot be done.

Let us look for a moment at the limits put on the salaries of public servants. The government will limit them to 6 per cent in the coming year and to 5 per cent in the following year. As I have said, the cost of living will go up much more than 6 per cent. I have a friend who likes to do some modest wagering, and he has asked me to ask Liberal Members of Parliament who really believe the government will get the rate of inflation down to 6 per cent to contact me. He will cover all the money they would like to bet that the cost of living will come down by that amount. But let us look at what 6 per cent limit means. For the civil servant who is making $90,000, of whom there are some, it means an increase of between $5,000 and $6,000, but for the hundreds of thousands who make between $11,000 and $12,000 it means an increase limited to between $600 and $700. That is the Liberal idea of equity.

We are told that this budget will help create new jobs. Keep in mind that we have over 1.25 million unemployed. So what does the government propose in the way of job creation? It will give a $3,000 grant to purchasers of new homes under certain conditions, but it has put a limit of $300 million on the amount of money allocated for that purpose. The government itself estimates that this will provide 50,000 jobs in two years; in other words, 25,000 jobs will be created in each of the two years. The $3,000 grant can, of course, be passed along in the form of higher prices, and we have already seen some evidence that that is happening.

The problem of the prospective home purchasers is not, and has never really been, his inability to make the downpayment. The problem of the home purchaser is that he cannot afford the monthly mortgage payments with the present interest rates of 20 per cent or more. Therefore, the incomes of 90 per cent of Canadians are below what is necessary to be able to afford a house. We have the home renovation plan to which $30 million has been allocated. Again, it is hoped that it will create 10,000 jobs in the next two years.

Mr. Deans: Not a chance.

Mr. Orlikow: Then we have the Canada mortgage renewal plan which makes it possible for people who formerly qualified only for interest deferrals to get grants now of up to $3,000 or whatever is required to keep their mortgage payments at 30 per cent of their gross income. That will not help much because only $25 million to $50 million has been allocated to the program. When that money runs out, they will be back in the same box they were before, as they will not be able to afford the monthly payments. Then, of course, we heard the announcement by the minister in charge of housing that we will have 2,500 more non-profit or co-operative housing units. That will not meet the need in one of the big cities in Canada, let alone all across the country. All together, if all these housing proposals work, and that is very doubtful, we will provide 57,000 jobs in the next year and 61,000 in the following year.

What are the other job-creation programs proposed by the government? The Canada community development projects have been allocated $200 million, which will provide 23,000 jobs this year and 23,000 jobs next year. Then $300 million is supposedly to be allocated for economic development initiatives. We have heard this song before.

Let us look at one which is supposed to be a jewel in the government's arsenal, the ILAP program, announced a year and a half ago, to which $350 million was allocated. It was set up supposedly to help those communities devastated by layoffs and initiate economic resurgence. In a year and a half, less than 10 per cent of the $350 million allocated to this program has been used and only 10 per cent of the workers in some of the designated communities, which were supposed to benefit from the adjustment measures, are eligible.

Let us look at the total package the government is proposing. All of its programs together will provide 80,000 jobs this year and 84,500 jobs next year. That comes at a time when we have more than 1.25 million unemployed. What we need are real programs to put people back to work, not temporary jobs. We have 165,000 unemployed construction workers, sitting at home drawing unemployment insurance, when they want to be out working. We need a real housing program. We need to set ourselves the objective of doubling the number of houses we are building right now and building 225,000 homes in the next year. But to do this, the government would have to allocate the money or tell the banks to set aside from their investment portfolios the money required, the $2 billion required for this kind of program, at interest rates which the Canadian people can afford to pay, and that is not 20 per cent plus.

The government and the experts have spoken about the tremendous increase in our exports: 50 per cent more wheat, 100 per cent more potash and 350 per cent more coal. Our transportation system barely meets its present shipments. We need to modernize the system. We need to double track, a promise the Prime Minister has forgotten. We need to bring the signal system into the twentieth century. We will not be able to achieve those objectives we discussed because our transportation system cannot do it. We need to start now, but the railways, instead of hiring new people and buying new equipment, have major lay-offs. The government needs to be serious. It needs to deal with unemployment as the first objective on which it will go to work. It needs to stop conning the Canadian people that this program or any other program it has enunciated will really bring down the cost of living. That will not happen, and I think hon. members on the government side know it; but, of course, they cannot afford to admit it because they cannot take the political consequences. Therefore, we say to the government, be serious. Do the things which need to be done. The people in this country want to work. We have the manpower and the natural resources. We can put the people of Canada to work at meaningful jobs if we have the desire.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: The hon. member for Ottawa Centre.

Mr. Blaikie: Just turn off the mike!

• (2030)

Mr. John Evans (Ottawa Centre): Mr. Speaker, I would like to make a contribution to this debate on the budget, if the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) would pipe down. I will get to him in a minute.

I would like to talk about the budget, the thrust of the budget, what it does, what we are attempting to do with it and why I think it is the appropriate budget for the times, one that will set us on the track back to recovery.

The budget was intended to do a number of things. First, it was intended to intensify the anti-inflation fight. I just heard the hon. member for Winnipeg North (Mr. Orlikow) say that we should effectively forget all other economic goals except unemployment. That just will not work. How are you going to get unemployment down? You will not beat the unemployment problem if you give up on the fight against inflation.

The hon. member talked about investment. He said that we need to have more investment. Why in the world would any Canadian invest money in this country with the kind of uncertainty that would be facing us if we allowed inflation to run to 20 per cent or 30 per cent? Countries that have followed a strategy such as the one outlined by that hon. member for Winnipeg North have reaped the whirlwind. They have had declining investment, declining growth and a declining standard of living. That policy is a bankrupt policy by a bankrupt party.

The budget was intended to intensify the fight against inflation, to bring inflation down to 6 per cent, to give a positive target as to where this government believes we can bring inflation over the next year. I think we can do it, but it will take the co-operation of all parties in our economic system. The government put forward a program that shows the leadership from the government sector. We are asking the provincial governments, the provincial public sectors, to join with us.

The federal government has put forward a program. Federal public servants, federal Crown corporations, federal regulated agencies as well as parliamentarians and senators will participate in that program. We are asking the provinces and municipalities to join with us. The public sector can show leadership. The people of Canada want leadership. They want to see action. This government has put forward a program which indicates that leadership. We are intensifying the fight against inflation. We are bringing forward more meaningful policies.

The second purpose of the budget is to try to restore some confidence, to put forward some programs that will lead to enhanced savings and investment in this country. If we are going to have increased productivity and an increased standard of living, we need to have increased investment. In order to have increased investment, we need increased savings.

There have been some innovative and creative proposals put forward that will be dealt with early in the fall when the House reconvenes and the committee reports back with regard to those programs for indexation of certain investment incomes.

Those are innovative ideas that are being well received by the investment community. The community indicates that when implemented, they will have a high chance of success. In addition, we have a program of restraint, a program to try to improve the investment climate so that we will have growth and development.

At the same time we have programs that were brought forward in the budget for specific assistance to those in greatest need. The Prime Minister (Mr. Trudeau) in the Speech from the Throne in 1980 indicated that one of the prime motivating forces underlying this government's policy would be to provide aid and assistance to those in greatest need. We are running a very large deficit. There can be no doubt about that. I will come to a more complete discussion of the deficit shortly.

With that situation facing us and the very real need for assistance to those suffering the greatest losses during this period of recession, moneys had to be freed elsewhere. That is the reason for the restraint program in the public sector. That is the reason for freeing funds from sources available to us in order to provide assistance.

That assistance is being provided by some $450 million in direct employment programs and $300 million in economic development assistance. The hon. member for Winnipeg North talked about the area of housing. I gained the impression that he thought these programs are frivolous. Last night the housing industry indicated that the housing package put forward in this budget will create upward of 65,000 new homes in Canada this year alone.

On the average, for every home built two to two and a half man-years of employment are created. Therefore, if you build 65,000 new homes, you create 130,000 to 150,000 jobs. Those are jobs in the area of home building. The housing industry, which will have to take the risks in building those new houses, has assessed those programs as being effective, having great potential for success, saying they will stimulate home building, home purchases by first-time buyers and the real estate and building sectors.

The other major area of assistance is the interest rate assistance, an increase of some $400 million to small businesses and some $200 million increase for farmers. Those are the basic areas to intensify the anti-inflation fight through pay restraints, changes to the indexing system and restrictions for the areas of administered pricing that fall within federal jurisdiction, through the program of restraint, 6 per cent restraint next year, and 5 per cent the year after. Through that program funds will be freed to be used to help those in greatest need in this country.

That is the Liberal tradition of sharing. That is the principle by which this government operates.

Mr. Blaikie: You share with yourselves.

Mr. Evans: The hon. member says we share with ourselves. Sharing has been traditional in this country. Canadians have shared in times of difficulty. We are in a difficult period. The government is saying that if we share, the burden can be spread broadly. No one will have to give up much. As the burden is spread broadly, it will ensure that no individual suffers extreme damage during this period.

We heard a great deal of discussion about the deficit. We should look at what the increase is in the deficit and how it was caused. Is it, as some members opposite have said, an increase in government expenditure, an increase in program expenditures, a permanent increase in the level of the federal deficit? I will answer unequivocally, no, it is not.

Successive governments in the past have put in place programs to protect those in greatest need of assistance. From the forties to the fifties to the sixties, with the great depression in their memories, they have put in place programs so that when times are tough, those who are hardest hit by the economic downturns are cushioned. Liberal and Conservative governments of the sixties—primarily Liberal governments—put in place programs to ensure that there would be a social safety net under Canadians. That is the source of the increase in the deficit. When we go into an economic downturn, these automatic stabilizers, as they are called—expenditures for unemployment insurance, for social assistance, for the Canada Assistance Plan and expenses of that kind—increase automatically because more people are out of work. Those expenditures indeed increase. At the same time as the economy goes into a recession the revenues of the government drop. Tax revenues drop because profits go down. Fewer people are working and, as a result, tax revenues fall.

• (2040)

Let us look at those factors alone. The budget deficit in the 1981 budget was forecast to be $10.5 billion and the financial requirements were to be $6.6 billion. We have heard that the government is a terrible forecaster. I defy anyone in this House to bring forward a forecast made in October or November of 1981 which shows numbers different from those forecast by

the Department of Finance at that time. There were none because no one, not in this country or in any other country, had any notion that the western economic world would go into the deep and prolonged recession we have gone into. The numbers were $10.5 billion for the deficit and $6.6 billion for financial requirements.

Let us look at what happened to revenues. Revenues declined because of the recession. Expenditures increased because of the automatic stabilizers, which transferred money to people in greatest need. The deficit is up to $19.6 billion because tax revenues have been reduced by $6.5 billion as a direct result of the recession. Because of automatic stabilizers expenditures have increased $2.5 billion. If we put those together, we find the explanation for the difference between the deficit forecast in November and the deficit we forecast for this year. It is not a matter of an increase in permanent program expenditures which would cause a permanent increase in the deficit. Indeed, if we do not consider interest payments on the debt as a part of this, we find that program expenditures by this government are forecast to increase this year by 10.7 per cent, which is less than the current rate of inflation. That has been the case in the past. Program expenditures over which government have direct control have increased by less than the rate of inflation over the last three or four years. There has indeed been restraint. However, as a result of rapidly rising interest rates, because of the automatic stabilizers and as a result of the decline in output and productivity—and therefore tax revenue—we have had what I would call—and I think I am correct in this—a temporary increase in the deficit during this period of recession. As we come out of this period of recession and go back to a period of restored growth, tax revenues will flow back in, people will be going back to work, payments by the Unemployment Insurance Commission will decline automatic stabilizer payments will diminish, revenues will increase and the temporary increase in the deficit will be eliminated.

I contrast this with the situation in the United States, because it is different. The United States deficit is not a temporary deficit. It is a forecast deficit which will increase year after year. We are talking about perhaps $145 billion this year and perhaps $200 billion the year after. That deficit is the direct result of increases in program expenditures by the Reagan administration and especially increases in defence expenditures and direct tax cuts. Those two programs will mean that the deficit in the United States will be a chronic deficit. It will not disappear as the U.S. economy comes out of recession. Indeed, it will continue to grow.

There is a very large difference between the deficit situation in Canada and that in the United States. One is an increase in the deficit caused by increases in permanent program expenditures—structural changes in the expenditure patterns of the government—and the Canadian situation is a temporary increase in the deficit caused by a reduction in revenues due to the recession and increases in automatic stabilizer payments caused, again, by the recession. That is the difference.

We are very concerned about our deficit. There is no way anyone could be anything but concerned about the deficit, unless he was a New Democrat. New Democrats really do not care at all about deficits. We have to be concerned, but I think we also have to understand what we are talking about. We must understand the nature of our deficit and why our country can handle it. We must understand why our capital markets can handle the kind of deficit situation we are facing.

I would like to talk about the restraint program because it is a very important aspect of the policy of the government. It is especially important to the people in my riding. There are two aspects of the restraint program. The first is the restraint of wages and salaries of public servants, Members of Parliament and Crown corporation employees as well as the control of administered prices to the levels of 6 per cent and 5 per cent. I support that. There is another aspect of the program, and that is deindexation. I support certain elements of that deindexation as well, but there is one element of deindexation about which I have serious questions. I intend to pursue those questions. I know you intend to pursue them as well, Mr. Speaker. The element to which I refer is the element of deindexation of public service superannuation. The reason I have questions about that is that contractual payments are made to individuals who made contributions during their working lives to fund indexation. If it could be shown that the fund which has been built up by public servants to fund the indexation of their pensions is inadequate or insufficient, then I could see justification for saying, "Yes, restraint". I have not seen that evidence. I have not seen anyone put forward evidence or indicate to me that there is evidence which indicates that the funding of that indexation program is inadequate. I will have to see that evidence before I can support this particular element of the deindexation program. If public servants in our ridings, Mr. Speaker, and all across the country made contributions to that fund which are adequate to cover the indexation of their superannuation payments, then I do not think that should be part of the restraint program.

I do support the over-all restraint program, but I put forward the caveat that I do intend to pursue that one element of the program.

Mr. Blaikie: The one that affects your riding.

Mr. Evans: I think the government had to show leadership. Public servants, ourselves and employees of Crown corporations are all employees of the people. We work for the taxpayer, and if the taxpayer is suffering under an increasing burden and if the taxpayer is suffering as a result of the recession, it certainly seems to me to be fair and equitable that the employees of those taxpayers should be willing to share some of that burden. The request is not for a large sharing. We are not saying jobs will be eliminated or that people will be thrown out onto the streets. Indeed, there is job security in the public service. Instead of full indexation of the salaries of public servants, Members of Parliament and Crown corporation employees, we are saying there will be increases, but the increase in the first year will be limited to 6 per cent and in the

second year to 5 per cent. After all, if we are successful and bring inflation down to 6 per cent, there will be no suffering by anyone as a result of that program. Even if we do not succeed in bringing inflation down to 6 per cent, I think it is only fair that those of us who work for the people of this country share the burden they carry. It is only fair, when 1.2 million people in the private sector are unemployed, that those of us in the public sector paid by the private sector, share, and that we free money to put those people back to gainful employment.

I find nothing wrong with asking that the public sector, the employees of the people, share the burden. I think it is totally sensible, equitable and honest for the public sector at the federal, provincial and municipal level to share the burden carried by the private sector. I think it is fair and equitable and I support that request.

• (2050)

Mr. Munro (Esquimalt-Saanich): You would!

Mr. Evans: I hear the hon. member for Esquimalt-Saanich (Mr. Munro) indicating that this is a terrible thing. It was not this government that proposed to cut 60,000 jobs from the public service; it was the government of the party opposite that proposed to cut 20,000 jobs a year. It was not a matter of asking for restraint in wage demands with job security; it was a matter of eliminating 60,000 jobs. One out of every five jobs in the federal public service would have gone. Today it is not just a matter of restraint, it is not a matter of having a job at all. The hypocrisy of hon. members opposite is totally incredible, Mr. Speaker—

Mr. Paproski: Mr. Speaker, I rise on a point of order. Would the hon. member permit a question?

Mr. Deputy Speaker: Would the hon. member for Ottawa Centre (Mr. Evans) accept a question?

Mr. Evans: I will when I complete my remarks, Mr. Speaker.

I think that the program must be national in scope. The Prime Minister made an extremely important point in question period just the other day and—and I am not talking out of place here—in caucus as well. He indicated that we are going to try to achieve that national restraint in a Liberal way; that is, voluntarily. We will show leadership at the federal level and we will ask for restraint in the private sector.

Some hon. Members: Oh, oh!

Mr. Evans: Now members of the NDP are getting up on their hind legs. They talk about restraint in the private sector, restraint on business firms, restraint on bank profits and restraint on private sector profits, but what about restraint on union demands? We do not hear about that. We hear about restraint on everything else but not on union demands because the CLC funds the NDP.

An hon. Member: You are showing your true colours now.

Mr. Evans: I think we must have restraint at all levels; the public sector and the private sector.

Mr. Blaikie: You are union bashing now.

Mr. Evans: That is not union bashing. That is not what I am saying at all. Restraint is being imposed on all parts of the private sector. Just tonight we heard that corporate profits declined by 44 per cent in the first quarter of this year and by 51 per cent over the last year. That is restraint. That is imposing a burden on the private sector. We have heard that time and time again.

Mr. Blaikie: Is that voluntary?

Mr. Evans: White collar workers and management are taking 10 and 15 per cent cuts in their salaries.

Mr. Blaikie: Is that voluntary?

Mr. Evans: Yes, they are voluntary cuts in salaries. I wonder if there was restraint in the demands made by Mr. McDermott and his colleagues in the union leadership when the INCO workers were put out of jobs? I did not hear about any restraint there. I think it is important that we look at the situation in the labour market if Canada is to restore prosperity and growth. If we are to have an increase in employment—

Mr. Blaikie: You guys would have to resign.

Mr. Evans: —we must have restraint in wage demands because they impose costs on business firms that cannot be passed on. As a result, profits are down by 44 per cent in the first quarter of this year and 51 per cent over last year. That corporate profit burden must be shared by owners and workers alike if this country is to see renewed growth, an increase in productivity and an increase in the number of jobs.

It is fine for workers or for leaders of the union movement to say that they will not give concessions. As they are saying that, the membership of their unions is becoming smaller and smaller. The people on the edges are being thrown out of work. Does that sound fair and equitable? It is not in the interests of the workers.

Finally, Mr. Speaker, I want to say a few words about the prices charged by regulated industries. We have a regulated sector in this country. Bell Canada, for instance, is asking for a rather substantial increase in rates; Consumers Gas is asking for a rather substantial increase in rates, and so is Ontario Hydro. I do not think that can be allowed. Firms in the private sector are facing a decline in demand for their goods and thus, a massive decline in profitability. They are unable to raise prices and indeed, in some cases, prices have been falling. But in the regulated sector prices have been increasing in the last two years by about 18 per cent per year when inflation was running at 11 or 12 per cent. That means that the private sector price increases were going up far less than 12 per cent. That is not fair, Mr. Speaker. The regulated sector has been granted virtual monopolies on various services because they are essential in the public interest.

We cannot have one sector of the economy operating on a cost plus basis. No matter what the cost increases are, they go to the CTC or the CRCT and say that costs have increased and therefore they must have an increase in price. That must not occur in the regulated sector because it does not occur in the unregulated sector, the private sector. What is fair for the unregulated sector must be imposed on the regulated sector. The 6 and 5 per cent must be imposed on the regulated sector not only at the federal level but also on the regulated industries at the provincial level. They must operate under the same conditions as the private sector.

It is not fair to ask the unregulated private sector employees to suffer unemployment and suffer bankruptcies when the public sector and the regulated sector go on imposing ever higher costs on the people of the country. We must restrain ourselves.

The government has introduced a program to spread the burden equitably and ensure that all of us share it. By doing so we will bring inflation down and set the stage for renewed economic growth in the country.

Mr. Paproski: Mr. Speaker, would the hon. member permit a very short question?

Mr. Evans: Certainly, Mr. Speaker. He is harmless.

Mr. Paproski: Mr. Speaker, if the hon. member for Ottawa Centre (Mr. Evans) had a couple of children old enough to buy a new home today, would he advise them to buy a new house at present interest rates, even with the grants the government proposes to give?

Mr. Evans: Mr. Speaker, I would advise my children to buy homes because I have great faith in the future of this country. I know we are going to recover and it is going to be a good buy for them.

Mr. Deputy Speaker: The hon. member for Grey-Simcoe (Mr. Mitges).

Mr. McDermid: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: The time of the hon. member for Ottawa Centre has been exhausted.

An hon. Member: He has exhausted our patience!

Mr. Deputy Speaker: The hon. member for Grey-Simcoe.

• (2100)

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I welcome the opportunity to take part in this budget debate. The hon. member who just spoke has shown by the desperate tone of his voice and his delivery that he is not quite sure whether he believes in what he was saying but desperately wants us to believe him. It reminds me of the story, Mr. Speaker, of the church janitor whose job it was to clean up after the minister had finished his sermon and the congregation had left. When the janitor approached the pulpit he came across the minister's sermon notes which the minister had forgotten. He observed that the minister had bracketed a couple of paragraphs and noted this on the side of the page: "Argument weak here. Shout like hell". I believe that is what the hon. member was trying to do to us.

Some hon. Members: Hear, hear!

Mr. Mitges: Mr. Speaker, I was under the impression that, because the November budget proved to be such a nonsensical fiasco, this new budget would have indicated that the government did indeed see the error of its ways and consequently would bring forth a budget which would have indeed clearly focused itself on the myriad problems facing all Canadians, that it would come forth with the needed solutions to help negate the anxiety and unemployment in the country, our gloomy economy and, above all, effectively reduce interest rates which are causing such great havoc, untold misery and fear among all Canadians, including the business, agricultural and industrial areas of our country.

This budget, Mr. Speaker, utterly fails to address itself to the real problems facing our country. It shows that the government has learned very little indeed since the November 12 budget. Nothing has been done to bring down the interest rates which are slowly but surely squeezing the life out of our economy and destroying the hopes and dreams of millions of Canadians. How high interest rates will go is anyone's guess. Neither the government nor the Bank of Canada have shown leadership in this regard. As far as I can see they are both floating as badly as our dollar, which is now facing an unprecedented devaluation, and which in turn has dumped Canada from the position of the third highest standard of living to fifteenth. The state of being low man on the totem pole has been exacerbated as well by our very high budget deficit of some $20 billion and our million-plus unemployment.

These are the real causes of our problems, Mr. Speaker, but the government, instead of directly addressing itself to those causes, is content to treat the symptoms with band-aid medication—nothing but short-term band-aid policies—hoping against hope that the economy might, just might have an upswing so that it can be bailed out. Better still, the government hopes that the American economy will improve so that it can snatch at the Americans' coattails like a drowning man going down for the third time, grasping wildly at anything to save himself.

Canadians are being told that this budget is one of restraint. How gullible does this government think Canadians are? How can a government ask for restraint from taxpayers when it refuses to get its own house in order? How can people be expected to show restraint when this budget will increase government spending by some 20 per cent and double the size of the deficit compared to last November? It is quite obvious, Mr. Speaker, that the government does not intend to practise what it preaches. There is no question that Canadians are still in shock over the large deficit. Not only that, the bottom line of the budget indicates quite clearly that the government has

totally abdicated responsibility in carrying out its mandate to govern.

The budget, Mr. Speaker, has been described as a flog, a dud, a wet blanket thrown over a dying patient. One businessman put it this way: "We have been holding on by the skin of our teeth waiting for Ottawa to do something, and now this. In another few months it won't matter any more. We will all be done like our over-cooked dinner." There is no question that since 1970 federal governments have borrowed their way to the very brink of disaster, and that the dam on federal spending has finally burst. Government debt as of the 1982-83 fiscal year will amount of $132 billion. Twenty-five per cent of the 1982-83 budget of $78 billion will be needed just to pay interest on the national debt. Behind all this borrowing, there has been an unlimited growth in the size of the government. To be fair, this also reflects the growth of provincial and municipal governments. That is why Canada is mired in the depths of high interest rates and a deep recession. The Bank of Canada's decision to restrict the money supply should have had the effect of bringing interest rates down, but as long as it refuses to reduce the deficit and continues to borrow, we will have high interest rates and high inflation. As long as governments compete with private enterprise for the limited supply of investment capital, there will not be economic renewal.

Massive government borrowing has put tremendous pressure on the money markets, Mr. Speaker, which only increases interest rates. The government's cash requirement this year is over $17 billion, which makes it the largest single competitor for the limited dollars in the money markets. Given this situation, no wonder interest rates are going up and up. The irony is that although this budget will raise an additional $1.3 billion in revenue, none of it will be spent to reduce the deficit. Nothing this government has done has convinced the international money markets that it is serious about reducing the deficit.

The saddest part of the budget, Mr. Speaker, is that the government has singled out those Canadians who are on spouses' allowance, disability pensions and old age pensions to help pay for its mistakes.

Mr. Munro (Esquimalt-Saanich): Absolutely shameful.

Mr. Mitges: The Minister of Finance (Mr. MacEachen) is asking those Canadians who paid their dues, and who now deserve support, to shoulder the burden by deindexing their pensions to 6 per cent. Their pensions are no longer inflation-proof, so their income will now dwindle away. Also distressing is the deindexing of personal income tax, which is nothing short of an under the table tax increase of $1.3 billion. As we all know, by doing this the government is admitting that it has a vested interest in inflation because as incomes increase due to inflation, tax revenues rise. For this reason alone, any attempt to deindex should be condemned outright and withdrawn.

One of the most nagging concerns of the Canadian business world, Mr. Speaker, is the government's apparent indifference to foreign investment. It is doing practically everything it can to discourage foreign investment in our country, investment which is badly needed to reawaken our slumbering economy and get us back on track again. The result is that we are seen by other countries as presenting a schizophrenic image in our negative attitude to foreign investment. The Foreign Investment Review Agency is of great concern to foreign investors. Despite eight years of operation there is still no clear understanding of what is meant by the term "significant benefit to Canada". Foreign investors still do not know what the ground rules of FIRA are. When it was set up it was originally intended that 60 days would be a sufficient period for the examination of a proposal, and that extensions would only be used in extraordinary circumstances. However, at the present time over 50 per cent of applications to FIRA take more than five months before they receive a definite answer. The lack of clarity and the long waiting period, do nothing but create an unhealthy element of uncertainty that distracts foreign investors. The bottom line on Canada's treatment of foreign investment is that we are being perceived as an inhospitable place in which to invest. Such an image once entrenched is not easy to change and would be very harmful to our long-term interests.

• (2110)

I would like to turn for a moment to the Canadian dollar. The breaking of the Canadian dollar to below its 1931 level brought forth the usual government excuse, the strength of the American dollar. The strength of the U.S. dollar is just a convenient whipping boy for the government. The real problem goes much deeper. Canada's inflation rate is higher than the U.S. rate because the government has done practically nothing to reduce its deficits, thereby leading to "counterfeiting" more money each year. Government deficits and out-of-line union demands have eroded our dollar since the 1970s. But now we have a new force to reckon with which threatens to pull our dollar down toward the 70-cent level. Per capita, Canada is among the richest countries in raw materials. There is no question that our economy depends more on raw materials than do those of most other countries. However, the depressed economic situation has caused a slump in prices of many of the commodities we sell abroad. Grain, copper, nickel, and lumber are going at give-away prices. There is no question that years of high living by all governments beyond their means, and intrusions and interference into the free enterprise system on a scale that Canada simply cannot afford are now exacting their toll. They only aggravate the impact of weak commodity prices; no wonder "short sellers", sellers of the Canadian dollar, have a constant field day.

As I mentioned earlier, although this budget has totally failed to address itself to the underlying causes of our problems, it has offered some band-aid remedies which may bring forth some short-term assistance to a few taxpayers, to a few prospective home buyers and to a few farmers and businesses.

I refer to the proposal to subsidize interest rates for farmers over the next two years to 4 per cent below the 16.5 per cent currently offered through the Farm Credit Corporation. Although it may be a case of too litttle too late, it is a start, and for that reason it is welcome. Offering a $3,000 grant to

first-time home owners and new home buyers also merits some support. One drawback is that the program is effective only until December 31 of this year. I believe that to help stimulate the housing industry the program should be extended. I hope that this proposal will nevertheless stimulate demand for new homes so that more jobs to build those homes will be created.

Also welcome is the $750 million that has been earmarked for direct job creation. Reducing interest rates by 4 per cent to small businesses is welcome news. The Small Business Development Bond in a new form will, I hope, help out this depressed sector of the economy to a certain extent. It goes without saying, Mr. Speaker, that this aid to farmers, to small businesses, and to home owners should be put into effect as soon as possible. There should be no more delays like the kind we saw over the last seven months since the November budget. Delays only result in more uncertainty, more bankruptcies, more businesses going belly up and more farmers losing their farms and livelihood, so I urge the government to make all haste in getting their programs in place as soon as possible.

The unfortunate part of these programs is that only a small percentage of Canadians, a handful—those who are in desperate need of assistance—will benefit from these programs. The rest will be left to their fate, to sink or swim, caught in this terrible situation through no fault of their own, brought on by forces over which they had no control, and now they have to suffer because of the mistakes of others. They have to suffer because of economic judgment from those advisers who should have known better, governments, the banking community and others whose advice and guidance proved totally wrong and totally inaccurate.

There is no justice when people have to suffer because of the gross mistakes of others. As I have mentioned, the government has borrowed a tremendous amount of money over the last ten years or so. We have seen an unlimited growth in the size of government and in the size of the government payroll. If the federal government does not wind down its own size and get its own house in order, if it does not curb borrowing and leave more disposable income in private hands for investment purposes then, Mr. Speaker, I am very much afraid that this government will be heading for total disaster, dragging all Canadians down with it.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I appreciate this chance to rise to speak and to offer my full support to a very good budget. It is a pleasure for me to take part in this debate tonight because some very notable speeches have been made over the last six days by members from all parties. I would like to extend my congratulations and thanks particularly to my colleagues who have been so helpful in the debate over the last few days.

I believe this is a budget which attacks the worst economic ills that we are currently experiencing in our economy.

Mr. Munro (Esquimalt-Saanich): You made them.

Mr. Fisher: This is a budget which attacks inflation, the basis of it all.

An hon. Member: It does?

Mr. Fisher: It reminds us that a 6 per cent world will restore our strength, but the 12 per cent world we are currently experiencing will continue to sap that strength.

Mr. Epp: Who created it?

Mr. Fisher: This is a budget which attacks unemployment, the worst and most direct punishment that we experience from inflation.

Mr. Beatty: You caused it.

Mr. Fisher: This budget offers $500 million right away for short-term job creation. This is a budget that offers interest rate relief.

Mr. Beatty: How does it reduce inflation?

Mr. Fisher: This is a budget which offers almost $900 million for housing, for small business and for farms for short-term interest rate relief.

This is a budget which offers a long-term answer to the horrors and the continued effects of high interest rates.

Mr. Wilson: How?

Mr. Paproski: It is a hoax.

Mr. Fisher: We have a bold new tax proposal in this budget that will help both the lender and the borrower to enjoy security and some reasonable level of interest on his borrowings.

This budget attacks the most basic economic ills that we are currently experiencing. I believe that this is a budget which has been well received across our country.

Some hon. Members: Oh, oh!

Mr. Fisher: People need the 6 per cent target that we have offered them, and they welcome getting it from us. They welcome this leadership.

An hon. Member: What leadership?

Mr. Fisher: People need the new jobs that were created and they welcome the new spending that we have directed into job creation.

Mr. Beatty: They welcome the $20 billion deficit?

Mr. Fisher: People need the interest rate relief now. They support the grants that we are extending to business, to housing and to farmers. People need the long-term hopes that we are extending to our new tax incentives.

Let us take a look at what some of the people have said about the budget since we issued it a week ago. Let us go to

the newspapers. For example, the *Citizen* on June 29 had an article which reads in part:

John Bulloch, head of the 68,000-member Canadian Federation of Independent Business and outspoken critic of the ill-fated November budget, said Finance Minister Allan MacEachen "deserves full marks" for attempting to restrain federal public service wages.

Mr. McDermid: What did he say on the thirtieth?

Mr. Fisher: The article continues:

John Kyle, chairman of the economic policy committee of the Canadian Chamber of Commerce . . . applauded the "signal to the rest of us" contained in the measures designed to hold the line on federal public service wages.

Mr. Epp: Then what did he say?

• (2120)

Mr. Fisher: The same article continued:

But Alasdair McKichan, president of the Retail Council of Canada, said he expected Finance Minister Allan MacEachen's proposals to have an immediate beneficial effect on the level of employment and the Canadian dollar.

"It may also be the turning point in the breaking of the inflation psychology," he said. "My first reaction is that it was a pretty intelligent approach to a very difficult situation. He should get marks for ingenuity."

McKichan said he was particularly impressed by the proposals to partially abandon indexation of benefits.

"This showed the public sector they weren't the only ones getting hit."

Let me turn to the Canadian Press of June 29, as well, to see some of the comments which people have made. Jim Webber, deputy chief economist of the Toronto-Dominion Bank agreed by saying, "MacEachen has made all the right sort of moves". In the same report, Lloyd McGinnis, president of the Winnipeg Chamber of Commerce, said that the imposition of wage restraints on the public sector showed good leadership. He said that the move will provide a realistic position for wage negotiations in the private sector. This is an important piece of information.

Now I should like to turn to what Jack McArthur had to say in *The Toronto Star* on June 29. He said:

MacEachen is dead right about this: Inflation is the Number One enemy. Not so much because it means that prices rise for consumers as because:

Fast-rising prices result in high interest rates, which kill both economic growth and the new investment that creates it.

Further on in the same article he said:

Fast-inflating costs make us less competitive with producers in nations where costs are going up more slowly.

Also in the same article he said:

Short-term job creation—as promised by the finance minister—is meaningless unless the prices of the goods produced by the workers become attractive in the long run.

This reality is recognized in the MacEachen budget.

He went on to say:

MacEachen's objective of 6 per cent or less in annual inflation is right on.

He concluded the article by noting:

In the end, inflation will write the story. If it can be brought down, other good things will follow. If it can't, even a budget a month won't help.

There are other people across the country who have had things to say about the budget, and I should like to quote them. Turning to the *Telegraph Journal* of June 30, an article appeared entitled, "Saint John Budget Reaction—Labour Official 'Sickened'; Businessmen 'Optimistic'". In part it read:

Patrick Darrah, president of the Saint John Construction Association . . . and Keith Bowman, a tax consultant with Clarkson Gordon, both said they were gratified to see that the government is setting up an advisory board to consult on a number of economic proposals put forth last night. They said it was a sign the government is listening to what people are saying.

According to the articles, Mr. Bowman said:

Mr. MacEachen "did pretty well almost as much as he could do" considering the confines in which he was working. He said the public sector wage restraint program was good, but would need to filter over into the private sector—

Ronald Anderson wrote in *The Globe and Mail* under the heading, "Indexed loan plan is urgently needed" about our attack on interest rates. He said:

—Finance Minister Allan MacEachen has put forward one proposal that cuts to the heart of Canada's economic problems.

The single overriding constraint that is throttling the economy is the extraordinarily high level of interest rates.

The answer to this problem is, not to abandon the fight against inflation, and not for Ottawa to seal off the borders to keep money in the country while it orders a reduction in Canadian interest rates. But a practical and rational approach to the issue of high interest rates is offered by Mr. MacEachen's proposal for a system of new financing instruments that would be indexed to the rate of inflation.

He went on to note:

The important point to be noted is that the rising monthly payments under a fully indexed plan would not become more onerous if the borrower's income rises at the rate of inflation.

Finally at the end of the article he said:

The five or six percentage point relief that would come from exempting the illusionary inflation component of interest from taxation might, when it reaches the borrower, be just enough to save some major corporations from bankruptcy.

My last quotation is from *The Gazette* of Montreal dated June 29, 1982 under the heading, "Housing spokesmen see hope in MacEachen's grants plans". It reads:

The combination of measures in last night's federal budget looked "positive" for the future of the depressed housing industry, says John Sandusky, vice-president of the Housing and Urban Development Association of Canada.

The article continued:

But he said a whole package of measures means "we've got a pretty good shot at renewed activity in our business."

Further on it indicated:

According to MacEachen, all home owners having to spend more than 30 per cent of their gross income as a result of renewals taking place from now on will be eligible for a grant of up to $3,000.

Sandusky said the grant will ease the worry for many home owners whose mortgages come up for renewal soon.

A final comment in the article read:

An official of the Quebec Provincial Home Builders Association predicted "things will move very fast" in the industry following MacEachen's announcement of grants to home buyers.

I think this is a very positive and a very representative sampling of reactions to the budget which we announced a week ago.

Now I should like to take a look at some of the details. Earlier I said that the budget sets out as its basis an attack on inflation. We regard inflation, as we have said regularly to

Canadian people, as the basic disease from which our economy is suffering. We have gone after that by providing for Canadian people a measure of leadership by restraining government wage costs to the 6 per cent and the 5 per cent indexing levels. In addition, we have asked Canadians to join in this effort by restraining indexing growth on some of our major costs and some of our programs. Then we can reallocate the funds from those programs into the stimulation of our economy so that other Canadians can have jobs and have relief from the heavy burden of interest rates on their businesses, farms and fishing efforts.

The major stimulation in the second part of the budget is a short-term piece of relief for those people most deeply hit by the impact of inflation, high interest rates and unemployment. Let me look at the way we have reallocated money inside our savings. We put $100 million into farming programs through the Farm Credit Corporation. Small businesses are getting $400 million through the small business investment grant, money which they can use to buy new equipment for research and development and for the all-important expansion we need to get our economy going again.

The housing package is one of the most exciting. Earlier I read a few comments from spokesmen in the housing industry. The renovation plan which was announced a few months ago has been so successful that we have found room to expand it and to double our contribution. We have given more flexibility and more leeway in the Canadian rental supply program so that developers can get involved and build the units which we consider so vital to take pressure off the rental housing market. Current home owners who are suffering under the difficulty of high mortgage costs can now obtain direct grants of $3,000.

Under the Canada mortgage renewal plan, people who spend more than 30 per cent of their gross family income can get the cost of their mortgages written down to a more intelligent and more bearable level. For new home buyers, for people coming into the home buying market in the first place, we are able to give an additional $3,000 grant to write down the cost of interest rates to encourage these people to come out into housing markets. First-time buyers are encouraged to buy older or new homes. Current home owners are asked to go out and buy new homes altogether. This gives us the double benefit of giving relief to Canadians who need the relief and of creating jobs for people who need the jobs.

Mr. McDermid: Nonsense.

Mr. Fisher: One member opposite expresses his admiration for high levels of employment by saying that any job-creation program is nonsense, obviously his high regard for any effort to take pressure off people who need some help.

• (2130)

The final proposal we are attempting to implement along this line is to throw another $3 million into our job-creation program and $200 million into direct job-creation programs. All of this—$1.5 billion of expenditures—is short-term relief for our economy.

We do not pretend that this figure, massive though it is, is a permanent relief for the economy.

Mr. Skelly: Let us go to the polls.

Mr. Fisher: We offer this relief to help Canadians who need that help now. These programs are now available. People can get the application forms. Businesses can receive the money and begin again now. This money is circulated inside the current level of government spending. This is how we have tried to take the sharing about which my colleague, the hon. member for Ottawa Centre (Mr. Evans) spoke so eloquently a few moments ago by asking people to share through giving small amounts themselves to create a large amount which we can use for those people who are most in need.

Mr. Paproski: There is nothing left to share.

Mr. Fisher: The hon. member for Edmonton North (Mr. Paproski) says that there is nothing left to share. I would think that $1.5 billion is a lot of money to share. It is a small amount from each individual but it is a large pot.

Mr. Paproski: One big deficit.

Mr. Fisher: The jobs which will be created will indeed be welcomed by the people who obtain them. Small businesses will welcome the grants they receive. The housing which will be created will be welcomed by the people who get it. Farmers who receive relief from interest rates will welcome that. These are measures which the hon. member for Edmonton North believes are not welcomed. He thinks they are indeed insignificant. Perhaps he should go out to the country to talk to some of those people who will benefit.

Once this short-term relief is finished this budget makes a proposal which will help businessmen to index their capital gains in order to stimulate investment in Canadian companies. We see in this budget an exciting new plan which will offer lower interest rates at first to people with mortgages, at first to farmers—

Mr. Huntington: No one can make the payments.

Mr. Fisher: It is a plan that will allow people to lend their money with a great deal of security knowing that they will get a safe return. It will equally give security to those people who need to borrow money. It will help people who need to know how much interest rates will be for the next few years in order to make their long-term plans. They will be able to take advantage of this new proposal in the white paper. That proposal has been very well received indeed by the business community.

What is equally important is that the proposal has been put out for consultation to the business community, a process that has been welcomed in itself. The proposal of a major tax change has been submitted to the business community for the first time for its detailed study and scrutiny so that it may have public imput and allow the public to have a part to play in forming future tax policy. I believe this speaks well of the

government and of the deep concern that we have for reform in the tax process as announced in the minister's green paper.

Mr. McDermid: You are stealing that from Bob Stanfield. Be honest!

Mr. Fisher: Let us review what some of our hon. friends in the House have had to say about the budget in the last six days.

Some hon. Members: Oh, oh!

Mr. Fisher: We can hear the enthusiasm they have expressed for it. In my judgment, the debate has taken a strange and false turn. I think it is time for some of us to come back to earth.

Mr. Epp: Right on!

Mr. Fisher: Let us look for a moment at the position taken by our friends on the left.

Mr. Kempling: There is no one further to the left than you.

Mr. Fisher: To my thinking they represent the all or nothing school of thought. Nothing could have illustrated that philosophy more clearly than the position taken by that party yesterday when they were given an opportunity to extend real relief on the UFFI problem.

Some hon. Members: Louder!

Mr. Fisher: They stonewalled. Why did they do that? Because they said that relief was not enough. It was either an all or nothing proposition. If they did not get their way, no home owner or anyone suffering would get any relief. It was not enough, so no one would get help.

Mr. Kempling: Let us go to the people.

Mr. Fisher: That is the situation with this budget as well. They are predicting failure and thereby encouraging everyone to continue this game of all or nothing. They are saying over and over again that no one needs to take 6 per cent because the government will fail.

Mr. Skelly: Because the government has forced it down their throats.

Mr. Fisher: This may be a great bargaining tool during prosperous times. Let us remember, however, that when times are tough and the game is all or nothing, the answer is far too often "nothing".

An hon. Member: Tell that to the oil companies.

Mr. Fisher: The pie today is too small. It is neither compassionate nor sensitive to urge people to take more and more when the real answer will be less and less until it becomes nothing.

With the UFFI issue yesterday, they demonstrated the falsehood of their argument.

Some hon. Members: Hear, hear!

Mr. Fisher: They said they will take nothing unless they have it their way, and they are saying the same thing today when they talk about wage levels and the fight against inflation. They are urging people to go for the moon—

An hon. Member: We want you to go to the moon.

Mr. Fisher: —but instead people are going broke. I would welcome the kind of sanity and good judgment that was reflected by a union leader who is currently under great stress. The president of Inco workers, local 6500 Ron MacDonald who urged rejection of the earlier offer, reluctantly recommended acceptance of the new pact. Why? The answer is in *The Globe and Mail* issue of July 5, if members want to look it up. It reads:

> 'But after the company announced a four-month production shutdown on June 23, I had to start thinking we weren't hurting them, that maybe it was better to pick another time and another place to take the company on.

That man expressed very clearly and practically that you cannot always go for all or nothing.

Some hon. Members: Hear, hear!

Mr. Blaikie: We do not feel that way. We will take you on any time.

Mr. Fisher: That reality is forcing itself on us. I thank that union leader for being much more realistic than my hon. friends here.

This government is not saying all or nothing. We are saying that everyone is in this together. We are saying that from the lowest to the highest pay scale, from the youngest to the oldest, companies and unions, the public sector and private sector, whether it is wages or prices, we are all in this together and we must break the 12 per cent cycle and restore health to our economy.

As a last warning to my all or nothing friends, I am reminded of an example I saw in the Caribbean during the winter where I visited a small country with limited resources. I was at a forestry station which the Canadian government was supporting. I was told that the forestry station was an utter failure that year. I asked why and was told that they were unable to bring the crops in. When I asked why this occurred, I was told that the previous government of just a few months earlier had given their workers a 100 per cent pay raise out of a deep sense of compassion. The government had run out of money and fired half of the workers. That is not compassion, it is not practical but it is a very good example of what happens when you ask for too much from a limited pie. Not only do the workers lose, the whole economy fails. The management and the whole country fails.

Let us now consider the position of the hon. members across from us. If the NDP are offering "all or nothing", then the Conservatives are offering us "divide and conquer". Again, they do it in the name of compassion. Again, they do it by error. One by one, they drag out the groups. One by one, they

try to tell us how each group will suffer if they take only 6 per cent. One by one, we are told that the government's plans will not work.

Mr. McDermid: Why do you not move back to your riding?

Mr. Fisher: They say that the government's plans will not work and that inflation will triumph. They are telling us that, one by one, individual groups will fall behind or suffer a crushing extra load, or be left at the side of the road to wither and die. One by one, they are dividing people in our economy. One by one, they are hoping to conquer. They are hoping to conquer because they know that without co-operation the government will fail. They know that if they continue that kind of division, then inflation will indeed continue and will run wild.

• (2140)

However, not everyone in our economy has gone along with them. They have offered their divide and conquer rule on behalf of some senior citizens and some former civil servants. Yet they only have to open the Ottawa *Citizen* to note the reaction of some of those very people. Let me quote from the Ottawa *Citizen* of June 30. This is not what I say, this is what the people themselves say. On June 30 page 31 of the Ottawa *Citizen*, under the title "We are citizens . . . we'll cut back", Mr. George Wagdin, past president of the Senior Citizens' Council of Ottawa, stated:

—I think we all have to share the burden that MacEachen faces.

The article goes on to state:

Bert Hanmer, vice-chairman of the Ottawa-Carleton Council on Aging, is pleased those at the lowest end of the income scale eligible for guaranteed income supplements won't be affected . . .

He feels everyone who can afford to cut back, including seniors, should.

"We're citizens as well as seniors."

Dorothy Milligan, of the Senior Citizens Council and a retired public servant, said the changes may mean she has to give up a few luxuries, but they won't mean hardship.

Milligan said she would have been very concerned about the budget changes had the government not protected the lowest income seniors. But since they've been looked after, "I think the rest of us ought to tighten our belts a little bit and get this thing licked."

We have all or nothing, we have divide and conquer, but this government will not take either course.

Mr. Paproski: We have a big hoax and a big con job over there.

Mr. Fisher: This government is taking a middle of the road course which was best described by the advice given to us in *The Financial Post*—

Mr. Paproski: It is Karl Marx's socialism over there.

Mr. Fisher: —the very pinnacle of business advice. Let me give some advice from *The Financial Post* to my hon. friends across the way.

Some hon. Members: Oh, oh!

Mr. Fisher: *The Financial Post* of July 3, 1982, states:

The opposition, sensing weakness, may go for the jugular and forget that they, too, have a constructive role to play at times of very delicate balance.

The extreme and the implacable, egged on by the excitable in the media and unable to see merit in a middle way, may blindly help precipitate an even deeper crisis for Canada.

There are great risks facing us. And because they are so large, the minister's attempt to make a new start—and to make us all face the realities of the worldwide recession—should be treated seriously and dissected with restraint . . .

In these circumstances, there should be a pause for cool consideration of what is a very wide ranging budget, a thoughtful moment to examine where best interests do in fact lie over the longer term, and exactly how best Canadians can work their way out of the present crunch.

That is important advice for all of us from the July 3 edition of *The Financial Post*.

We are not asking Canadians to carry a huge burden. We are asking Canadians to contribute a small amount each. Why? It is so that they can share some of that with people in great need, people who need jobs, people who need houses, people whose businesses need some help. Those are the people whom we are anxious to help. If senior citizens and if ordinary people can go along with it, then surely it is not too much to ask that some of our colleagues here in the House go along with it.

I close on this advice, that all of us here should begin, perhaps, to make fewer of the gestures and comments which have been so eloquently directed to me tonight and, instead, we should lift our eyes and see that this country—

Mr. Epp: To the hills.

Some hon. Members: Oh, oh!

Mr. Fisher: —has need of unity and has need of some constructive advice.

Some hon. Members: Hear, hear!

Mr. Fisher: Surely, if we can get the kind of enthusiasm and see the kind of assistance that ordinary retired citizens can give us, it is not too much to ask that all of us in this House, together, seriously consider the problems facing our economy and contribute as much as each of us can to their solution.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Deputy Speaker: Order, please. It being 9.45 p.m., it is my duty pursuant to Standing Order 60(8) to interrupt the proceedings and put forthwith the question necessary to dispose of the motion now before the House.

[*English*]

Is the House ready for the question?

Some hon. Members: Question!

Some hon. Members: No!

Mr. Nielsen: On division!

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

Mr. Nielsen: On division! I rise on a point of order. We are prepared to adopt the measure on division.

Some hon. Members: No, no!

An hon. Member: Record your vote!

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

And the members of the Official Opposition having left the Chamber:

• (2210)

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I do not want to appear as if I do not understand the rules, but I wonder if you might explain to me exactly what is happening at the moment?

Madam Speaker: There was a misunderstanding, apparently, about whether the Speaker would wait beyond the 15-minute bell. There was a misunderstanding as to whether or not it was a 15-minute bell. There was some confusion about the information that was given at the time. However, I am told that the members are now coming to the chamber to vote and I will wait a few minutes more.

Some hon. Members: Oh, oh!

Mr. Denis Ethier (Glengarry-Prescott-Russell): Madam Speaker, as an official of the chair I might be breaking with long-standing tradition when I ask to be recognized, but I have to dissociate myself from what is happening right now. We have long-standing practices here, and rules of procedure that we all obey. This is a 15-minute bell, and I cannot continue in my responsibilities if members are not going to obey the rules and procedures. Therefore, I am telling my Prime Minister (Mr. Trudeau) and the members of my caucus that I cannot serve as an officer of the chair because those members not present do not comport themselves according to the rules and procedures. They are not acting as true representatives of this country. I am very sorry I have to announce that now, but if the vote is not taken now, I am sorry, I cannot put up with that.

Some hon. Members: Hear, hear!

Madam Speaker: I can assure the hon. member that the vote will be taken momentarily.

Some hon. Members: Now.

Madam Speaker: I would ask the hon. member to reconsider his decision. Perhaps he is not aware of what had transpired previously. I was informed just as I occupied the chair, that apparently there was some confusion concerning information given about the length of time the bells could ring. That is why some members are meeting and did not come down at the appropriate time. I will be taking the vote momentarily. I would very much regret the hon. member not wanting to serve again in the capacity in which the Chair has given him full confidence. I would ask him to reconsider his decision in light of what happened just before I occupied the chair.

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, if I may, I would like to speak to the matter raised by the hon. member for Glengarry-Prescott-Russell (Mr. Ethier). I hope that, before he gives any finality to what he has indicated to the House today, he would consult very carefully with his seatmate, the Deputy Speaker, with the officers of the Table, with Madam Speaker and with one member in particular from my party, the hon. member for York-Peel (Mr. Stevens). By doing that he will understand exactly what occurred tonight. I do not want to make any point. Others will argue about it perhaps. But I wanted to say that to my hon. friend who, in the sense of my riding, is almost a neighbour. I hope the hon. member will reconsider the matter.

Mr. Ethier: Madam Speaker, I appreciate the kind words of the hon. member for Nepean-Carleton (Mr. Baker). I meant what I said before; I do not speak with a forked tongue, and I stand by what I said. When an order of this House is given for a 15-minute bell and members are called to vote, if that order is not going to be obeyed, I cannot be an officer of the chair. I stand by what I said a while ago. I will not be an officer of the chair any further if members do not live by the rules and procedures that were given by them to the Chair. Therefore, I stand by what I said a while ago. Please accept my resignation, Madam Speaker.

Madam Speaker: I would like to think about that, and before I accept the hon. member's resignation I would like to have a chance to discuss the matter with him to make him aware of the facts that preceded this particular circumstance. The question is the following—

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

Some hon. Members: Oh, oh!

Some hon. Members: Sit down.

Mr. Nielsen: Madam Speaker, I simply rise to suggest that the question be put on the assumption that the whips have appeared.

Mr. MacEachen: There is no assumption.

Madam Speaker: The hon. member has the knack of asking the Chair to do precisely what the Chair was doing.

The question is on the main motion.

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

(*Division No. 229*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—140.

NAYS

Messrs.

Althouse
Anguish
Baker (Nepean-Carleton)
Beatty
Blackburn
Blaikie
Bosley
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Corbett
Crombie
Crouse
Darling
Deans
de Jong
Dinsdale
Ellis
Epp
Fennell
Forrestall
Fraser
Fretz
Gamble
Gass
Greenaway
Gurbin
Heap
Hees
Hnatyshyn
Hovdebo
Huntington
Jelinek
Kempling
Kilgour
King
Knowles
Kristiansen
Lambert
Lewycky
Manly
Mazankowski
McCuish
McDermid
McKnight
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nielsen
Orlikow
Paproski
Patterson
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Rose
Scott (Hamilton-Wentworth)
Siddon
Skelly
Speyer
Stevens
Thacker
Thomson
Wilson
Wise
Young—74.

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to.

It being past ten o'clock, the House stands adjourned until tomorrow at 11 a.m. pursuant to Standing Order 2(1).

At 10.26 p.m. the House adjourned, without question put, pursuant to Standing Order 2(1).

HOUSE OF COMMONS

Friday, July 9, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

LABOUR CONDITIONS

INCREASE IN UNEMPLOYMENT—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. A record 1,303,000 Canadians were out of work in June. This represents a rise of 0.7 per cent from the month previous, and is 10.9 per cent of the work force. For the tenth month in a row there was an increase in the number of jobs lost in the country. In one year 435,000 have disappeared, 121,000 of them last month. Ontario was hardest hit with a loss of 50,000 jobs. I move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That the Prime Minister, whose disastrous economic policies and continued deficit spending have caused this tragic unemployment situation, immediately call a general election so Canadians, including those out of work, can pass judgment on how he is doing his job and whether he should be allowed to keep it. The only people who deserve to be unemployed in this country are the ones who are running it into the ground.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FOREIGN INVESTMENT REVIEW AGENCY

CALL FOR RELAXATION OF RULES—MOTION UNDER S.O. 43

Mr. Scott Fennell (Ontario): Madam Speaker, in view of the current crisis in job losses in Canada, under the provisions of Standing Order 43 I move, seconded by the hon. member for Crowfoot (Mr. Malone):

That the government today relax its rules on FIRA and make a positive effort to encourage foreign investment in Canadian industry which in turn will create jobs and alleviate the current unemployment crisis.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

LOSS OF JOBS IN BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, in light of the loss of 19,000 more jobs in British Columbia, under the provisions of Standing Order 43 I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House direct the Minister of Finance to visit British Columbia to experience the unemployment situation personally and to return forthwith to Ottawa to prepare a new budget which will give Canadians some confidence in their government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

MANPOWER MOBILITY ASSISTANCE PROGRAM—MOTION UNDER S.O. 43

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Unemployed industrial workers in and around the hard hit West Kootenay community of Salmo, B.C., are angry and cannot understand why taxpayers' dollars have been spent to fill scarce local jobs with applicants from across the country. While the company involved has now agreed to hire local people first, this does not change the fact that such government subsidy of cross-country moving costs, shuffling unemployed Canadians from one jobless area to another, is not only wasteful and unproductive but aggravates already strong feelings of regional resentment and anger. Therefore I move, seconded by the hon. member for Skeena (Mr. Fulton):

That the House urge the Minister of Employment and Immigration to review immediately the administration of the Manpower mobility assistance program, instruct his officials at the sending end to consult his officials at the receiving end before the fact of approval, and stop playing musical chairs with the livelihoods and tax dollars of Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

REGIONAL DEVELOPMENT

CONSTRUCTION PROJECTS IN ATLANTIC PROVINCES—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The unemployment problem in Atlantic Canada would be helped significantly if the federal government were to accelerate a number of major projects with which there have been avoidable delays and for which money has long ago been budgeted. In Prince Edward Island, for example, the national headquarters for the Department of Veterans Affairs and the new Charlottetown airport terminal building have been stalled through sheer federal inertia. I move, seconded by the hon. member for Bruce-Grey (Mr. Gurbin):

• (1110)

That the cabinet establish a special ad hoc committee to identify such projects throughout the Atlantic provinces with an eye to speeding them up to create jobs in the current period of mass unemployment.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

CALL FOR EXPANDED RELATIONS WITH LATIN AMERICA—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, some of us believe that the continent of South and Central America is at the beginning of an extended growth cycle and that it will be looking increasingly to Canada for expanding trade and technical assistance, and for expanded diplomatic relationships. Therefore I move, seconded by the hon. member for Labelle (Mr. Dupras):

That the government give serious study and consideration to expanding Canada's relations with Latin America, and review fully the Canadian government's participation in the Organization of American States.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE ADMINISTRATION

CALL FOR HOLDING OF GENERAL ELECTION—MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, since the Prime Minister (Mr. Trudeau) came to power in 1968, Liberal economic policies have been to spend massive amounts of taxpayers' money on questionable programs until they achieve the highest annual debt in the history of the country. At the same time they adopted a socialist, left-wing, centralist mentality which allowed for no flexibility in the Foreign Investment Review Agency, and in general they have reflected an attitude that discouraged foreign investment, coupled with the stubborn fixation of the Minister of Energy, Mines and Resources (Mr. Lalonde) with his new energy program which has caused the destruction of the oil industry in Canada, moved 60 per cent of our oil rigs out of our country, terminated the progress of two tar sands plants and therefore negatively affected both the energy industry of western Canada and the manufacturing basin of Ontario and Quebec. Therefore I move, seconded by the hon. member for Ontario (Mr. Fennell):

That the Liberal government, which is causing massive unemployment throughout Canada, take a sabbatical by calling a federal election so that members of the Liberal Party can learn from first-hand experience what unemployment is all about.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SERVICE

DE-INDEXATION OF PENSIONS—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the government has deindexed public service pensions which have been paid for by public servants through a 1 per cent pay levy, and that the Liberal members for Ottawa West (Mr. Francis), Ottawa-Vanier (Mr. Gauthier), Hull (Mr. Isabelle), Gatineau (Mr. Cousineau), and Ottawa Centre (Mr. Evans), have described this budgetary measure as "unacceptable", I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House calls on the Liberal members I have named to stand by their convictions and join the New Democratic Party in voting against legislation to implement the Liberal Party's 6 per cent dream world.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

NORTHERN PIPELINES

DEMAND THAT COMMITTEE COMPLY WITH STANDING ORDERS—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas Standing Order 65(1)(t) of the House of Commons requires that the Standing Committee on Northern Pipelines study all reports, orders, agreements, regulations, directions and approvals mentioned in Section 12, 13, 14, 15 and 22 of the Northern Pipeline Act and report thereon to Parliament at least three times each session, and whereas during the current session the chairman of the committee has neglected and refused to call a meeting of the said standing committee for that purpose, I move, seconded by the hon. member for St. Catharines (Mr. Reid):

That this House orders its Standing Committee on Northern Pipelines to comply with Standing Order 65(1)(t).

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

AVAILABILITY OF ASSISTANCE—MOTION UNDER S.O. 43

Hon. John A. Fraser (Vancouver South): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the depressed state of the fishing industry on both the Atlantic and Pacific coasts, involving bankruptcies and unemployment; in view of the urgent need to provide low interest assistance to fishermen and processors; and in view of the confused and inconclusive answers from both the Minister of Finance (Mr. MacEachen) and the Minister of Fisheries and Oceans (Mr. LeBlanc) regarding the availability of the $400 million budget allocation to fishermen and processors to meet past debts and ongoing operating capital requirements, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

• (1115)

That the House direct the Minister of Finance and the Minister of Fisheries and Oceans to publish immediately precise details of what portion of the $400 million budget allocation for small business will be available to fishermen and processors, under what conditions, and to clarify what part of the $400 million will be available through the Small Business Development Bond.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

INCREASE IN UNEMPLOYMENT—GOVERNMENT POSITION

Hon. David Crombie (Rosedale): Madam Speaker, in view of the very regrettable absence of the Minister of Finance this morning, I direct my question to the Minister of Employment and Immigration. I might say in passing that the Minister of Finance has his priorities mixed up. The unemployment figures this morning are staggering, and he ought to be in the House to listen to questions.

I am sure that the Minister of Employment and Immigration will recall that last January the unemployment rate in this country stood at 8.6 per cent. By April it had climbed to 9 per cent, and by June, last month, it was up to 10.2 per cent. This morning the published figures put the unemployment level in this country at 10.9 per cent.

Some hon. Members: Shame!

Mr. Crombie: It is the highest in recorded history. We have an increase of 52 per cent in unemployment in Canada in one year. We have 435,000 jobs lost in one year alone, and 62,000 of them in just the last month.

Clearly the government's programs are not working and it has instilled absolutely no confidence that it can manage the economy. What will the Minister of Employment and Immigration do about this situation?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, this morning's figures on unemployment only underline the case that we have been making, that this is a very serious situation in Canada.

Mr. Nowlan: You created it.

Mr. Broadbent: You did create it.

Mr. Axworthy: I wish the members in that corner would take it seriously.

Mr. Deans: We have been trying to get you to do something about it for years.

Mr. Axworthy: It is a serious problem which we must do something about. I want to point out to the hon. member, since he raised the issue, that the Minister of Finance is meeting this morning with a delegation from the labour movement in Canada in an attempt to engage them in part of a co-operative effort and a coalition to come to grips with the economic problems.

The figures this morning show that this is an issue which must be addressed by all Canadians, whether business, labour or in government, in a concerted and co-operative way. It is not a time for fractious dispute. It is time for Canadians to pull together to beat the problem and come to grips with it. It is not

the fault or blame of any one group or sector; it is a problem which must be attacked by all Canadians.

IMPLEMENTATION OF JOB-CREATION PROGRAMS

Hon. David Crombie (Rosedale): Madam Speaker, I think that probably the most devastating impact shown in the statistics this morning comes in those towns, villages and small cities across the country which have been affected, particularly those one industry towns where unemployment is so great that those communities find themselves worrying about their very survival.

The statistics are worth considering. This morning Kamloops has an unemployment rate of 19.6 per cent. It was 8.9 per cent last year. Prince George has an unemployment level this morning of 17.7 per cent. Last year it was 3.8 per cent. Chicoutimi has a 16.1 per cent unemployment level. Hamilton is 12.3 per cent.

These programs which the minister keeps talking about are not being delivered on the street—real jobs to real people who have real needs. When will the Minister of Employment and Immigration look at those programs and ensure that they are implemented?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am not sure exactly what the hon. member is talking about.

Some hon. Members: Oh, oh!

Mr. Stevens: That is obvious. It is unemployment.

Mr. Axworthy: The fact of the matter is that in many of those communities that the hon. member has mentioned this government is applying special programs—

An hon. Member: They are not working.

Mr. Axworthy: —dealing with employment development. In this year's budget alone we have doubled the amount of money going into direct employment creation so that we can provide special responses, as we are now providing in over 30 communities.

• (1120)

In my department alone this year, because of the additions in the budget, we are spending over $650 million in direct job-creation programs which will provide employment opportunities for close to 200,000 Canadians. Those programs are directed at the very communities mentioned by the hon. member, those that are hardest hit by lay-offs or by the downturn in the economy.

In Prince George and in Alberni, where the lumber industry has had a serious downturn because of the decline in the international housing market, we are presently implementing special employment programs, and the Canada community development project that we have announced will provide additional resources to those communities to try to provide transition and bridging in what we all admit is a very difficult, very serious and very tragic time for many of these workers.

MINISTER'S ROLE

Hon. David Crombie (Rosedale): Madam Speaker, if the minister is wondering what we are talking about this morning, what we are talking about is the fact that unemployment has gone up 52 per cent in one year. Day after day and week after week this minister and this government keep inventing programs out of whole cloth, inventing them from thin air, quoting figures, quoting statistics, and quoting programs that have no reality. These are statistics which are real, and behind those statistics are real people being hurt, and not being helped by the minister's programs. He can quote figures all he likes, but they are not being helped. When will the minister take that department of his and do something with it in order to create jobs for people and, at the same time, help the Minister of Finance gain some confidence among the Canadian people that this government can manage the economy?

Some hon. Members: Hear, hear!

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member is seriously mistaken when he says that these programs are not helping people. Under our work-sharing program, we have averted close to 52,000 lay-offs in this country.

Some hon. Members: Hear, hear!

Mr. Axworthy: Over 115,000 workers are involved in that program. We have provided employment for 55,000 students.

Mr. Deans: You kept interest rates too high.

Mr. Axworthy: Under these programs of direct job creation we will provide employment for over 100,000 Canadians right across Canada. So, when the hon. member and the opposition attempt to say that the people are not being helped, they are simply flying in the face of reality. I would say to them that they should get their act together. We just heard from the hon. member for Crowfoot that we should cut the deficit and programs, and now we are hearing from this hon. member who said we should add to them. When will they get their act straight so that Canadians will have a sense that there is a united approach to these programs in Canada and not the kind of flim-flam that we get from members of the opposition?

Some hon. Members: Hear, hear!

* * *

THE ECONOMY

INTEREST RATE LEVELS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I expected that the Minister of Finance or the Prime Minister would be present in the House today to report on the meeting

they held yesterday with the business leaders of the country. These companies with which they met yesterday are the major hope for job creation in the country because they are the ones which create the work for the people who are unemployed today. I understand that at the meeting yesterday the participants presented the government with a very, very pessimistic outlook of more bankruptcies, more lay-offs, no hope at the end of the tunnel, in fact the most pessimistic outlook that has been presented in meetings of this sort with the government.

My question is directed to the Minister of Industry, Trade and Commerce, in the absence of the Minister of Finance and of the Prime Minister. Since the recent budget has done nothing to turn around the level of confidence of the people who were present at the meeting yesterday, is the government giving any consideration at all to the serious suggestions which were made at the meeting yesterday, in particular the suggestion to reduce the level of interest rates by getting the level of the budget deficit under some degree of control? Interest rates are the most serious problem in the country today.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the meeting yesterday with business leaders was a very positive one. The chief point coming out of it was the very strong degree of support expressed by business leaders for the new budget and its approach. That was the basic point.

Some hon. Members: Hear, hear!

Mr. Wilson: I do not think that the minister was at the meeting, because if he had been at the meeting—

Some hon. Members: Were you?

Mr. Wilson: —he would have known. I have been speaking with a number of the gentlemen who were at that meeting and I was specifically told that while they agreed with the 5 per cent and 6 per cent wage restraint, they were very upset over the level of the government deficit.

PROPOSALS MADE BY BUSINESS LEADERS

Hon. Michael Wilson (Etobicoke Centre): I ask the minister a specific question: is the government giving any thought whatsoever to the very serious proposals made at the meeting yesterday to reduce the size of the government deficit so that interest rates can be reduced and so that we can get some level of confidence? Are the political and philosophical obstacles that the government has put in their way the main reason why it is not responding to the serious proposals made by these businessmen yesterday?

• (1125)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, in the budget, which was strongly supported publicly by a number of the business leaders who went to that meeting, we said that we were concerned about the deficit and that we had rejected advice to allow it to increase. Our basic approach is that, bringing about recovery by the means set out in the budget, we will be on the path to reducing the deficit. That is why we are calling for people in this country to work together to achieve the objectives of the budget. I suggest to my hon. friend he adopt the same positive spirit as those business leaders. If that were the case, we would have a much better result than we are getting now in terms of the response from the opposition to our very constructive budget.

GOVERNMENT APPEAL TO BUSINESS AND LABOUR FOR CO-OPERATION AND CONSENSUS

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Minister of Manpower and Immigration. It concerns the very important question of co-operation in Canada right now. Two ministers just referred to the need for that. Yesterday the Prime Minister received support from the business community for a wage control policy, which is hardly surprising because it will increase their profitability. We should not be surprised at that.

Some hon. Members: Oh, oh!

Mr. Broadbent: I am not criticizing them for that. I am saying it is hardly new. The business community supports a program that will hold down inflation. My question concerns the other side of the economic ledger.

The government has acknowledged that unemployment will remain at the present level for the rest of the year. The government said there will be no legislation that will effectively control prices. Considering that a moral approach asking for co-operation in Canada requires fairness in all sections of the community, is it surprising that total support has not been forthcoming from all sectors? Is it surprising that there is not consensus when there is no fairness?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would like first to point out to the Leader of the New Democratic Party that the emphasis in those discussions yesterday, as it is in discussions today with leaders of the trade union movement, is on how we can co-operate to deal with the fundamental problem of inflation so that we can bring the inflation rate down and thereby bring interest rates down, stimulate the economy and create jobs. That is the fundamental formula for the co-operation we must establish for all Canadians, to recognize that each sector of the economy must play a part. In some cases it is a restraint on prices and incomes, in others on wages, and in others on the kind of activities that we have in government.

The basic signal put forward in the budget last week is that we in the federal government are trying to lead by example, to show what we can do in our sector, asking public servants to join us in that effort and asking Members of Parliament and members of cabinet to try to regulate prices that are under our control, but we do not want to impose a control system that is legislated. We want one that is based on the consensus and agreement of society, one that does not impose controls.

EFFECT OF JOB-CREATION MEASURES

Hon. Edward Broadbent (Oshawa): Madam Speaker, you cannot have consensus and co-operation across this country if you are not prepared to be fair to the vast majority of the people, the ordinary working Canadians. That is clear. The minister talked of the need to do something about inflation. Workers have some concern about prices and some real concern about job security. Will the minister confirm that the job-creating provisions in the budget will, in the coming year, create fewer jobs than we lost in the last four weeks in this country?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the provisions of the budget, if you look at the incentives established for direct job creation, will add a minimum of 68,000 jobs. Leverage will be established through housing initiatives. HUDAC estimated this will provide over 150,000 jobs in the construction area. The stimulus will come through the economic development portions of the program. This will in itself add up to 300,000 or 400,000 new jobs that we can provide through direct initiatives by this government.

• (1130)

Far more important than that is to establish the basic environment that will provide for the long-term development of permanent jobs. To do that, we must bring the inflation rate down and get the economy in order. The budget's purpose is the basic establishment of that goal to stabilize the economic turbulence that we are in so that we can have a long-term job-creation program that will be equally shared by all Canadians.

Some hon. Members: Hear, hear!

GOVERNMENT POLICIES

Hon. Edward Broadbent (Oshawa): Madam Speaker, if the government wanted tc bring inflation down it would have had the courage and fairness to bring in effective legislation controlling prices. The minister knows that the government has not done that at all.

As a preamble to my final question I would like to say that the parts of the budget which stipulate specific job-creation programs forecast a total for the coming year of 53,000 jobs, and in the past four weeks we have lost 62,000 jobs. That, I suggest, is a lamentable record and program for a Liberal government. I would ask, in that context, does the government have in the summer coming weeks one new policy, one new program that will provide some ray of hope to all those Canadians who either would like to have a job or would like to remain confident that they will retain the jobs they now have.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, let me first point out that the hon. member's figures are wrong. I do not know who is doing his calculations but they should obviously enrol in one of our retraining programs in order to get upgrading in mathematics. They simply cannot add very well.

Some hon. Members: Oh, oh!

Mr. Axworthy: The fact of the matter is that through the direct—

Some hon. Members: Oh, oh!

Mr. Axworthy: Madam Speaker, if they do not want to speak the truth, then there is not much point in having a question period. We are trying to provide honest answers for them.

The fact of the matter is that the direct employment job-creation provision was a $450 million addition which will create at minimum 68,000 jobs—which is even more than the minister said himself. In addition to that, there is a stimulus provided under the housing portions which will provide an additional 100,000 plus jobs. There is additional money that is going to the economic development envelope which will provide more stimulus in research and development, in export development, and in industrial incentives. Those add up to far more jobs. I would say, Madam Speaker, that the opposition could be far more helpful in this difficult period if rather than engaging in talking about fictitious programs and fictitious figures, they themselves would provide much more assistance to Canadians if they joined in with far more co-operation in order to help to get the economy going, instead of trying to create fear and hysteria by using the question period to propagate false figures.

Some hon. Members: Hear, hear!

* * *

FINANCE

TAX ON JOB-CREATION INCENTIVES

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is also addressed to the Minister of Employment and Immigration who fails to recognize that our workers tell us that by the time the red tape is cut on those programs they are all going to be out of work. In British Columbia conditions are so bad that D8 tractors are going at auction for $18,000 or $16,000, when they are worth about $100,000. People are burning the forests in order to create jobs?

An hon. Member: What is the question?

Miss Carney: If the minister is aware of the unemployment problems in British Columbia, how can he have the audacity to ask union leaders to settle for a 6 per cent cap on wages when he has twice voted for a budget measure which places an unfair and inequitable tax on job-related expenses, a tax which makes our workers uncompetitive and keeps them off their jobs. How can he ask the union leaders to restrict themselves

to a 6 per cent increase and then vote for a tax that, in British Columbia, amounts to $3 an hour on workers?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would first like to point out to the hon. member for Vancouver Centre that I visited British Columbia recently, and I will be there again on Monday to talk to employers and unions about job creation and labour market programs. It was clear in those discussions, when you talked with both employers and members of the unions that the greatest danger to the competitive position of the lumber industry in British Columbia in disposing of its product is the fact that our wage settlements are running substantially ahead of those in the United States.

Mr. Kristiansen: That is a lie.

Mr. Skelly: It is absolutely wrong; it is the truth we need in here.

Mr. Axworthy: We must bring them down. That is the great danger we face in terms of establishing a program in this country, to make sure that we can compete. In the meantime, Madam Speaker, we are attempting to provide for bridging programs in the forestry industry, in the mining industry and in the fishing industry, to ensure that those workers are able to maintain their employment. We have signed co-operative arrangements with the provincial government, with unions, and with the employers of those areas, to keep those people at work during this period of time.

Madam Speaker: Did I hear an hon. member in one corner of the House say "That is a lie"?

Some hon. Members: Yes.

Madam Speaker: Would that hon. member, whoever he is, withdraw those words which are considered to be unparliamentary?

Mr. Kristiansen: No, I will not, Madam Speaker, because it is exactly true. The industry has said it, the union has said it, everyone has said it, the ITC has said it. If the minister can admit that he was wrong, then I will withdraw my accusation. Other than that it will stand, and thousands of people will stand behind it.

Madam Speaker: I do not want to delay the question period unduly but I am afraid I cannot let that go by. The hon. member knows that this is unparliamentary language and that he should not be using it in regard to another member's statement. I ask him again to co-operate with the House, to conform with the usages of this House and to withdraw those words.

The hon. member for Kootenay West.

Mr. Kristiansen: As a courtesy to the House and to yourself, Madam Speaker, I will withdraw the terminology.

Some hon. Members: Hear, hear!

Madam Speaker: I thank the hon. member.

* * *

PENSIONS

QUERY RESPECTING INDEXATION

Miss Pat Carney (Vancouver Centre): Madam Speaker, I would like to address my supplementary question to the Minister of National Health and Welfare. She assured the House yesterday that Canadians who are most in need will be protected and will not have to face the 6 per cent limit on their income announced for pensioners and civil servants in the budget. Since ministerial aides and the Justice department lawyers have just been awarded salary increases of 10 per cent to 11 per cent, does the minister consider these federal government employees to be more in need than pensioners?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I do not see why that question was addressed to me. I never spoke of course of a comparison with employees. I am talking of Canadians on fixed incomes and those most in need. They make up 55 per cent of all the pensioners in Canada. They will receive, for all the coming months, the full indexation of their pensions. In fact their supplements will be doubly indexed to make sure that they do not lose a penny. They will be fully covered for actual inflation. That is extremely important, and we will stick to that policy.

Some hon. Members: Hear, hear!

* * *

LABOUR CONDITIONS

JOB-CREATION MEASURES

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is for the Minister of Employment and Immigration. As he is playing fast and loose with the figures I want to remind him, by quoting from *Senate Hansard*, page 4491, June 30, 1982, that the government House leader in the Senate, speaking for the government, said:

> There are therefore no new allocations for employment programs.

Now, who speaks for the government? If you take into account the hidden unemployment, there are today over 1.5 million Canadians unemployed. The minister says he has jobs for 200,000. What is he going to do for the other 1,300,000?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, in relation to the first part of the question I will also have to check *Hansard*. There is no ambiguity whatsoever. The budget document is there to be seen. There are very specific new allocations of substantial amounts of money for alternative job-creation programs.

Madam Speaker, we will readily admit that one cannot put all the people back to work in direct government employment programs of the government. It must be done through a combination of efforts of the private sector, getting business investment started, getting companies back on an even keel. That is the most healthy way to put people back to work. That is why this budget has as its fundamental message the need to provide for a coalition of interest between business and labour and the government at all levels to combine our efforts to provide for the stabilization of this economy.

Some hon. Members: Hear, hear!

GOVERNMENT INITIATIVES

Hon. James A. McGrath (St. John's East): Madam Speaker, it is not difficult to understand why the country has lost confidence in the government when you hear that minister getting up and mouthing these insignificant statements which he cannot support.

Some hon. Members: Oh, oh!

An hon. Member: Watch your blood pressure!

Mr. McGrath: If my blood pressure is up, Madam Speaker, it is because we have a tragedy in this country. Behind every one of these 1.5 million unemployed there is a potential for human tragedy. He can account for jobs only for 200,000 of them. The government leader in the Senate said there are no new programs. I ask the minister who has the responsibility, what initiatives can we expect from this government to address this tragedy of unprecedented proportions facing 1.5 million Canadians who have to suffer, by the way, the same consequences of inflation as those who are lucky enough to have jobs?

• (1140)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as the hon. member knows, in the short time allowed in question period it is impossible to describe the full range of initiatives which have been taken. This morning we established a new program for the footwear industry to provide for additional employment protection for workers in that sector.

Some hon. Members: Hear, hear!

Mr. Axworthy: In previous weeks the minister who sits beside me also provided for additional job creation through major sales abroad in relation to Bombardier and other companies. The Minister of Transport has taken an initiative which will provide close to 50,000 or 60,000 new jobs in western Canada through a major modernization of the transportation system. The list is far longer than I have time in the question period to give, but there is no question that the budget sets a basic framework for providing initiatives to the private sector while at the same time providing transitional assistance for those who are seasonally unemployed or being laid off.

We have provided protection from lay-offs for close to 52,000 workers through work sharing. We have a billion dollar new training bill which was given Royal Assent two nights ago which will allow for the retraining of a quarter of a million Canadians in new training projects.

The list could go on, but the point is that we cannot do it ourselves. We need the co-operation of hon. members opposite. We would like them to go to their ridings and recruit the co-operation of unions and businessmen to get the economy working again.

Some hon. Members: Hear, hear!

ONE HUNDRED PER CENT UNEMPLOYMENT IN YUKON TOWNS

Hon. Erik Nielsen (Yukon): Madam Speaker, I would like to ask the Minister of Employment and Immigration a question concerning unemployment in Yukon. It has reached 100 per cent in Elsa; the whole town is closing down. It has reached 100 per cent in Faro; 600 families are affected by lay-offs. Whitehorse Copper is closing down completely at the end of December. The entire mining industry in Yukon is shutting down. What programs is the minister going to create?

Mr. Rossi: Change the MP.

Mr. Nielsen: The hon. member might think unemployment in Yukon is funny. I can tell him it is far more serious there than the figures which have been bandied about here.

Mr. Cousineau: Question.

Mr. Nielsen: I see the minister consulting the Minister of State for Mines. The total industry is shutting down. What is he going to do to provide jobs for those workers and relieve the hardship of those families?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, we are fully aware of the problems faced by the mining industry due to the international downturn in commodity prices. The Minister of State for Mines has been meeting this week—in fact this morning—with members of the mining industry to see what remedial measures might be undertaken during this period of time.

This government does not have the capacity by itself to reconstruct totally the entire mining industry around the world. Difficulties are being faced in Canada as well as at every mine around the world. In the meantime we are sensitive to the problem. We have put forward offers respecting work-sharing programs and are providing alternative employment programs through Section 38. The Minister of State for Mines is discussing those programs. Similar programs are being implemented now in the province of Ontario. We will do as much as we can, working with the industry, to provide help, but we have to come to grips with the over-all economic situation, which is international as well as national in its scope.

I repeat that that is something which really requires a total national effort. That is the kind of basic leadership being provided through the budget, and we are trying to engage the co-operation of hon. members opposite so that we can move toward recovery.

Madam Speaker: The hon. member for Winnipeg-St. James.

YOUTH UNEMPLOYMENT

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, the government has just brought in a budget with no specific program for youth unemployment, yet Statistics Canada tells us today that fully one quarter of the young people of this country are unemployed. In Quebec some 37.6 per cent of the young people are unemployed. In Ontario 24.4 per cent are unemployed. In British Columbia, where 29.8 per cent of the youth are unemployed, that number is double the level of last year.

Just how can the Minister of Employment and Immigration leave fully one quarter of the youth of this country without jobs, without any hope for the future and no opportunity to contribute in a positive way to the development of the country?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, again I point out, for the interest and attention of the hon. member for Winnipeg-St. James, that in fact a substantial proportion of the funds which are allocated under the new direct job-creation programs are directed toward providing help and assistance for young people to get employment. We have allocated $120 million for a summer youth employment program which is providing employment right now for over 55,000 young people across the country. Over 40 per cent of the people enrolled in direct job-creation programs under the community development program are under 24 years of age.

We will be having discussions in the next several weeks with a number of groups in the social sector and in the employment sector to talk about how we can establish a specific youth employment strategy and apply our programs in a more targeted and directed way.

We are fully aware of the problem and are trying to direct our programs as best we can. When the hon. member for Winnipeg-St. James goes back to his riding this weekend, I hope he will talk to employers in his riding so that they will provide employment for young people in that city.

WOMEN APPLICANTS FOR WELDING COURSE IN MONTREAL

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is also directed to the Minister of Employment and Immigration. The minister should be speaking more frequently with women workers who are facing an extremely high rate of unemployment. With the microtechnology revolution the minister knows they are also being phased out of a whole field of traditional jobs.

I want to ask the minister whether he is aware of a situation in Montreal in which a group of 15 women who are preparing themselves for affirmative action in the CNR were refused a welding course by the Canada Employment Centre. Surely the minister knows that during times of high unemployment affirmative action is more important to women workers than ever.

In other parts of Canada women complain that only two or three women—if that many—are allowed to enrol for apprenticeship training, and the minister has cut off pre-apprenticeship training programs. Is it the policy of the minister's department to discriminate against women who want to get into training for non-traditional jobs? Does he oppose affirmative action, which surely should provide equal access to women for trade training for non-traditional jobs?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I point out to the hon. member that one of the basic objectives of the new national training program we introduced last January and on which this House has just passed legislation, is to provide for a broadening of access for women to all kinds of new training opportunities.

The situation in Montreal is very clear. Those people were enrolling in a course for which there were already surplus workers. There is no point in having equal opportunity for unemployment. We want to develop training programs for jobs which are available and to put people into training which will lead to direct employment. To that end we have established special incentives in the training program to provide up to 75 per cent incentives to private employers for on-the-job training for women.

I point out, for the interest of the House, that my parliamentary secretary has been meeting for the last two months with that particular group in Montreal in order to find solutions to their problems. Unfortunately, they did not have the good grace to wait for the answers my parliamentary secretary was going to provide. They went to the press first. The way to get co-operation is not by playing to the press like these people did, or, unfortunately, like the hon. member is doing.

* * *

ENERGY

FUNDING FOR OIL EXPLORATION IN SENEGAL

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. As I am sure the minister is aware, there are a very large number of bankruptcies and business failures in the exploration, servicing and drilling sectors of Canada's oil industry, caused in large part by the National Energy Program and the economic policies of this government which are contributing to the over-all unemployment crisis.

This past month Canada announced it would provide some $16.9 million to Senegal to search for oil. I would like to ask the Minister of Energy, Mines and Resources if he could explain to the industry, and particularly to the unemployed,

why Canadian taxpayers' dollars are being used to look for oil in Senegal while our Canadian industry is going down the drain. Could he explain how this is helping our Canadian industry, and particularly the unemployed?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, first I would like to remind my hon. friend that the people of Canada and the Government of Canada are providing help to Canadian firms to explore and work in Canada to the tune of well over $1 billion a year. As a matter of fact, Parliament just passed a law which allows the government to pay out to the Canadian oil and gas industry this year close to $1 billion in petroleum incentive grants only. That goes to companies doing exploration work all over the country. That is only one of the programs to help the Canadian oil and gas industry.

• (1150)

In addition, as the hon. member knows, as part of our aid program to developing countries we have set up Petro-Can International which will help developing countries which do not have enough money to explore for potential reserves. As we do in all other kinds of areas, this will help them to find resources to make them self-sufficient or less dependent on OPEC oil. That is part of the Canadian aid program and part of our international responsibility.

I would like to remind my hon. friend that most of that money is going to be used to hire Canadian engineers, geologists and technicians to help those countries meet their future needs. That is part of our international commitment.

MACHINERY AUCTION SALE

Hon. Don Mazankowski (Vegreville): Madam Speaker, surely it is time that the Minister of Energy, Mines and Resources started extending some sympathy to Canada's small business sector of the energy exploration and service industry which is going down the drain. Just this week in Lloydminster another gigantic auction sale liquidated the firms of Midway Oilfield Services and Weldex Machine, along with 150 jobs in that community. This sale saw trucks, tractors, cranes and oilfield equipment selling for 30 cents on the dollar.

How long is this minister going to stand idly by and allow this man-made disaster to continue? Or is he prepared to see that once viable energy sector absolutely and totally go down the drain?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to remind my hon. friend that the Governments of Alberta and Canada in the last three months have set up programs whereby the industry is going to receive over $7 billion of tax breaks and help, over the next five years. There is not one other industry in the country which has been made the beneficiary of such a large tax break like this. Not a single other industry has been put in that comparatively advantageous situation.

Mr. Stevens: But you took the money first.

Mr. Lalonde: My hon. friend should also know that similar problems are being faced by the oil and gas industry in the United States at the present time, in fact by the industry all over the world. My hon. friend need only read an article published in *Fortune* magazine in the U.S. as recently as three weeks ago.

Mr. Mazankowski: You are wiping out a once viable industry.

Mr. Lalonde: It shows with specific figures and facts that the oil and gas industry in the U.S. is facing similar difficulties. This is the prevailing situation, unfortunately, around the world, and my hon. friend would like Canada to be living in a kind of dream world or on its own. Unfortunately, we are all part of this problem at the present time, but we are trying to resolve this issue. As a matter of fact I had a meeting this morning with the Minister of Energy for Alberta to discuss those very issues—

Madam Speaker: Order.

* * *

REGIONAL DEVELOPMENT

PRINCE EDWARD ISLAND CONSTRUCTION PROJECTS

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is for the Minister of Employment and Immigration. Throughout the Atlantic provinces urgently needed federal projects, for which funds have already been committed—I am not talking about new funding—are at a standstill. On Prince Edward Island, for example, the construction of the new headquarters of the Department of Veterans Affairs and of the Charlottetown airport have been unexplainably stalled.

Has the federal government decided to halt such projects across the country to hide the true extent of the federal deficit, which many experts say is not $20 billion, but $25 billion, $26 billion or even more—

Madam Speaker: Order.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, again I want to correct the impression the hon. member is trying to leave, that somehow there are going to be hidden deficit figures. There is no such intention at all. The budget clearly stated the situation as it stands. It is serious enough as it is without the hon. member trying to make it worse. As far as the projects being developed in the Atlantic provinces are concerned, there is a wide variety of them and the contracts for the two that he mentions in Prince Edward Island have already been let.

Just by way of interest, I would also point out to him that my department is prepared to move ahead with a number of substantial new training programs in that province as soon as the provincial government is prepared to sign an agreement. Again, I would ask the hon. member to go back and talk to his colleagues in the Conservative government of that province so

that they will sign the agreement and we can get busy working on the marine college there, to start training people of that province for new jobs and occupations.

GOVERNMENT COMMITMENTS

Mr. Tom McMillan (Hillsborough): Madam Speaker, the minister mentioned the marine college in his reply. Yesterday in the House his colleague, the Minister of Agriculture, made it very clear that the federal government is going to renege on its firm commitment to share in the cost of a veterinary college in the Atlantic provinces. Would the minister tell the House how many other such projects across the country, for which the federal government has made a firm commitment to municipalities or provinces, it has decided to renege on at the expense of jobs and other economic opportunities for the Atlantic region and the whole of Canada?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am surprised at the hon. member's comments because, as we know full well, the Minister of Agriculture never reneges on a commitment. He is a man of his word. I think you will see that that is fully justified. However, I want to point out to the hon. member that under the new training program we will have a special fund set aside to modernize provincial facilities and buy new equipment in the area of training. The only condition which now must be met is that the provincial government, which will have jurisdiction over those community colleges, must sign a new agreement so that we can put the money in place. I would also point out that the government of his province has not yet signed an agreement, and that is the only thing preventing the program from going ahead in Prince Edward Island.

* * *

THE ECONOMY

INFLATION LEVELS IN CANADA AND UNITED STATES

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, every Canadian knows that the unemployment situation will worsen and the economic downturn will continue until the policies of this government are changed to result in lower interest rates. The government keeps telling us that its program to reduce interest rates is based on inflation fighting; with a reduction in inflation, interest rates will come down. That is based on the American model. I ask the Acting Prime Minister, in light of the fact that the U.S. inflation rate has come down but their interest rate remains at a very high level, why should anyone in Canada have faith in this government when it says the same thing will happen in Canada?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, all the previous answers this morning lead to the realization—and we hope it will sink into the minds of opposition members who have been asking the questions—that the situation which Canada is in at this time is not exclusive to Canada. If you look at the United States, in the last year unemployment has gone up from 7.6 per cent to 9.1 per cent, real growth in the GNP has dropped from 2.9 per cent to .9 per cent. The U.S. budget deficit has gone from $29 billion to some say $109 billion, and some say $160 billion. That is what we are saying.

Mr Deans: That is what we are saying!

Mr. Pepin: The hon. member who asked the question says we have to bring down inflation. The whole of our policy on this side and the whole of the budget is dedicated to that, but at the same time creating employment for categories of people in a variety of sectors in which it is particularly needed.

INTEREST RATE LEVELS IN CANADA AND UNITED STATES

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I apologize for the inappropriate question I have raised. I will repeat it in a different way. We understand that the government is following the U.S. policy to fight inflation, which policy is to keep interest rates high. The assumption was that, when inflation fell, interest rates would fall. That has not happened in the U.S. Since this government's policy is based on that policy, why should Canadians have faith that will happen in Canada when it has not happened in the U.S.?

Mr. Broadbent: Try again, Jean-Luc.

• (1200)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, that is what we have been saying all along, here, at Versailles, and elsewhere. The Canadian government has denounced that American policy of keeping interest rates too high.

Mr. Broadbent: You have been following it.

Mr. Pepin: We are not following it. We are taking it into account.

Some hon. Members: Oh, oh!

Mr. Pepin: Yes, we are taking it into account because we know that interest rates in the United States have a direct effect on the situation in Canada. It is just witnessing that reality in the United States and trying to cope with it the best way we can.

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INDUSTRY

DECLINE IN JOBS AND PROFITS IN MANUFACTURING SECTOR

Hon. Sinclair Stevens (York-Peel): Madam Speaker, as we witness more and more that Grit times are indeed grim times—

Some hon. Members: Oh, oh!

Mr. Stevens: —I would like to address my question to the Minister of Industry, Trade and Commerce. He perhaps has to share as much as any minister in the total inadequacy of the government's policies. Would the minister indicate why his department has allowed 200,000 jobs to disappear in the manufacturing sector alone; why that sector has experienced profit declines of 51 per cent after the minister's pompous statements that somehow if elected he would get interest rates down in this country or resign?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we have been taking action that is aimed at creating very substantial numbers of new jobs now and in the coming months.

Some hon. Members: Oh, oh!

Mr. Gray: We have supported, for example, new development projects at the Mitel corporation, a Canadian-controlled and Canadian-based company to create several thousand new jobs. I announced support for that type of project just a few weeks ago. I announced support for a new computer development project at Control Data in Toronto.

Some hon. Members: Oh, oh!

Mr. Stevens: Just like Consolidated Computers?

Mr. Gray: It will create hundreds of new jobs. I announced support for a new project to create a new inertial guidance system for commercial aircraft.

Mr. Beatty: Don't forget Consolidated Computers, Herb.

Mr. Gray: This project will create 1,000 new jobs at Litton Industries. If time in the question period permitted, I could give example after example, indicating the definite decisions and actions through programs in my department which have created and are creating tens of thousands of new jobs in this country. But I want to say, Madam Speaker, no matter how effective our programs are, we cannot create jobs, nor can we stimulate the marketplace in all the other countries in the world that buy our products. They have a major recession, and it is a factor which—

Madam Speaker: Order, please.

Mr. Kempling: Your time is up.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. GAMBLE—COMMISSIONER OF OFFICIAL LANGUAGES MAP

Mr. John Gamble (York North): Madam Speaker, I have the honour to present to this House a petition signed by 85 residents of the metropolitan area complaining about the existence of a language map prepared under the direction of the Commissioner of Official Languages, wherein to the delight of the imperialist government of the Soviet Union, the language shown on the map for the Baltic states is Russian rather than Latvian, Lithuanian and Estonian, as is the case.

MR. JOE REID—DIRECT TAXATION OF HOME OWNERS

Mr. Joe Reid (St. Catharines): Madam Speaker, I have a petition that I am duty bound to present on behalf of some 125 citizens in the city of St. Catharines. They signed this petition to impress upon this government and any succeeding government their objection to any form of direct taxation of home owners by way of imputed rent or otherwise.

And as in duty bound your petitioners will ever pray.

* * *

RAILWAY ACT

AMENDMENT RESPECTING DEPOSITING OF INSTRUMENT AFFECTING ROLLING STOCK

Hon. Don Mazankowski (Vegreville) moved for leave to introduce Bill C-659, to amend the Railway Act.

Some hon. Members: Explain.

Mr. Mazankowski: Madam Speaker, the purpose of this bill is to provide an amendment to Section 86 of the act, which would permit instruments affecting railway rolling stock located, moving or running on or over the lines or tracks of a railway company to be deposited with the Registrar General of Canada, whether or not the rolling stock is owned by or leased by a railway company.

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

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,669, 2,680, 2,852, 4,094, 4,189, 4,191 and 4,192.

[*Text*]

COST OF TAXIS TO GOVERNMENT

Question No. 2,669—**Mr. Beatty:**

From March 1, 1980 to May 31, 1981, what was the total amount paid by the government for taxis?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): These figures do not include the cost of taxis used by employees on travel status. To obtain that information would entail a detailed examination of every travel claim for the period referred to, the cost of which would be inordinate.

Agriculture Canada	$ 47,910.00
Agricultural Stabilization Board	489.20
Canadian Dairy Commission	5,908.55
Livestock Feed Board of Canada	1,355.65
Communications Canada	24,667.74
Canadian Film Development Corporation	10,400.00
Canadian Radio-Television and Telecommunications Commission	4,277.89
National Film Board	10,904.68
National Library of Canada	9,536.00
National Museums of Canada	60,086.90
Public Archives of Canada	11,734.00
Social Sciences and Humanities Research Council	1,905.00
Consumer and Corporate Affairs Canada	33,579.27
Economic Development	14,221.00
Employment and Immigration Canada	71,908.60
Energy, Mines and Resources Canada (includes expenditures for Energy Supplies Allocation Board, Petroleum Monitory Agency and Uranium Canada Limited)	88,784.17
Atomic Energy of Canada Limited—Research Company (The Research Company is funded by appropriation from Parliament to cover operating costs and capital expenditures)	101,800.00
Atomic Energy Control Board	3,958.07
National Energy Board	4,853.55
Environment Canada	152,607.72
External Affairs Canada	79,467.83
Canadian International Development Agency	65,409.64
Finance Canada	54,931.45
Office of the Auditor General	25,652.56
Department of Insurance	1,366.00
Tariff Board	1,038.35
Fisheries and Oceans	136,216.80
Health and Welfare Canada	154,946.43
Medical Research Council	1,989.90
Indian and Northern Affairs Canada	183,063.00
Industry, Trade and Commerce	219,570.00
Canadian Commercial Corporation	1,542.45
Canadian Patents and Development Limited	102.50
Foreign Investment Review Agency	2,791.00
Metric Commission Canada	7,131.50
Justice Canada	59,144.57
Canadian Human Rights Commission	6,996.58
Canadian Unity Information Office	28,101.30
Law Reform Commission of Canada	642.80
Tax Review Board	8,352.45
Labour Canada	$ 18,678.50
Canada Labour Relations Board	14,128.33
National Defence: (April 1, 1980 to May 31, 1981) (Note: The department does not have the resources necessary to check hundreds of taxi fares over an entire fiscal year to determine the month on which expenses were actually incurred)	12,372.10
Canada Post	124,368.00
Prime Minister's and Privy Council Offices	62,917.05
Chief Electoral Officer	1,437.61
Public Works Canada	65,249.00
National Capital Commission	3,762.15
Regional Economic Expansion	115,403.58
Revenue Canada	143,939.06
Science and Technology	11,937.25
National Research Council of Canada	5,682.25
Natural Sciences and Engineering Research Council	232.60
Science Council of Canada	3,726.10
Secretary of State	151,964.00
Public Service Commission	88,516.88
Solicitor General	19,386.00
Correctional Service of Canada	126,403.72
National Parole Board	3,648.15
Royal Canadian Mounted Police	27,525.00
Supply and Services Canada	188,061.25
Statistics Canada	47,218.00
Transport Canada	422,219.00
Treasury Board Canada	42,493.21
Office of the Comptroller General of Canada	16,740.30
Veterans Affairs Canada	71,489.92

Other departments and agencies have no information on this subject.

COST OF TELEGRAMS

Question No. 2,680—**Mr. Beatty:**

From March 1980 to June 1981, what was the cost to the taxpayer for telegrams sent by the government?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): The cost of "telegrams" alone is not readily available as the government does not have a cost accumulator solely for that item of expense. However, we do have a cost accumulator for "messages and data communications services—common carriers including telegraphs, cable and wireless communications."

Agriculture Canada	$ 100,169.00
Agricultural Stabilization Board	635.00
Canadian Dairy Commission	1,039.00
Livestock Feed Board of Canada	238.00
Communications Canada	80,751.39
Canadian Film Development Corporation	383.00
Canadian Radio-Television and Telecommunications Commission	32,874.57
National Film Board	22,952.39
National Library of Canada	21,500.00
National Museums of Canada	8,829.60
Public Archives of Canada	4,880.00
Social Sciences and Humanities Research Council	6,907.85

Order Paper Questions

Consumer and Corporate Affairs Canada	$ 21,164.11
Economic Development	2,913.85
Employment and Immigration Canada	20,666.08
Immigration Appeal Board	711.00
Energy, Mines and Resources Canada (includes expenditures for Energy Supplies Allocation Board, Petroleum Monitory Agency and Uranium Canada Limited)	99,214.24
Atomic Energy of Canada Limited—Research Company (The Research Company is funded by appropriation from Parliament to cover operating costs and capital expenditures)	16,300.00
Atomic Energy Control Board	11,987.52
National Energy Board	51,768.61
Environment Canada	140,494.97
External Affairs Canada (Other government departments generate 50 per cent of the telegrams transmitted overseas over the facilities of the department)	6,397,552.00
Canadian International Development Agency	11,044.12
Finance Canada	8,631.32
Office of the Auditor General	1,557.38
Department of Insurance	276.00
Fisheries and Oceans	66,369.87
Health and Welfare Canada	250,860.29
Medical Research Council	11.00
Indian and Northern Affairs Canada	33,597.00
Industry, Trade and Commerce	233,198.00
Canadian Commercial Corporation	3,690.36
Canadian Patents and Development Limited	506.35
Foreign Investment Review Agency	11,831.00
Metric Commission Canada	4,154.26
Justice Canada	13,207.85
Canadian Human Rights Commission	141.21
Canadian Unity Information Office	89.14
Law Reform Commission of Canada	8.62
Labour Canada	36,959.00
Canada Labour Relations Board	2,597.95
National Defence	188,998.00
Defence Construction (1951) Limited	47,023.68
Canada Post	260,318.00
Prime Minister's and Privy Council Offices	10,947.24
Public Works Canada	235,677.00
National Capital Commission	4,176.00
Regional Economic Expansion	97,496.76
Revenue Canada	397,753.00
Science and Technology	8,320.51
National Research Council of Canada	39,277.78
Natural Sciences and Engineering Research Council	2,237.28
Science Council of Canada	500.53
Secretary of State	29,352.00
Public Service Commission	63,426.00
Solicitor General	3,583.00
Correctional Service of Canada	5,019.33
National Parole Board	499.33
Royal Canadian Mounted Police	243,264.00
Supply and Services Canada	$ 134,426.66
Statistics Canada	13,032.00
Transport Canada	7,119,711.00
Treasury Board Canada	20,869.20
Veterans Affairs Canada	34,584.76

Other departments and agencies have no information on this subject.

PUBLIC ACCOUNTS OF CANADA

Question No. 2,852—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Labour under the fitness and amateur sport program at page 32.18, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what services does this entail (b) what is a list of each contract of a value more than $2,000 (c) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (d) of the $39,685 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. Gerald Regan (Secretary of State): Hospitality Services—1979-80:

(a) Forms of hospitality provided: receptions, conferences, seminars, awards presentations, serving of non-alcoholic beverages.

(b) (i) Frederick's—Lake Placid, N.Y., $5,600. Minister's reception re 1980 Winter Olympic Games, Lake Placid, N.Y., 250 guests—Canadian athletes, teams' officials.

(ii) Parliamentary Restaurant—Ottawa, Ontario, $6,275. Minister's reception for Olympic athletes—450 guests.

(c) Treasury Board Hospitality Policy and guidelines used.

(d) These events took place during the tenure of a previous government and it is not considered to be proper constitutional practice for one government to seek or provide such detailed data about the obviously well intentioned and well done operations of its predecessor.

MR. DON MARRIOTT

Question No. 4,094—**Mr. Cossitt:**

1. With reference to the answer to question No. 2,760 which listed hotels and restaurants where bills were paid by the government on behalf of Mr. Don Marriott, director of restaurant and catering at the National Arts Centre, what amount was paid for each hotel and restaurant?

2. In the case of each restaurant where the name was "not specified", what amount was paid and what are all the reasons the government would pay money to a public servant for food and beverage at an establishment that was not documented by a bill from the establishment?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre as follows: Referring to our reply to question No. 2,760, the amounts paid in respect to hotel and restaurant charges incurred by the director of restaurants and catering of the National Arts Centre are as follows:

Place	Hotel	Amount	Restaurant	Amount
Toronto	Royal York	$ 62.83	not specified	$ —
Stratford	not applicable	—	Church Rest.	54.00
Toronto	Hilton	49.00	not specified	—
Stratford	not applicable	—	Church Rest.	55.00
New York	St. Moritz	248.00	Charlies	58.65
			The Plaza	34.11
Toronto	not applicable	—	Proud Popover	11.50
Montreal	Meridien	47.62	not specified	—
Toronto	Royal York	46.15	not specified	—
Stratford	not applicable	—	Mother's	18.72
Toronto	Royal York	46.15	Meyers	16.50
			Trolley	82.33
Guelph	Guelph University	N/C	not specified	—
Toronto	Royal York	138.00	London Fishery	46.59
Montreal	not applicable	—	not specified	—
Chicago	Blackstone	124.48	not specified	—
Milwaukee	Pfister	59.51	not specified	—
Toronto	Royal York	166.73	Thinstons	18.97
			Whalers	15.37
			Markangelos	35.12
			Chives	65.00
Stratford	not applicable	—	Old English Inn	26.00
New Hamburg	not applicable	—	Waterlot	14.45
Toronto	Royal York	108.38	Coffee House	4.85
			Abundance	7.33
			La Folie	40.31
Frankfurt	Holiday Inn	125.16	Plaza	nil
Montreal	Windsor	27.00	Dunn's	12.85
Montreal	Bonaventure	53.65	not specified	—
Toronto	Park Plaza	52.09	Copenhagen	75.02
Toronto	Park Plaza	113.60	Copenhagen	60.00
			Scaramouche	54.51
Stratford	not applicable	—	Church	64.20
Toronto	Royal York	163.23	Simpsons	20.42
Toronto	Park Plaza	116.49	not specified	—

2. The names of certain restaurants were not specified when Mr. Marriott was claiming only a per diem allowance and under this condition it is considered that restaurants chosen are a matter of personal choice. However, it is the policy of the National Arts Centre to require the names of restaurants and supporting vouchers when duty entertainment is claimed as expense.

AIR CANADA—LOANS TO EMPLOYEES

Question No. 4,189—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of Air Canada or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of Air Canada advises as follows: (a) to (e) The only loans made to Air Canada personnel were housing assistance loans made on the basis of company initiated relocation of staff. This is part of the wage and compensation program and as such is regarded as proprietary information.

Order Paper Questions

CMHC—LOANS TO EMPLOYEES

Question No. 4,191—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of Canada Mortgage and Housing Corporation or its subsidiaries since March 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Hon. Paul J. Cosgrove (Minister of Public Works): I am informed by Canada Mortgage and Housing Corporation as follows: (a), (b), (c), (d) and (e) As an adjunct to its transfer policy, CMHC makes financial assistance available for housing purposes to employees on relocation. Financial assistance is provided on request, and within set guidelines, in the form of bridge financing and registered second mortgages. Interest is charged at the prevailing market rate on the date of loan approval.

CMHC transfers an average of 145 employees per year. In 1980, 75 transferred employees availed themselves of the financial assistancce described above, while 64 did so in 1981. All the bridge financing loans have been repaid. There are 43 second mortgages under repayment. The amortization periods vary from 5 to 25 years and the rates of interest range from 10 per cent to 20.5 per cent.

Other specific information requested is considered of a personal nature.

CBC—LOANS TO EMPLOYEES

Question No. 4,192—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of the Canadian Broadcasting Corporation or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Mr. Jack Masters (Parliamentary Secretary to Minister of Transport): I am informed by the Canadian Broadcasting Corporation as follows: Yes, loans have been made to CBC employees since March 1980. (a), (b), (c), (d) It has not been customary to require the CBC to supply such details of its internal management and administration as the names of individual staff members and the corporation's dealings with them. The background to this custom is explained in detail in the reply to question No. 2,530 answered November 6, 1975.

(e) The CBC's policies in this regard, limit the granting of loans to employees to two circumstances:

(i) Where the corporation requires an employee to relocate to an area where the cost of housing of comparable standard is significantly higher, assistance in meeting this additional cost may be provided in the form of an interest free loan for a limited period of time. These loans are limited to $25,000 and five years.

(ii) Where the corporation requires an employee to relocate to a foreign posting, assistance may be provided in the form of loans, to meet obligations which must be retired before leaving Canada or obligations relating to cost factors peculiar to the

foreign country. These loans, which are not interest free, must be repaid within three years.

[*English*]

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

Mr. Siddon: Madam Speaker, may I ask the parliamentary secretary when we might expect an answer to question No. 4,053 which I entered on the Order Paper on February 23, 1982? This question deals with the shipment of uranium hexafluoride through the Soviet Union for enrichment to other destination countries. I would like to have an accounting of where the isotopes U235 and U238 ultimately end up and how much residue is retained by the Soviet Union. This is a very urgent and pressing question. Can the parliamentary secretary tell us how soon we might expect an answer?

Mr. Smith: Madam Speaker, I am not in a position to answer that today. However, I will be glad to look into the matter on behalf of the hon. member.

Mr. Reid (St. Catharines): Madam Speaker, I have a query for the parliamentary secretary with respect to question No. 3,488 which I placed on the Order Paper on November 26, 1981, to which I have not yet had a response.

Mr. Smith: Madam Speaker, I will look into that matter as well.

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

Hon. Donald J. Johnston (President of the Treasury Board) moved that Bill C-124, respecting compensation in the public sector of Canada, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

He said: Madam Speaker, it is with great pleasure that I open the debate on Bill C-124, which concerns the establishment of a compensation restraint program in the federal public service.

Canada is in the middle of an acute recession. One quarter of our production capacity remains idle. There has been an alarming drop in commercial investment and profits. The demand for goods has diminished, both on the domestic market and on our foreign markets. One million two hundred and fifty thousand Canadians are unemployed. Industry and consumers are suffering as a result of high interest rates which are a by-product of inflation. We must improve our poor performance on the production side. Our trade surplus is the only ray of hope in an economic situation that is otherwise somber and disappointing.

• (1210)

[*English*]

More to the point, we run the risk of seriously jeopardizing our long-term competitive position if we are unable to bring our costs under control. Our inflation performance is worse than that of our key trading partners. At present, Canada's consumer price index is increasing at a rate of more than 11 per cent as compared with one year ago. This is four to five percentage points higher than in the United States and about 6 per cent higher than increases in Germany and Japan. Wage settlements in Canada were in excess of 12 per cent in the first quarter of this year. Our wage settlements are, therefore, running about five percentage points higher than those of our major trading partner, the United States.

In its recently released study, which hon. members undoubtedly saw a few days ago, the OECD identified Canada as having the poorest record among the seven largest member countries in moderating its level of wage increases. To date Canadians by and large have failed to align their wage adjustments to the realities of both the Canadian and world economies. Wage rate settlements are so high as to be in fundamental conflict with reducing inflation, bringing down interest rates and creating employment.

If Canada's economic vitality was less dependent upon its ability to sell goods abroad or upon competition with foreign goods here, it would be much less important how our costs compared with those of our trading competitors. We simply cannot expect to compete once the world recession abates unless we align the increases in our costs of production and our rate of inflation with those of other western trading nations.

[*Translation*]

During the last few weeks before the last budget was brought down, many informed and concerned Canadians in all professions repeatedly asked the federal government to initiate a wage adjustment standard that would be compatible with the country's present economic capacity and its future well-being. All realized that it was imperative for the federal government to accentuate the anti-inflationary impact of its economic policies by taking a more determined stand on wage rates. The federal public sector compensation restraint program alone cannot resolve all the economic problems Canadians are wrestling with today. It should be seen as a serious and striking example that all Canadians, employers and employees, individually and collectively, must follow if they are the least bit concerned with maintaining their competitive position abroad and their standard of living at home.

Wage expectations of Canadian workers can no longer exceed national production without increasing both inflation and unemployment. If the vast majority of Canadians do not agree to wage increases below the expectations they seem to have, inflation will not be reduced either substantially or permanently.

[*English*]

In the federal public service the collective bargaining system during its relatively short 15-year history has worked well. Those who have played a part in operating that system deserve to be commended for the responsible way in which they have conducted their affairs. But in the economic times we have been experiencing and are likely to continue to experience for some time, we simply have to do better. The economy can no longer afford wage increases that match the rate of inflation because they ensure the continuation of inflation at that rate or even higher.

I have heard the suggestion from some commentators and union leaders that this bill singles out the public service for harsh treatment. I reject that charge. Across the country in recent months almost every large employer in the private sector has been forced to take action to curtail wage costs. Employees have been laid off at every level up to top management. Pay increases have been deferred, holidays cut, promotions delayed and hours of work extended. These cuts have not been reflected in figures which purport to compare public and private pay levels. Indeed, public employees have been largely exempted from such restraints or adverse changes in their own working conditions. To this extent they represent a privileged community within the country.

What we are saying in our approach to wage restraint is that leadership, like charity, begins at home. We are not asking others to do what we are not prepared to do ourselves. The restraints also apply to Members of Parliament, to senators, to members of the judiciary, to Crown corporations, to the RCMP and to the Armed Forces. Other than for Members of Parliament, ministers and senators, there will be no reduction in wages or salaries being paid as of June 28, 1982.

The program will apply to employees for a duration of two years from their date of entry into the program, which will be determined by the expiry dates of their current compensation plans or the next scheduled wage rate increase in current compensation plans. The maximum permissible increase in wage rates will be 6 per cent in the first year of application and 5 per cent in the second year. These are not unreasonable increases. The advice tendered to the government from innumerable and varied sources ranges from doing nothing, allowing the existing systems to continue to apply, to freezing or to even rolling back wages already being paid. The program's increases at 6 per cent and 5 per cent are very much in keeping with the inclination of Canadians to seek a moderate approach.

Collective agreements and compensation plans will be extended and continue in force in the two-year period during which the program will apply to employees. In consequence, all compensation conditions and many terms and conditions of employment will remain unchanged for the duration of the program.

The bill provides that the Treasury Board may authorize changes to the terms and conditions of compensation plans other than wage rates, but only in cases where a plan has expired and has not been renewed as of last June 28. This provision will allow the terms and conditions of such expired plans to be brought up to current standards; this provision will not allow terms and conditions to be rolled back. Wage rate increases in such plans will be limited to no more than 9 per cent for the one-year period from the expiry date. Tentative agreements signed by the parties and subsequently implemented without any change will be honoured as part of these transitional arrangements. In such cases, entry into the program will be on the day following the termination date of the compensation plan or on the effective date of the second wage rate increase provided for in the agreement or the plan.

[*Translation*]

To be successful, a compensation restraint program must be administered as simply as possible and applied across the board; it should contain only a minimum of exemptions or exceptions, require no new administrative organization or hardly any, and affect as little as possible compensation management practices and pay relationships. The proposed program meets all these requirements. In fact, rather than establishing a new governmental organization, the administration of the compensation restraint program in the federal public service will be the responsibility of the Treasury Board, supported in the performance of this duty by its secretariat. The uniform wage rate increases provided under the program will help avoid the complications that would arise from the application of progressive rate increases at various income levels. The applicaton of a uniform rate increase to all compensation plans provides that, as far as possible, present pay scales are maintained. It prevents complex problems arising from the compression and transposition of wages and finally, will provide for an orderly resumption of the collective bargaining process at the end of the program. Wage rates at the bottom of the pay scale in the federal public service compare favourably with those in the private sector. However, there are serious inequities, compared with the private sector, starting at the second management level in the public service. In fact, instead of creating injustice, a uniform rate of increase will prevent existing inequities from getting worse.

• (1220)

[*English*]

It is not the intention of the government to use the wage restraint program to alter the normal structure of pay relationships within the public service, a structure that has been developed so assiduously through the collective bargaining process. Any change in that structure is the proper function of the tax system.

Employees who are at less than job rates will continue to receive increments; those who are subject to performance pay

plans will continue to receive awards based upon the results of performance appraisals. As a result, employees will continue to progress in their wage or salary ranges as they gain experience and improve performance. This is an important point upon which there is already some misunderstanding and I would remind all hon. members that adjustments are possible in accordance with existing compensation plans. These plans, similar to those which operate in other areas of our economy, including the private sector, will not be changed nor should they be by this particular bill.

Some questions have been raised concerning the propriety of the government continuing to approve or negotiate wage increases for its employees in the days and weeks immediately prior to June 28. Let me set the record straight once again. Hon. members will appreciate that in a collective bargaining regime, once a notice to bargain has been given the parties are obliged to bargain in good faith with a view to concluding a collective agreement. Would it have been good faith on the part of the government to refuse to bargain with its employees or to have deliberately stalled negotiations on the strength of the imminent introduction of the proposed legislation? In my view, the answer is a definite and unequivocable no. Increases were negotiated for the groups concerned on the basis of what was fair and equitable relative to the private sector. As far as those employees are concerned, where the government unilaterally determines the terms of employment, for the groups which we heard of in the House, we saw no reason at all to want to treat them in a manner substantially different from those who are subject to collective bargaining. Their salary reviews were carried out according to the normal schedules. Groups such as Justice department lawyers received the same level of salary increase as those lawyers who are members of the bargaining unit and work in other departments and are not excluded. The unionized lawyers negotiated an 11 per cent increase in April of this year. In short, the government was anxious to treat both their unionized and non-unionized lawyers in a fair and consistent manner.

I should point out, however, that the government is asking the senior executives in the public service to make an additional sacrifice in that the recommendations of the select group of business leaders who advise the government on compensation levels for public service executives will not be approved. The advisory group, as members will recall, recommended a 9.5 per cent increase effective April 1, 1982. Instead, the review date has been brought forward to July 1, 1982, and deputy ministers and other senior executives will have their pay scales adjusted by 6 per cent as of that date. In other words, the 1981 salaries of the most senior public servants will have remained in place for 15 months.

One point I wish to emphasize is that all these groups, those determined unilaterally and those determined by the collective bargaining process prior to the implementation of this program, come under the program at 6 per cent and 5 per cent like everyone else in accordance with the terms of this particular provision of the law.

It is a measure of the serious economic problems facing the country that a proposal to restrain the rate of growth in wage and salary increases in the public sector is necessary. It is necessary because the devastation that inflation brings and has brought must be stopped. This can be done only if all of us, all employed Canadians, make a concerted effort, and indeed a sacrifice, to break the spiralling cost increases in which wages play so important a part. The program that the government has introduced requires a modest sacrifice from public service employees in order to provide benefits and greater opportunities to those Canadians who have been especially hard hit by the ravages of inflation.

The phenomenon of inflation and its impact on countries and individuals today throughout the entire industrialized world is there for all to see. No one is immune from it. Much as a particularly virulent virus, it continues to spread with increasing intensity to claim its victims. Canada cannot contract out of the world in which we rank so high as a trading nation. We cannot permit our economic future to be jeopardized by cost and productivity performance which simply prices us out of markets. If this is allowed to happen, our foreign trade surpluses will disappear, our standard of living will drop dramatically and we will be left behind when our trading partners commence the next surge of world economic growth.

Mr. Domm: It has already happened.

Mr. Johnston: Inflation is the enemy. It feeds on our human desires to protect ourselves and it grows on our expectations that we, as individuals and groups, can somehow have more than we earn. We cannot.

[*Translation*]

The mechanisms we have developed in this country to distribute wealth and revenue, establish the relative value of work and define conditions of employment are numerous and complex. They have been extremely helpful and will continue to be, in my view.

Canadians often speak in disparaging terms about federal public servants and are not always capable of understanding or appreciating their work. These public servants, however, are doing their utmost to serve their fellow citizens. Furthermore, relations between the government and its employees and their representatives are good. We must, therefore, go on working together if we want our country to come through this very difficult period, for the greater benefit of all concerned.

[*English*]

Public servants are no more responsible for inflation than any other group of Canadians.

Mr. Rose: Or any other group of workers.

Mr. Johnston: But the whole purpose of the program is much more than simply to restrain wage increases. It signals the start of a national crusade—*une croisade nationale*—against the crippling effects of inflation, high interest rates and unemployment.

Mr. Rose: Read the history of the Crusades.

Mr. Johnston: If other sectors follow our leadership and we are successful in this crusade, then everyone will gain from the reduction of inflation that will inevitably ensue. We are challenging the people of Canada to adopt our 6 per cent and 5 per cent target. These are targets that are achievable and which will set our economy back on the track to renewed growth and prosperity. That challenge which I have underlined begins with this bill.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I want to begin the debate by saying that I believe it is essential to the recovery of this country that we increase its productivity, lessen the demands of its citizens and that the responsibility to accomplish this falls on all Canadians. If there is the crisis of which the minister spoke during his speech, I hope that he will recognize today, as we begin what he calls a national crusade, where the responsibility lies for a great deal of it.

• (1230)

I believe that the problem during the last little while in Canada is that somehow governments which provide leadership have forgotten the biblical injunction that in good years one should store up against the bad years. What has happened, as one finds today as one looks over the devastation which has occurred in the country, is that rather than storing up for the bad years, we have unwisely utilized the tremendous resources, promise and potential that Sir Wilfrid Laurier said was Canada's in the twentieth century. One cannot blame Americans for that and one cannot blame Canadians for that. One does not blame old age pensioners or public servants for that. If governments are prepared to accept the credit when programs and policies work well, then they must equally accept the responsibility when it all collapses. What the minister says is right. The whole thing is close to falling apart. It may apply to the minister, but he is right as it applies to the economy.

As we begin this debate, it is well for every one of us to put it in the appropriate context. It does not matter where we sit in the House of Commons. I would like to put it in this context, because what I am about to say to the House is the bottom line, the balance sheet of years and years of neglect, of virtual dereliction of duty by successive ministers of finance, beginning with the great white hope who practises law on Bay Street and ending with the great white loss who sits in the House of Commons as Minister of Finance (Mr. MacEachen) today.

This is the balance sheet of their stewardship as the Government of Canada. Their agency, Statistics Canada, used the words "The economy is in a tailspin". The gross national product, it told us, fell by 2 per cent in the first quarter, the third consecutive quarter of negative growth in Canada and the largest quarterly decline in 28 years in Canada.

Corporations employ people in Canada. Corporate profits in the first quarter of 1982 were only 41 per cent of the level recorded in the same period in 1981. Manufacturing output in the first quarter of 1982 was only 70 per cent of capacity, the lowest level of capacity utilization since records were first kept in 1961. The transportation industry, which has been the arteries, the lifeblood and the heart of the industrialization and development of the country heretofore, is only operating at 51 per cent of capacity. The Conference Board of Canada says that consumer confidence is at the lowest level in 20 years.

In the first five months of 1982 alone, 4,429 business declared bankruptcy in Canada, up 36 per cent from the same period in 1981 and up 55 per cent from the same period in 1980. When did we ever hear of farm bankruptcies before? They are up by 61 per cent from last year's level and up 111 per cent from 1980. Today, there is 10.9 per cent unemployment in Canada. That statistic, 10 per cent, does not mean much any more, but one must consider it in human terms. There are 1,300,000 Canadians who want to work but cannot find work. Therefore, many dreams have been shattered.

It has been the policy of this government to keep interest rates high, to depress the economy and, boy, has it been successful in doing that! Interest rates have started to climb again as the government attempts to support the dollar. The chartered bank rate is now 18.25 per cent. At least, it was on the eve of the budget. That compares to the rate of 16.5 per cent in the Unites States. At the time of the 1980 election when all those promises for success were made, the Canadian chartered bank rate was 14.75 per cent. It was at that time that then finance critic of the then opposition, who is now the Minister of Industry, Trade and Commerce (Mr. Gray), said that if it did not go down, he would resign. Well, the bank rates went up, but, unfortunately for Canada, that minister did not go down. Ten years ago the bank rate was 6 per cent. I thought I should say that, because that is the testament of failure. We must remember that this debate is being carried out in the context of the budget of November 12, 1981, which was condemned by the Solicitor General (Mr. Kaplan), condemned by the Minister of National Health and Welfare (Miss Bégin), and condemned by ten colleagues, private members of the Liberal Party, as one of the worst disasters in history, and which was abandoned by the Minister of Finance. That is the situation in which we find ourselves.

In the context of the budget of June 28, 1982 I do not know of any sector of the Canadian economy which has taken the terms and conditions of the budget of 1982 and said: "That will put the wheels on the vehicle for this national crusade." There has been none. When businessmen were in Ottawa yesterday and met with the Prime Minister (Mr. Trudeau), they were there to support the country. I am one of those Members of Parliament who hopes that the consultation with the labour leaders of Canada will be successful. The meeting is probably being held right now, or if it is over, it was held this morning. I say to the minister that I am one of those who hopes that the consultation is successful because I think this country is sick and tired of non-productive confrontation. There is a duty on the government—not just today, it has been there for years—to have this kind of consultation. The minister

knows full well that that consultation has not taken place. The result of it is that he must begin, as he puts it, a national crusade.

• (1240)

I want the crusade the minister talks about to succeed. However, I tell him there is some doubt in the country about the efficacy, the strength, ability and credibility of some of the crusaders opposite. The Sir Galahad of 1968 in the shining armour on the white charger is now the leader of a decrepit gang and a degenerated government that is devoid of imagination. They have proven it. Sir Galahad's armour is rusting. The horse's head is bowed. It is old and weak. The sword is broken.

I worry about the leadership of this crusade. I have reason to because I sit every day in this House of Commons and I look at the crusaders. One of the problems in Canada is that we suffer from an economic crisis and a crisis in leadership. It is the crisis that has brought us here. For the sake of this country, I hope and pray that that decrepit gang will take some part in sharing with others the opportunity of bringing this country back to the promise that was made about it by a former Liberal Prime Minister who distinguished himself a long time ago.

I say to the government that theirs is a record of destruction. What has happened to Canada is this. This great country of promise has had a government that is not worthy of the country. The country is worth more than the worth of this government. That is apparent wherever one goes.

Yesterday I received calls from a senior executive, a person working in the public service and a retired public servant. As well, I spoke to a housewife in my office. I met a relatively young person, of voting age, on the steps of the House of Commons as I was coming in. The question on the lips of all these people was: "When are you going to get rid of them?" Would that question be asked if there was not the crisis of which I speak? I am convinced that the government is finished. Its mandate has run out. It makes promises but does not deliver. I do not want the potential of this country to run out. I have to say to those people that I regret our system. I have lived in it for ten years. I regret that it requires us to put up with a government of this nature, but that is the system.

I say to the government that there are millions and millions of Canadians asking the same question. They are saying: "Watch out, members of the government, we are millions strong and we won't forget." Some of them are in the public service of Canada. In the minister's speeches in Toronto, Montreal and Vancouver, he made veiled threats about the public service and the fact that they would have to cut back. He spoke as if public servants were some kind of second-class citizens who somehow did not understand the necessity to be, along with other Canadians, part of a national recovery program.

Some of the rhetoric in this country has done a great disservice to the public service of Canada. I have represented public servants for ten years. They are as much concerned about this country and this government as anyone else. They have more reason to know the shortcomings of this government because they have worked for it for over 14 years. They have seen the promise dissipate.

It is not because there is a problem with the public service that they are being asked to share in what the minister calls the great crusade and what I hope will be a national recovery program. That is not the problem. They are prepared to share in that. Their concern is that they be joined by others in the crusade. Who are those others? There are the members of the House of Commons, the senators and judges who are joined in that crusade by this bill. However, they want to see others join in the crusade. Yesterday a blue ribbon committee met with the Prime Minister. Public servants want to be assured that the members of that committee join them and that they too, in terms of salary increases, endure the same levels. They want to be sure of that.

Public servants want to be assured that there is some responsibility, and I am sure there is, in the labour movement of Canada to share with the public sector. They put some responsibility on the government. They have noted that while their salaries are being fixed by this bill, the goods and services being delivered by federally-controlled monopolies, agencies and boards are not so confined. Those services are only to be monitored. They have heard the Minister of Finance and the Minister of Communications (Mr. Fox) waffle a bit on how tough that monitoring will be. The public servant notices this when he goes to pay his telephone bill, gas bill or for some kind of service which is under federal responsibility. When he notices that kind of thing and he says: "They are treating me just a shade differently than others even within their own jurisdiction", he is going to demand performance on that promise. If that performance does not come through, then he or she is going to wonder down the road what point there was in being on the cutting edge or the leading edge of the national crusade. He is going to ask all of those questions and for answers.

• (1250)

The public service of Canada knows that there is very little difference between living in a house that is overmortgaged and living in a country that is overmortgaged. Canada is mortgaged to the hilt—$20 billion of mortgage, higher per capita than the United States. The public service knows, like everyone else, that it has been the stupidity of the government that has got it there. But he or she is still a citizen of the country. They are going to take part not only in getting the country out of that mess, if that is possible; they are going to take their part, too, in getting that government off the backs of the country. That is something we are looking forward to, Mr. Speaker.

The minister dealt with the bill in some detail. I do not propose to go into that kind of detail. The government is prepared to have the working man and woman in the public service lay their cards on the table. I believe the time has come when everyone had better lay their cards on the table. The public knows what you receive as a salary, Mr. Speaker, as they should; it is a public salary. They know what the ministers

receive, they know what Members of Parliament receive, what judges receive. But a strange thing about this government is that its order in council appointments and the salaries that are paid to order in council appointments are kept secret. I think the time has come for us all to lay the cards on the table.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): I believe that part of this bill should be a requirement that those order in council payments, wherever they are made, wherever they come from and whatever job the people concerned do, that are paid out of the public purse of Canada should become public.

If my friend from the New Democratic Party asks a question, I would tell him that if he was in the House from time to time he would read the Order Paper. He would see a bill in my name which, if it were adopted by the government, would do exactly the same thing. But it is time that they came clean, that they disclosed, so that we know who the players are and what the players are paid.

Take, for instance, the post office, that corporation that is supposed to revolutionize delivery in the postal service in Canada. If it does not, the head of that corporation is called to account for it. It may be a measure of his failure, of the people's judgment, to find out how much he is paid. The same thing applies to the new chairman of the CNR. He used to be a member of this House. They all receive a public salary. I do not know how I as a member of the House of Commons or the Canadian public can judge their performance if we do not know what those salaries are.

I have tried honestly to find some justification in my mind and in my heart for the failure to disclose, but all of the reasons that I have had are facile. The big reason is that maybe they would not want to come to work for the public if the public knew. I do not believe that, because I asked Michael Warren in a committee one time if he would tell his salary and he said, "Of course I would; I have no personal objection to that, but it is government policy that that not be done." Well, I think it is just about time that we reversed that policy.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Let us lay the cards on the table. The government is asking public servants to lay a portion of their increases on the table; lay the cards on the table.

With respect to other matters, I think there has to be some real political leadership. I was disturbed the other day when I found out that some people within the broad public sector have received in this year salary increases of 21 per cent. Here is what they are. I am quoting from a clipping:

> As Prime Minister Pierre Trudeau was telling the Commons how the government was leading the way in wage controls, a Tory MP was trying to find why ministerial aides got a 21 per cent raise this year. June 17, Treasury Board President Don Johnston gave the aides a 10 per cent raise—bringing their total raise so far this year to 21 per cent. The budget, brought down June 28, limited civil service raises to 6 per cent this year and 5 per cent next.

Now, leadership is a good thing. Let that leadership begin at the anterooms of the ministers. Get them back to the status quo ante. Roll it back. Be direct, be honest, treat everyone the same, as my friend from Rosedale (Mr. Crombie) says. That is the thesis of the minister's discussion, his little homily today: let us treat everyone the same. It might be a good idea. It might show leadership and it might help bear the pain a little bit that goes with a cutback if that were done. The minister smiles. He knows he should do this, and I hope over the weekend he will reconsider what they have done with respect to these appointments.

There is another matter which I would like the government to consider, in this sense of fairness, as we begin this crusade together. I see the member for Hamilton West (Mr. Hudecki) is sitting in the House. He is an upright man, a physician of good standing. Let him go, as a physician, as a friend, as a colleague, to the minister and ask him to examine what was done, to see if it is not better that there be that change in attitude—that leadership does start at the top, that leadership does start at ministers' offices. It would be helpful. I think it would lead to some credibility with respect to this national program.

Now, Mr. Speaker, I want to tell the minister that all the public service is prepared to go with it, if they see it works, and they are prepared to go with it in the hope that it will work. Some of them said to me that they want to do their part, and I honestly believe that. Let nobody mistake the situation. Controls of any kind are unfair; they break unfairly and they affect people unevenly. Someone called them rough justice, and that is rough justice.

The minister will have received, I know, a letter from the Professional Institute of the Public Service of Canada, dated July 7, 1982, dealing with the agriculture group. They set forth their concern about Bill C-124, but they do talk about the unique circumstances of the negotiation.

I notice, Mr. Speaker, that it is now one o'clock. I would like to take up the matter at this point after the recess.

The Acting Speaker (Mr. Blaker): Order, please. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Deputy Speaker: When the House rose at one o'clock, the hon. member for Nepean-Carleton (Mr. Baker) had the floor.

Mr. Baker (Nepean-Carleton): Mr. Speaker, without reflection on your colleagues in the chair, let me say I am very pleased you are in the chair for this debate because we share in common many of the problems we are discussing. I do not

think it is inappropriate for me to say that because under our system an incumbent of the chair, whether the Speaker or not, is also a member of the House of Commons.

I am sorry the minister is not here. There might be some legitimate reason for his not being here. I am not reflecting on his absence; his parliamentary secretary is here, and I am pleased to note that.

At one o'clock I was expressing some grave concerns—concerns which have been expressed to me—about the unevenness and the bumpiness of any kind of control program. We had an anti-inflation program during the period 1975-76, and at that time there was a great deal of what might be called rough-justice under that program. Well, there is rough justice here, if I can use that phrase. I think 6 per cent and 5 per cent limits have to be a concern to anyone who is interested in equity.

I see the minister is here now. I welcome him back. Depending on one's income in the public service there is a certain roughness involved in the 6 per cent and 5 per cent guidelines.

The interpretations which will be put on some of the provisions of the bill will create problems as well. At one o'clock I was referring to a copy of a letter I received from the Professional Institute of the Public Service of Canada over the signature of its president, Mr. Jack Donegani, dated July 7, 1982 and directed to the President of the Treasury Board (Mr. Johnston). The letter dealt with the problem of an agricultural group within the public service of Canada comprising some 265 employees.

• (1410)

This is the first example which has come to my attention, Mr. Speaker. I am satisfied that there will be many examples which come to our attention during the next two or three years in which this program is in place, because to some it is by its terms going to apply a lot longer than just two years. As we reach the straggered end of the program, the examples will become even more apparent and it is my prediction that if there is some regret among members of the House that we ever had to venture into this program because of the roughness of its application, the regret will be multiplied towards the end of the program.

In any event, this is what Mr. Donegani wrote to the President of the Treasury Board about this memorandum of agreement for 265 employees:

> This memorandum of agreement was signed at approximately 11 a.m. on June 28, 1982—

As an aside, I will call it a date which will live in infamy. It goes on:

> —and thereby in accordance with the proposed section 4(2) of Bill C-124 which states in part " . . . a compensation plan shall be deemed to be in effect on June 28, 1982 if parties to the plan have, prior to that date, agreed in writing to establish the plan to have effect on the expiration of the previous compensation plan . . . ", the Agriculture Group Memorandum of Agreement will not be honoured.

That is the position and the allegation set out in the letter. It continues:

> The Agriculture Group collective agreement expiring July 6, 1982 will be extended without change, save for the wage rate increases provided in Section 9 of the Bill.

It goes on, and this is the important paragraph:

> The unique circumstances surrounding the negotiations for the Agriculture Group make the application of Section 4(2) most distressing. The parties met on Friday, June 25, and agreed in principle on many issues. The historical, close relationship with the Biological Sciences Group, which was scheduled to bargain on Saturday, June 26, prompted a pause in the Agriculture negotiations. With the settlement of the Biological Sciences Agreement on June 26, the Institute presented a position for settlement of the Agriculture Agreement at the first opportunity—

That happened to be Monday, June 28, budget day. It continues:

> The Treasury Board accepted the settlement which now appears in jeopardy.

That seems to be unfair. If the minister went out of his way to say something should apply to lawyers in the Department of Justice, I think it should apply to the people in the Department of Agriculture covered by this agreement. I raise this as an indication of this rough justice which is going to prevail. The minister is going to have to look into this kind of thing, and I hope he will do so.

There was a very sober and serious letter sent to the President of the Treasury Board on July 5, 1982, from Mr. W. J. Robertson, President of the Canadian Air Traffic Controllers Association. They have been much in the news recently. In fact, they have been the subject of a Supreme Court case which I believe has changed the balance in collective bargaining in the public service of Canada quite dramatically, at least for those who think collective bargaining relates only to strikes. It has affected the rights of the government quite dramatically in terms of the provision of services which are important for safety and security, so much so that I now wonder about Clause 6 and Clause 7 of this particular bill, and I am going to deal with them a little later. The writer of the letter pointed to the inequity which can develop in a control situation; said this:

> What more pointed dichotomy of the effect of selective controls could be illustrative than one of the examples we face here in Ottawa. The government is allowing oil companies (including PetroCan) in Ontario to sell gasoline in the Ottawa area at six cents per litre more than anywhere else in the province, despite the fact that the only motive of the operators is to reap windfall profits. This one example perfectly illustrates the advantage industry will be able to take of a controlled public service and consumer.

That statement is true and illustrates how important it is that the monitoring of those goods and services to be delivered under the aegis of the federal government must be strict indeed. Nothing will strike at the heart of the good faith—reluctant, angry, but good faith—which will be exhibited, I believe, by the vast majority of public servants to its elements, at least as they affect compensation, than to see those same public servants on the cutting edge of controls, on the cutting edge of the crusade led by the jaded crusaders I talked about earlier, and then find no other crusaders in business, labour, or elsewhere behind them. The government will have to prove that when it said monitoring, it did not mean a wave of the hand at increases. I do not think the case could have been put any more eloquently than it was last night by the hon. member

for Ottawa Centre (Mr. Evans) when he talked about regulated industries and suppliers of goods and services. I hope the government will not forget that.

There is one other area I would like to deal with, Mr. Speaker, in terms of a possible inequity with which the government must cope. It is interesting, is it not, that the government has decided to monitor the production and cost of goods and services over which it has some jurisdiction. It has decided to cap the compensation of its public servants, but when it comes to the professional consultants it hires, there is not a word in the budget. Not a word. I think there is a demonstrated and patent unfairness in that, and I believe the bill is deficient to the degree it does not apply to consultants' fees. With respect to public relations consultants, ministers can make any deal they want, and we know they make deals. When I was in government I used to make deals with consultants.

Since the government is entering into this régime, if it is good for the public service, then it should be good for the consultants and those who work on behalf of the government under contract. What happens in the public service, unfortunately, is that a great deal of the work they could do is contracted out, and there is little opportunity for public servants to test themselves. The régime should apply to contracted professionals such as lawyers, accountants, management and advertising consultants, reporters, architects and others who perform work on behalf of the federal government. It is patently unfair to deal with the public service one way, and deal another way with those people who supplant or work beside the public servants. I think that is an inequity which the government must look into and deal with.

• (1420)

The government has a duty as well to look at all of its programs, those expensive programs which are discretionary. The government has a duty to look at the decentralization program. You have had some interest, I understand, Mr. Speaker, in the decentralization program. Some difference of opinion seems to have developed with respect to the decentralization program. The minister blushes. If I were the architect of such a program I would blush too.

I am looking at a clipping from the Ottawa *Citizen* for July 8, 1982. It is a story written by *Citizen* staff writer Peter Maser. I will read part of it because it is most illustrative:

> The federal government will not carry through with plans to move 750 jobs in the Department of Energy, Mines and Resources to Sherbrooke, Que. Or will it?
>
> Ottawa MP Lloyd Francis—

I am quoting from the article, Mr. Speaker.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I am rising on a point of order and not a point of debate. The hon. member for Nepean-Carleton (Mr. Baker) is deliberately involving the Speaker in this debate, which he knows is not proper according to the rules of the House. He must know that the Speaker does not have a chance to answer in a debate; therefore, the hon. member should not drag the occupant of the chair into the debate.

Mr. Deputy Speaker: The hon. member for Nepean-Carleton (Mr. Baker), who is an experienced member of the House and an old personal friend, I am sure will use discretion in the circumstances.

Mr. Baker (Nepean-Carleton): I have always tried to do that, Mr. Speaker, and I want to assure the hon. member for Northumberland-Miramichi (Mr. Dionne) that I will. I am not angry or upset at all with the intervention of the hon. member for Northumberland-Miramichi. I think we should be reminded that the occupant of the Chair at all times is deserving of special respect in the House of Commons.

I shall continue now with the article as follows:

> Ottawa MP Lloyd Francis took many of his Liberal colleagues by surprise Wednesday by announcing that the $140 million move was dead, a victim of tough economic times and government restraint.

The article then goes on to say that the hon. member for Sherbrooke (Mr. Pelletier) did not agree, that the Minister of Energy, Mines and Resources (Mr. Lalonde) had said no decision had been taken, and that even a recommendation on the move would not be going to cabinet for another five or six weeks.

At a period of time when we are asking the public service for restraint, I think it is incumbent upon every member of this House of Commons to ask for a review of that kind of program, which is really an excuse for regional development. I think it is incumbent on every member of this House of Commons to ask what is the cost in loss of efficiency, the length of time in the delivery of service and in the operation and administration of the public service of Canada. That is the question I want to put. I am sure that no member of the House, whether an incumbent of the Chair or otherwise, would not agree that at a time of restraint a program like that should be examined. That is what I meant when I said that it is within the context of a restraint bill—and that is the purpose of it—that some programs be looked at. Decentralization is one of them.

We do not have a bucketful of money in Canada. I think it is important the matter was raised and that a definitive statement be made by the President of the Treasury Board. When he asks for restraint and acceptance of restraint by the public service of Canada, he should say: "I have gone to all members of the House who would be potential beneficiaries of these moves in the decentralization program and I have told them that it is necessary, because it is expensive and because we do not have the money, that I ask the same of you and that all of those moves be cancelled".

Perhaps a move like that could be looked at some day in a better time, but cancelled now. I think that would add to the element of fairness that the government must have toward its employees and within the government to the private sector, because the thrust of the program that was outlined by the President of the Treasury Board was this: "We are restraining ourselves; we want you to restrain yourselves."

That is the leadership that has to be shown and I expect an announcement to that effect from the President of the Treasury Board next week. When he comes before the committee with his bill, which I hope will be soon, I hope that he will make that announcement. I will put him on notice now that I will be asking that question because I believe it is important.

I have mentioned the disclosure of salaries, I have mentioned consulting fees and I have mentioned the subject of ministerial staff. I want the President of the Treasury Board to take a look at Bill C-123, the bill on government reorganization. Do you know what is in that bill, Mr. Speaker? One of the provisions in that bill is the appointment of four more parliamentary secretaries. It is interesting that the government has found a way to increase the salaries of some backbenchers of the government party by creating more part-time work. Under this bill parliamentary secretaries are to be appointed to ministers of state who have no portfolio responsibilities. I have to ask my friends in the Liberal Party whether that is the right thing to do in a time of restraint. I hope they will recognize that it is wrong. We ought not to be creating new positions in Parliament if we are asking the public service to join in what has been described as this crusade to national recovery.

If it is right that public servants be part of that crusade—and I think it is—is it not equally right that government backbenchers, the potential parliamentary secretaries who are to be appointed to ministers of state, should say: "We do not need that to be done, Mr. Prime Minister and Mr. President of the Treasury Board. Change Bill C-123. Do not give us that extra perk. Do not put a further drain on the public purse." I think that is the least they could ask.

I want to deal with one matter quickly since the hon. member for Rosedale will also be dealing with it later on today. I am speaking of the effect Bill C-124 will have. In particular I am referring to clauses 6 and 7. I have to confess that, while I approve generally of the matter of restraint, I really question the wisdom and judgment of this part of the bill. Clause 6 provides as follows:

> Notwithstanding any other Act of Parliament, but subject to subsection (2), the terms and conditions of every compensation plan that is extended under Section 4 or 5, other than wage rates, shall continue in force without change for the period for which the compensation plan is extended.

Then there is the exception in subclause (2) which I believe the President of the Treasury Board has mentioned. It reads as follows:

> The Treasury Board may, where it deems it appropriate, authorize any change to any terms and conditions, other than wage rates, of a compensation plan that would, but for Section 5, have expired before June 28, 1982.

• (1430)

Then Clause 7 provides:

> Every collective agreement or arbitral award that includes a compensation plan that is extended under Section 4 or 5 shall, subject to this Part, continue in force without change for the period for which the compensation plan is extended.

I believe that the effect of this clause is to drive a horse and cart through the collective bargaining process in the public service of Canada. Why is that so important? I for one happen to believe that there is more to collective bargaining than the ultimate weapon, the strike. In fact, it was Tommy Douglas, a former premier of Saskatchewan, a former member of the House and a former leader of the New Democratic Party with vast experience in Parliament over the years, who said that the strike as a weapon was obsolete. If the collective bargaining process means anything at all, it means that there is more to it than just that ultimate weapon.

Why do we collectively bargain? In an enlightened society we collectively bargain so that working conditions can be reasonable, so that there can be understanding through consultation between employers and employees, so that when there are wrongs to be righted they will be pointed out and righted, so that when there are balances to be adjusted they will be adjusted consultatively.

Employer-employee relations in Canada have moved a long way from the coal pits of England. In the 15 years or so of collective bargaining in the public service of Canada there has been a pretty good record. The fact of the matter is that, on whatever basis one wants to measure it, there have been fewer strikes in the public service than anywhere else in Canada. I am told that in 90 years of collective bargaining in the transportation industry there have been only three general strikes, and they were on the railroads. That is a tremendous record of achievement by management, employers and employees. Actually it is a magnificent achievement when we consider the complications, the number of unions and the number of companies. Somehow or other they have used their heads and have managed to settle matters.

The government, for reasons that I cannot comprehend and that the minister did not explain except in terms of restraint, has decided to take a step which must be described as a blunt instrument. I give the President of the Treasury Board and his officials their just due. This bill was prepared in a hurry. It may be that as a result of the speed with which the bill was prepared the question of restraint was approached with a certain sense of crudeness, if I may put it that way, and that upon reflection in time—and there still is some time—they could consider some possible changes to accomplish the restraint they want to accomplish.

I want them to listen carefully to the remarks of the hon. member for Rosedale, but generally speaking I want to ask the President of the Treasury Board a rhetorical question about which he can think over the weekend. Why was it not possible to devise a means by which collective bargaining could carry on and ensure that in terms of compensation, no matter how the parties or the folks would like to distribute it, the compensation would not exceed the limits in the bill? In other words, is this the only way the government could act? Did it have to drive a horse and cart through collective bargaining in order to achieve restraint? Was there not sufficient imagination, foresight and faith in the collective bargaining system that something other than that crude instrument could have been used?

I hope the government will reflect upon these questions because they are important to us and to peace and stability in the country. I hope the government will reflect upon whether or not it could adopt the experience of other jurisdictions in this regard. Also I hope it decides that the bargaining process can continue within the bounds of restraint. If the government

does not do this, then many things will be lost which have been fruitful over the last 15 years. There is a danger that the good work and potential of the National Joint Council could be damaged to a great degree. I do not think anyone in the House would want to see that happen. The areas within which legitimate bargaining can take place on a non-monetary, non-pay or non-compensation basis can be affected very badly if this is allowed to continue.

I have in my hand a collective agreement, which is just one of hundreds between the Treasury Board and the Professional Institute of the Public Service of Canada and others, but these are deals with nurses. It covers a number of things which are unique to that group. I could spend the afternoon going over them item by item. They are unique in that group and many are non-monetary. In the circumstances as they exist now, there cannot be that face-to-face sense of collective bargaining where people meet in good faith to discuss mutual problems. I do not believe that it is beyond the wisdom of officials of the Government of Canada to substitute the blunt instrument of Clause 7 for good sense and reason.

While we have the time I want to say to the minister it is important, with respect to nurses, engineers and every other bargaining group within the public service, whether it is the Professional Institute of the Public Service, the PSAC or whatever, that we not lose what I believe is a reasonably good record of bargaining. There are some people who may think the opposite, but I believe the record has been sound in terms of negotiation.

There is more to negotiation than strike. In fact, many people do not know that public servants can make a choice; they can choose whether to go the conciliation-strike route or the arbitration route. There are many things wrong with arbitration. There is a limitation on things which may be dealt with by arbitration. I have some sympathy when they use the conciliation-strike route because they can bargain more broadly. I wonder whether we could fix up that system and whether the wisdom and energy which went into developing Clause 7 of the bill could be used positively to ensure that the system is workable. That is one problem.

There is another deeper problem which is just as significant to negotiating. It concerns a very fundamental industry in the country about which I spoke earlier—the transportation industry. In Canada there are publicly-owned railroads as well as privately owned railroads. The most important are the CNR and the CPR. One is private and one is public. Somehow this vast industry has been able to find the way, through enlightenment and experience, to achieve a certain amount—in fact a remarkable record—of industrial peace, given the complexity of the industry and its size.

• (1440)

The railway unions have divided into four separate bargaining groups. There is the Brotherhood of Locomotive Engineers which represents the men who actually operate the trains. There is the United Transportation Union, an amalgamation of former smaller unions representing a range of employees involved in the operation of trains. These employees include conductors, brakemen and yardmen. The fourth division is the railway employees department, the AFL-CIO of the shop crafts, as they are usually referred to, which is a coalition of skilled trade unions whose members' main function is the maintenance of equipment. There is the Associated Non-Operating Railways Unions Non-Ops, which is a coalition of unions representing the largest and most diverse range of railway employees, including office staff, train dispatchers, track maintenance employees, signalmen and more.

The Minister of Transport (Mr. Pepin) is in the House and he knows how large it is. There are 90,000 employees represented on one side of the bargaining table. It is my understanding that the opposite side is represented by 11 railway companies.

Mr. Pepin: They sign separate contracts.

Mr. Baker (Nepean-Carleton): They do sign separate contracts. However, they do not bargain separately and that is the interesting point. The minister has said that they sign separate contracts, but the point is that they do not bargain separately. What is interesting is that good sense has managed to prevail and they have been able to work at bargaining together. There is a report of an inquiry commission on wider-based collective bargaining. This commission discussed the experience of the railway industry.

The reason this experience is important is that if the bill goes through as it is now framed, considering that the industry involves the private and public sector and that this bill deals generally with one jurisdiction, one of the segments, namely the public sector, will be subject to these compensation guidelines while the private sector will be subject to a different set of rules. This affects the transport industry with respect to road transport as well. The danger of this is that we will move away from that wider based bargaining to the experience that some of my colleagues have seen in British Columbia. It is the situation where a vast group of separate unions bargain separately, negotiate separately and have contracts expire at different times. The result of this is that there is, at least, a tendency toward problems in that industry.

I suggest to the minister, due to the importance of the transportation system to the life blood of this country, that he not only meet with the union people—the ones I have mentioned and those others whom he would wish to meet with—but that he also meet with the leadership in those companies to determine whether or not they are satisfied with this crude weapon, as I have called it. Surely we do not want this legislation to cause problems between employers and employees. We want to promote and augment wherever possible peace, harmony and understanding. Why do I say that? It is because that is what the country needs. We have suffered immeasurably in Canada because prime ministers and federal governments could not get along with provincial governments, employers and employees could not get along with each other and one region of Canada distrusts another region of Canada.

If there is the depth of concern that was expressed by the former auditor general that the country is on its economic knees, then every resource which we have must be gathered together. Every minute that is lost in a strike is a minute that will not be recovered. Every effort that is not undertaken to avoid trouble in these spheres will be a nail in the coffin of increased productivity which is so important to the country.

There must be leadership by the government, to be sure. But there must be leadership from other sectors in Canada as well. The employers and the unions of Canada have to show leadership. There is no rhyme or reason to the nonsensical rhetoric which was becoming obsolete in this country at the beginning of the twentieth century. Now we are at the end of the twentieth century, we must have that leadership.

In conclusion, since suggestions have been made on how to clarify and improve this bill, I suggest the government use its time over the weekend to have those consultations, so that when the bill goes to committee improvements can be made to it. With respect to the length of time for second reading in this debate, I apologize to the House for the length of time I have taken up to now, but while the debate in the House is short, I think it is important that the work in the committee be intense. It is very important that we have a piece of legislation which people may not favour but which they can live with reasonably. I hope this will be the result of the bill.

What we have before us now, if the minister is right—and I believe he is right in terms of the condition the country is in—is the challenge ahead of us which will require the best from all of us, no matter where we sit in the House or where we are in the economic spectrum. I do not believe that we should answer any siren songs except to say that if our plight is as bad as we say it is, which I believe it is, and if we are losing opportunities for young people as the statistics indicate, I think it is time to put the interests of the country first. I hope that will be the view of the government when it looks at this bill and the suggested changes to it.

Mr. Rod Murphy (Churchill): Mr. Speaker, it has been very interesting to listen to the last two speakers in this very important debate. After listening to the minister speak for 22 minutes and the spokesman for the official opposition party speak for an hour and 20 minutes, I still have a question which I hope one of the members of the opposition party can answer later. It relates to something said by the hon. member for St. John's West (Mr. Crosbie) after the budget came down on June 28. As reported in *Macleans* magazine:

• (1450)

But when asked what he would do in MacEachen's place, Crosbie demurred. "If I told you what I would do, we'd never get elected".

After listening to the previous hon. member, it makes me wonder, as I often do, what the Conservative Party really thinks concerning this particular legislation. What would the Conservative Party really do if it were the government at this time?

Mr. Siddon: You will find out.

Mr. Murphy: In the past we have heard the Conservative Party talk about slashing 60,000 jobs. We heard talk about federal employees. We heard all that conversation in the past. But today, because the Conservatives recognize that there is a tide running against the government, they are hiding. They do not want any more trips to Jerusalem. They do not want any more talk about slashing 60,000 federal jobs.

Mr. Siddon: Let us hear your good ideas.

Mr. Murphy: They are keeping quiet.

Now let me turn to the minister. He has called for a crusade. As a former history teacher, I know, and his parliamentary secretary should know, that crusades are usually against someone. They are not for someone. There are crusades against the Moslems, against the Catholics, against Protestants, against Jews, and now we have a crusade against federal government employees.

Mr. Johnston: Inflation!

Mr. Murphy: In the speech of the President of the Treasury Board (Mr. Johnston) we did not hear any mention of high interest rates. We did not hear of a crusade against high interest rates. We did not hear of a crusade against high energy costs. For that matter, just last week we heard the Prime Minister (Mr. Trudeau) state in this House that he will not do anything to roll back the 30 per cent increase in energy costs which will be occurring over the next 18 months. So the crusade is not against inflation; the crusade is against workers.

In the speech given by the President of the Treasury Board we heard remarks to the effect that government workers are not laid off. Let me tell the hon. gentleman and this House that Crown corporation workers have been laid off. workers have been laid off from CN and from VIA Rail. So there are lay-offs.

Mr. Lewycky: Big lay-offs.

Mr. Murphy: There are very large lay-offs in the Crown corporations, as the hon. member for Dauphin (Mr. Lewycky) has said, and those people are affected by this legislation. Therefore, I hope that when this crusade goes rolling along, the Liberals and their supporters will tell the whole truth.

Bill C-124 has been presented to the House in many guises. The main guise is as an anti-inflation measure. It is being paraded as the primary measure that this Liberal government will be employing in order to bring the economy of Canada back on its feet again. In addition, it has been implied that Bill C-124 would somehow increase our competitive edge in international markets.

The Prime Minister and the Minister of Finance (Mr. MacEachen) have asked Canadians to accept sanctions similar to those listed in this legislation in a spirit of sharing and solidarity and as part of a co-operative approach to solving the problems Canada now faces. These problems are very serious. Our dollar is worth approximately six bits American. Yet

there is no indication that this lower value of the dollar will result in more exports abroad or in economic recovery.

Mr. Pepin: It could. You have not seen the figures for last month.

Mr. Murphy: Inflation continues to plague Canadians.

Mr. Pepin: We are now $6 billion ahead of last year, a $6 billion trade surplus in the first five months of this year!

Mr. Murphy: If the minister who is in charge of cutting back rail services for most Canadians wishes to speak, I think he should rise when it is his turn.

Inflation continues to plague Canadians. The consumer price index went up 11.8 per cent in the month of May, year over year.

Mr. Pepin: Need some research.

Mr. Murphy: Unemployment in this country, if the hidden unemployed are included, is not approaching 1.3 million people but, rather, two million people.

Mr. Deans: Maybe more.

Mr. Murphy: High interest rates are making a mockery of our economy and of the dreams of many Canadians. High interest rates have hurt pensioners who wish to take out small loans to go on vacations. It has hurt couples who wish to buy or to keep their houses. It has hurt the businessmen and businesswomen who want to be their own bosses and who wish to contribute to Canada's economy in their own way. Lay-offs, both temporary and permanent, are occurring almost every day. If I had the time I would go through the list of our difficulties, but it is very extensive. I do not have the time in my speech to list all the problems facing our economy.

We understand that it is natural for this government to ask Canadians to share the burden, to express their solidarity and to co-operate in this time of serious adversity. In fact, I believe that the senior members of this government know that the economic situation is even more drastic and our economy is in much more peril than they would dare admit. Was that not the message of the Prime Minister to the Premiers behind closed doors last week? Did he not admit that even the gloomy pictures given to us by the President of the Treasury Board and by the Minister of Finance last week were actually rosy compared to the true situation that Canada faces?

We in the New Democratic Party have been willing to admit the reality of our situation. For that matter, throughout the last two years of the Liberal government and of the Clark Conservative regime that preceded it, we have said that we faced an economic calamity more serious than either of those two governments would admit. We recognized that the international situation was worsening, as was the situation in Canada, with its decaying manufacturing sector, its branch plant economy, its limited investment in research and development, while its government, whether Liberal or Conservative, was rushing to increase energy prices to world levels at a time when most countries would take advantage of their natural resources. If those countries had cheap labour, they would take advantage of it to produce goods. Countries with cheap gas or oil would be using it to their advantage to ensure that their economies were strong. But that is not the philosophy of the Liberal government and it was not the philosophy of the Conservative government which preceded it.

With all those conditions involving the international situation and with our own decaying manufacturing sector, there was this quick rush to get energy prices up to almost world levels. We knew that Canada would be in worse shape than most other nations.

We agree that it is now a time for sharing, for solidarity, for co-operation by Canadians. We believe that there must be a national strategy to help both individual Canadians and the Canadian economy, but that is not what this bill provides. This bill is an ill-conceived attempt to shift the blame, to take the heat off the government and to make Canadians forget that the Liberal Party has no economic plan, no national strategy and no sense of Canada's future.

Mr. Pepin: A lot of rhetoric.

Mr. Murphy: The Liberal government campaigned in 1980 to strengthen the Foreign Investment Review Agency. Why was that done? Senator Davey admitted that it was done to take New Democratic votes. That was the purpose of that promise in the 1980 election campaign. It was not an economic plan to control our own economy. But what has happened just in the last week? We have seen a Liberal government which has gutted the Foreign Investment Review Agency, not to improve the prospects of Canada's economy but, rather, in a cynical move to play up to the multinationals and to undercut the Tory policy of dismantling FIRA. That is the cynical, non-planning, devious action brought forward by the government in this particular bill. It is the type of thing it has done in many other cases, but again we do not have the time to mention them during this debate.

• (1500)

This legislation before us now is both cynical and devious. It is cynical in that it seeks to find a scapegoat for our economic waste. It is devious in that it not only denies federal employees the right to negotiate wage increases but rolls back wage increases this government has already agreed to with its employees.

Even worse than that, it denies federal employees the right to negotiate any other items, regardless of whether or not they are monetary. In other words, most federal employees have lost the right to negotiate because of this legislation. Under the guise of a wage restraint program, the government has revoked the right of government employees to seek paid maternity leave, to negotiate technological change clauses, to negotiate occupational health and safety protection and to negotiate security against unfair disciplinary actions and any other non-wage item that a group of government workers would like to negotiate.

This has been sneaked in on a program which the minister has called a crusade against inflation. Why have these underhanded measures been introduced? Certainly it is not to fight inflation, unemployment or high interest rates. This government must have a reason for its deviousness. Is it because it has become so anti-union, so opposed to the rights of workers or so in need of creating a diversion that it has deliberately denied government workers the right to negotiate and destroy the collective bargaining process?

Why? Is it that this government has deliberately created a confrontation with labour and thereby hopes to ease the Liberal Party out of the plight it is in at the present time, or is it one of a number of devious steps taken by this government to destroy the right of the public service to collective bargaining? The government has never believed in collective bargaining. Certainly the actions of the President of the Treasury Board as well as his speeches over the past year have indicated that he wishes to diminish that power in the public service.

Mr. Dionne (Northumberland-Miramichi): That's garbage.

Mr. Murphy: It may be garbage in the hon. member's mind, but he should look at the actions. He has hurt air traffic controllers by preventing them from being able to strike. He has designated so many controllers that any strike would be ineffective. More nurses have been designated than employees. The five members in the Liberal Party presently in the chamber know what the government is doing, but certainly will not admit to the public, especially the federal employees, what they are up to.

Mr. Pepin: You need a researcher.

Mr. Murphy: My researcher was with the public service. She understands what the government is doing. Unfortunately, the minister does not have a researcher who understands transportation.

I would like to know what message the government is trying to give to Canadians. Why is it saying that these federal employees cannot negotiate items such as paid maternity leave, occupational health and safety programs or security against unfair disciplinary actions? Most of these are not monetary items. Most do not have anything to do with the supposed fight against inflation by the government. It is one of the most anti-union acts I have ever seen.

Where the government is failing to act through progressive legislation, perhaps it does not want either the private or the public sectors to negotiate clauses for paid maternity leave, dental plans or adequate health and safety legislation. Maybe that is the message it is trying to get out. I suspect that, with the deviousness of this government, we will never know.

The clause of this legislation which denies any collective bargaining at all to many government employees is completely unacceptable. It has nothing to do with wage controls. It is nothing less than the most blatant attempt to destroy the rights of workers. It is a move that not even the AIP program, which the minister should be familiar with, or the legislation which invoked that program came close to matching this program in that respect.

The reason for this bill is to fight inflation by controlling wages in the public sector. The government expects the private sector to follow its example. That is garbage. No employee or group of lower-middle-income employees is going to accept voluntarily pay increases limited to 6 per cent as long as the cost of living is 12 per cent.

As a result of this legislation, federal government employees will lose protection against increases in the cost of living. If the cost of living continues to escalate to 12, 14 or 15 per cent next year, they will still be restricted to a 6 per cent increase. This government has pretended that limiting senators, judges, cabinet ministers, Members of Parliament and senior officials to 6 per cent will somehow make this legislation fair. That is ridiculous. It is untrue.

Let us examine the unfairness of this 6 per cent salary provision. A cabinet minister earning $102,000 a year will be entitled to a pay raise of $6,000. A senior official with a salary of $80,000 will be entitled to a pay increase of $4,800. A low paid employee earning $12,000 will be entitled to a pay increase of $720. In other words, it will take the low paid employee 102 work days to earn the increase granted to somebody earning $80,000. That worker has to work for two fifths of the year to earn as much as the increase given to somebody earning $80,000.

That employee will have to work half a year to earn as much as the increase that will be granted to a cabinet minister under this legislation. Is that fair? Is that justice?

Mr. Dionne (Northumberland-Miramichi): It will be fair if they work the same hours.

Mr. Murphy: I have never heard such crap in my life and I have heard a hell of a lot of it. Is the hon. member telling me that someone who earns $12,000 only works one twelfth as hard as a cabinet minister or one fifth as hard as a senior official? That is not true.

Mr. Rose: Tell him to go stick his head in the Miramichi.

Mr. Murphy: Perhaps the hon. member should find another shovel to open another prison in his riding. I understand they had four sod-turning ceremonies for the same prison by the same government in his riding. Perhaps that is the make-work project of the government.

• (1510)

To get back to the very serious matter before us, this legislation prentends to be fair, but it certainly is not fair. Does this legislation provide protection against cost of living increases? No, it does not. Of course not.

Can we expect the private sector to follow this ridiculous legislation? For the most part, no, but to some degree, yes, because last night the Prime Minister met with representatives of Canada's largest businesses, and these people said they are

willing to accept 6 per cent for their employees, and even for themselves.

I would like to discuss their salaries to show why they are willing to accept 6 per cent increases. I am referring to an article in *The Financial Post* of May 15, 1982 which includes a list of the cash and cash equivalent remunerations of a number of senior officials in Canadian industry. As the House knows, we cannot get this information in Canada. We have to go down to the United States to find out what our captains of industry are earning. Let me refer to the salaries and cash equivalent remunerations of just a few of these people. C. F. Baird, chairman of Inco Limited, receives $425,645 a year. D. M. Culver, president of Alcan Aluminium, receives $532,941 a year. Ian D. Sinclair, chairman of Canadian Pacific Enterprises, receives $556,228 a year. A. J. de Grandpré, chairman of Bell Canada, receives $626,000 a year. J. A. Armstrong, chairman of Imperial Oil, receives $736,741 a year.

Mr. Deans: How does anyone spend that?

Mr. Murphy: E. M. Bronfman, chairman of the Seagram Company, receives $1,064,288.

Mr. Deans: And he feels hard done by.

Mr. Murphy: He also receives $1.3 million in contingent remuneration for benefit and profit-sharing plans. He is the $2 million man.

I am not surprised these people feel they can survive under a restraint program which would allow them 6 per cent increases, but these barefoot boys from Bay Street are volunteering to restrain their workers' wages. We are not surprised by that. Even the anti-inflation program put some limits on increases. There was a $600 minimum increase and a $2,400 maximum increase. This program does not have that. It is an old story. The same law applies to the poor as to the rich except that it only affects the poor.

I am not surprised that after the meeting yesterday with the Prime Minister the presidents and chairmen of various corporations, who have earnings in excess of $500,000 a year each in wages alone, support the program of the government. They can survive on increases of $30,000 plus a year because most Canadians do not even earn that much. These high priests of the government's crusade will be receiving more by way of increases next year than any government worker.

Mr. Cullen: How many jobs have they created?

Mr. Deans: Not one. Personally, not one.

Mr. Murphy: Of course, there are no strong unions in these operations. These high priests of restraint will force bank clerks, cleaning staffs, maintenance help and sales clerks to accept 6 per cent in order to support the government's fight against inflation. What bloody hypocrisy!

The government is calling for co-operation in all sectors of the Canadian economy. It has called the premiers, business leaders and worker representatives in for consultations and, as often is the case with this government, the consultations occurred after the decision was made. Because some union leaders have been reluctant to meet with the government to discuss the Liberal concept of sharing, solidarity—

Mr. Rose: Caring.

Mr. Murphy: —caring—

Mr. Rose: Co-operation.

Mr. Murphy: —and co-operation, some Liberals in this House have been upset, but the actions of the government are very much like those of a rapist. After the deed is done, he talks to his victim and says, "We must meet and discuss this matter". The government has stripped public service employees of any right to bargain monetary or non-monetary items. It has deprived workers of protection against the increased cost of living, and now it wants to meet with those workers to discuss the plan. The government is completely unwilling to control energy prices, which will increase 30 per cent next year. The government is completely unwilling to control high interest rates, which approach 20 per cent for some loans and much more for most personal loans. But now it wants one sector of the economy to co-operate and somehow provide a demonstration for other sectors. If the government really wanted a program designed to fight inflation and redevelop our economy, it would be a program which attacks the enemies of our economy. Those enemies are quick increases in energy prices and the high interest rates most Canadians are facing and because of which they are suffering.

I am glad most union leaders have agreed to meet with the Prime Minister and senior cabinet ministers to discuss what can be done. I know their concern is real, and I hope their meetings with the government will be fruitful and result in some action that is acceptable to Canadians.

Mr. Cullen: Hear, hear!

Mr. Pepin: Hear, hear!

Mr. Murphy: However, I must say that the scheme we have before us today will only increase the problems Canadians face. It will only increase income disparity in this country. The "highly paid pencil pushers who will be hurt" in reality are the people in government hospitals who earn $11,055 a year. They are the teacher aides in Atlantic Canada who earn $9,631 a year, the typists in Winnipeg who earn $11,353 a year and office equipment workers in Vancouver who earn $11,379 a year. These people do not earn the great salaries many people think public servants earn. These are the people who, because of this program, will receive very small increases in their salaries. With this increase of only 6 per cent the clerk with two children to support will find that his or her salary increase will bring his or her salary to just over $12,000, which means that his or her family is condemned to continue living below the poverty line and to fall even further behind in the years following. The poverty line in Ottawa for a family of three

persons is $12,448. This person will be earning just over $12,000. He or she qualifies to be considered poor.

We heard earlier in this debate that last year in Sherbrooke, Quebec, a federal civil servant applied for welfare because his salary was so low. In Winnipeg, Rhonda Gordon worked for the army but had to quit her work for the army and go on welfare to support her single-parent family. People like these are the people who will be hurt by this legislation, and it is time we stopped pretending we are hurting the rich. It is time we stopped talking about the sacrifices of those who are living comfortably. Let us talk about those people who are really making the sacrifices. Let us talk about those who earn $9,000, $10,000, $11,000 or $12,000. They will be making sacrifices so that cabinet ministers can receive $102,000. They will be making the sacrifice so the Bronfmans can make a million dollars. Do you know how many people could be employed if the Bronfmans would accept a meagre $150,000 a year? How many more jobs would be created if that happened?

• (1520)

This program is only going to increase the disparity between those with and those without. The last anti-inflation program redistributed income upward. In other words, the government played Robin Hood in reverse; it stole from the poor to give to the well off. This program will be even worse. For women who fill most of the low paying jobs in the federal civil service the 6 per cent and 5 per cent formula will mean that their incomes will fall even further behind. The differential between male and female salaries will increase. The talk of an amendment to allow the Human Rights Commission to investigate discrimination will do little to help most low paid female government employees, or those in the private sector whose employers will force them to accept increases of only 6 per cent.

The truth is there for all to see, Mr. Speaker. This government and this legislation will hurt women and the families they support. No public relations job, no national crusade, no speech by the minister responsible for the status of women can camouflage the real effect of this bill. Women fill only 4.3 per cent of senior management positions, but they comprise 82 per cent of the low paid administrative support positions. They are the cleaning ladies, teachers' aides, clerks and office equipment workers who receive salaries from $9,000 to $12,000 a year. It is obviously they who will be hurt by this legislation. The problem is that this program is really not out to fight inflation. In a document leaked to my party leader last year the reason for this program was exposed as follows:

—a program of consultation and public relations aimed at changing public attitudes and expectations would be useful—even though 'the main advantage of the program would be that it would enable the government to be seen doing something about inflation and to lay part of the blame for inflation on the private sector.'

This same document also indicates this:

—"we are not currently facing a wage-driven inflation such as we were in 1975"—instead real wages have fallen for 4 (now 5) consecutive years—

So the government has admitted in its documentation that inflation is not caused by wages. That is a government document I am quoting, not an NDP document, and it admits that the main advantage would be in PR and shifting the blame away from the government. So how can the government—and in this I agree with the spokesman of the official opposition—expect Canadians to believe that members opposite, cabinet ministers and the Prime Minister are the real crusaders? They have not been, Mr. Speaker.

If you check the wage increases of federal civil servants, you will find that they have not kept pace with the cost of living increases in the last five years. In the first quarter of 1978, wage increases in the federal public service were 6.6 per cent. The increase in the consumer price index was 8.8 per cent. In the first quarter of 1970, public service wages increased 6.4 per cent; the CPI went up 9.1 per cent. In 1980, wages increased 6.6 per cent, and the CPI went up 9.4 per cent. In the first quarter of 1981, federal civil service wages increased by 8.8 per cent, and the CPI went up 12.2 per cent. What does this indicate? It indicates that at the present time, even with the right to collective bargaining, federal employees are not keeping up with the cost of living. This bill means that federal civil servants will get only half as much as the increase in the cost of living, assuming that it only increases at the present rate of 12 per cent. If it goes up 15 per cent or 16 per cent, and increases are limited to 6 per cent, then we can see that the federal employees are the real scapegoats of this government program.

We have heard, from some ministers, Mr. Speaker, that somehow this program is going to help the unemployed. Let me point out again that according to the Conference Board study of the AIB, those controls resulted in the loss of several thousands of jobs. I repeat: several thousands of jobs. This program will do the same because Canadians who are having a tough time now making their mortgage payments or paying for their heat will have less money to spend on other goods. In other words, there will be less need for Canadians to produce goods and therefore fewer jobs for Canadians. That is what is happening. You can look at government documentation, at the Conference Board, and you can look at our history and know that is the case, but this government has a very cynical motive and it does not care what happens to Canadian jobs. So we have a program which is both cynical and devious. It will do nothing for the economy but it will meet the stated Liberal objective of "to be seen to be doing something about inflation".

As part of that same government document I referred to earlier, Mr. Speaker, the decision that public servants take the heat is part of a coherent plan which has been laid out and part of which has been already implemented. It is a deliberate plan by this government to take the heat off itself, and just as we have seen a public relations budget, we are seeing a public relations wage control legislation to rescue not the faltering Canadian economy, but simply to rescue the faltering Liberal Party. Surely this government, which can no longer be trusted by Canadians, must resign. Surely this government, which is asking for the co-operation of Canadians, must recognize that it does not have the trust of Canadians. If Canadians are to

have any trust in or co-operate with government, they must believe in the integrity of that government, and they do not believe in the integrity of this government.

The Acting Speaker (Mr. Corbin): I regret to interrupt the hon. member, but the time allotted to him has expired. He may, of course, continue with unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

• (1530)

Mr. Murphy: Mr. Speaker, I thank the House for allowing me to conclude. I have almost come to the end of my remarks on this bill. However, I would like to say that this bill is going to hurt Canadians and the Canadian economy. It has the potential to make federal employees the scapegoats of federal action. If that is the case, it will poison the relationship between government and its employees for years to come.

Bill C-124 is an unfortunate bill. Not only that, it will not help Canadians overcome the problems they face. This bill will do nothing about inflation. It will do nothing about high interest rates. It will do nothing about the high price of energy. It will do nothing about unemployment.

The bill should be withdrawn. The government should consult with the different sectors of the Canadian economy before introducing a comprehensive package, whatever that might include. But if the government cannot do that, and if it cannot show some economic wisdom rather than political connivance, then the government should resign.

Some hon. Members: Hear, hear!

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, I must say I listened with some disappointment to the hon. member for Churchill (Mr. Murphy). I think it is appropriate that members of the New Democratic Party stand up and take their traditional roles or make their traditional speeches but when they have finished their ten or fifteen minute introductions, we should hear alternatives from them. We should hear some indication about how this bill might be improved. If they think we should withdraw this bill, we should hear what kind of a bill they would introduce.

The hon. member for Churchill talks pretty glibly about who will be hurt by this legislation. People are not being asked to take a cut; we are asking Canadians, particularly those in the civil service, not to take as large an increase as they had anticipated. There is no cut. I must say that following the opportunity I have had to talk with civil servants, particularly in the Ottawa area, it seems to me they are prepared to make that sacrifice, if that is the appropriate word—but to take that particular cut—

Mr. Deans: You said it is not a cut.

Mr. Cullen: —because they see it as their role and part of their responsibility to the Canadian economy. There are 500,000 civil servants who are in a position to make a significant impact and show some leadership in this field.

I compliment the government and the President of the Treasury Board (Mr. Johnston) for having the courage to bring forward this particular bill as the cutting edge against inflation. As the hon. member for Nepean-Carleton (Mr. Baker) said, the people who will take the leadership are the civil servants at the federal level. They are the ones who will set a pattern, and if they are followed by other segments of the economy at the provincial and municipal level, and certainly in the private sector, we will have a 6 per cent inflation factor in Canada.

The hon. member who preceded me from Churchill spoke very glibly about who will be hurt. I ask him who will be hurt if no action is taken? Will it not be the women in those low paying categories that he was talking about who will suffer? What about the pensioner on a fixed income? They are the people who will be hurt, because if we do not take action of this nature we will very soon we be looking at a 20 per cent inflation factor. Then those people would really have something to complain about because no action was taken by the federal government.

The hon. member says those who will be hurt will be the people earning $9,000 or $11,000 a year. But those people are fortunate to have a job. Today we heard the atrocious unemployment figures. The invidious nature of inflation is that it impacts on the unemployed, particularly, because it is very difficult for them to get back into the job market; even more so if we had an inflation rate of 20 per cent, which I am sure would come to pass if we did not show some leadership at this time.

If the hon. member has a genuine concern for people, and knowing the hon. member personally, I know he has, I do not think he should lose sight of the fact that there are many people unemployed who are looking for some help, guidance and hope. If you listen to the hon. member for Churchill, it would seem that the only light the New Democratic Party sees at the end of the tunnel is that of an oncoming train. That seems to be the kind of hope which the NDP would hold out for our young people and those who are unemployed.

I am satisfied that this was not an easy decision for the government to take. It was not easy to ask the government's employees, although the government asks itself, members of its party and Members of Parliament, to take a 6 per cent and a 5 per cent increase. The government is saying to its employees, "We are looking to you to help us in this particular fight and in this particular attempt to buoy up the economy and bring down the inflation rate to 6 per cent." I think civil servants, those working out there in the field, the front line troops, are prepared to make that particular move. I think they want to know that when they look around, as the hon. member for Nepean-Carleton said, they will see that they are not alone. I think they want to see employees of provincial governments, the municipal governments and those working in the private sector behind them. If the federal civil servants take this leadership and they are followed, they will feel very good about

the role they have been called upon to play. When the inflation rate comes down to 6 per cent, I hope people will not forget that it was the federal civil servants who led the way to that victory. Certainly I will mention it over and over again in my riding.

The hon. member for Nepean-Carleton mentioned collective bargaining in the civil service. I do not think too many people have to be reminded that it was a Liberal government which gave that particular right to civil servants.

Mr. Baker (Nepean-Carleton): No. It was by unanimous consent of the House.

Mr. Cullen: I have to say that the record has been good. I agree with the hon. member for Nepean-Carleton about that.

I think over all there is something in excess of 200 bargaining units. When you look at the fact that this legislation has been in place over 15 years the record has been excellent. I think the hon. member mentioned one exception, where he thought the settlement was too high. Perhaps it was a caving in, or it might have been more appropriate had the government been a little tougher, but in looking at an excess of 200 collective bargaining units, all operating at different levels with different areas of responsibility, the record has been excellent.

Nobody should kid the civil servants. Nobody should kid people who want to come and work for the federal civil service, that there is free collective bargaining. There is not free collective bargaining. There comes a time when the federal government must take its responsibility and say, "We have to end this strike. We have to pass legislation ordering people back to work because it is inappropriate for the strike to continue beyond a particular time." That is not a problem that the private sector or unions in the private sector face. People in the civil service, whether they are in the federal or the provincial civil service, must face the ultimate reality that when their actions begin to impinge on the Canadian economy and the good of all Canadians then the government or Parliament must take its responsibility. That has been the experience, and I must say to the credit of the unions that it has not been necessary to do it very often.

When the NDP looks at this place of legislation, it has a tendency to forget what has taken place in the past. What about the progressive legislation that has been put in place; not as a result of efforts of the New Democratic Party, though maybe there was some prodding from that party, and not at the initiative of the Progressive Conservative Party, but there was also some prodding from them? The progressive legislation was put in place by consistent and continuing Liberal governments.

If we did not have these in place, what would be the real impact on the unemployed on those who had not made plans for pensions at retirement? This is why we have put in place programs such as unemployment insurance.

• (1540)

Today I received a telephone call from a radio station which was being very critical of the fact that the union in Sudbury decided to strike, then recognized the dilemma and the difficulties being faced by International Nickel because of current nickel markets, and accepted a settlement that moved the employees from strike pay to unemployment insurance. Thank God for unemployment insurance and that these people have such an opportunity. This not only helps workers who are no longer on strike, who no longer have jobs and face lay-offs until October, because they will be receiving that income, but the whole community of Sudbury—the people selling groceries, the people cutting hair or the people selling clothers. Those moneys are not going into any socks, into deposit certificates or bank accounts; they are going into the economy to the benefit of the workers and certainly to the benefit of the community at large. It was the Liberal government which put that system into place at a time when the economy was in better shape.

I do not need to catalogue all the programs which have been put in place such as an indexed Canada Pension Plan, old age pension, the guaranteed income supplement, the registered retirement savings plan and medicare. All these progressive moves were put in place so that Canadians would be better able to survive in difficult times than those in other countries who do not have the benefit of these particular protections.

I looked at the percentage at which we were aiming. The 6 per cent figure was not just picked out of the air. After careful study it was determined that when a recovery takes place it would be more devastating than ever if Canadians were not in a position to compete and to participate in the recovery. If they were slowed down in the recovery, then we would really see unemployment and the devastating effects of high inflation. As I said earlier, it would be much higher than the 11.5 per cent or 12 per cent of today.

I understand that some members of the New Democratic Party may be participating in this debate on Monday. Perhaps they will come up with something positive concerning what could be done. The only suggestion I heard so far was that we should increase the size of the deficit and use that money for job creation. If that does not have a stimulative impact upon the economy, then all we would have is a larger deficit.

Also they recommended exchange controls, but when it was pointed out to them that many ordinary Canadians took trips around the world despite present economic conditions in Canada—and I understand it is at record rates even this year—they changed their tune. When hon. members of the NDP recognized that exchange controls would impact upon Canadian travellers going to the United States, abroad or elsewhere, they suggested selective exchange controls and gradually slipped out of their nomenclature. I do not think we will hear very much about exchange controls because everytime they come up with an idea, if it has any practicality, it is adopted and improved upon. God knows, the Liberal Party in the past has not been hesitant to pick up on ideas, to improve upon them and to include them in legislation. But I say to the Minister of Finance (Mr. MacEachen) and others, "Please do

not bring in exchange controls or selective exchange controls", whatever they might mean in the nomenclature of the New Democratic Party.

Also it was suggested that nothing is being done at the present time. We know that there is tragically high unemployment. We all know that British Columbia's revenue or source of strength for its economy is the sale of timber and lumber and that approximately 90 per cent of its market is in the United States. If Americans are not buying, it is no wonder that the catalogue of small communities mentioned today by a member of the NDP are in difficulty. If they cannot sell their products, the plants close down; of course this causes unemployment. I am not blaming it upon the United States. It is simply an indicator that that is where the markets are and if the Americans are not buying, the Canadian community of 20 to 25 million people is not large enough to absorb the commodity; thus the economy of British Columbia suffers.

Earlier I mentioned the situation faced by International Nickel. Nickel and copper prices are at an all-time low, so this company cannot make a profit. In fact, the market is not out there, to the point where it has to close down shops. I guess it could be producing to some extent to build up massive inventories, but this would be counterproductive in the long run because it may extend the length of the lay-off rather than have any beneficial effect. Thus, a business economic decision has been made in that particular industry.

Getting closer to home, I represent an area which is the petrochemical centre of Canada. The situation last year was that corporations in the United States were saying that they would take X amount of this particular product and that their prospective purchases would be X amount. Then six months later they came back and said that their inventories were too high and that they could not keep up that size of purchase. As a result, a corporation as large as Polysar had to close down for a month. It told its employees to take their holidays and tried to work out some system whereby the impact of the closure was limited as much as possible. It faced the ultimate reality that those purchasers or those markets were telling them that their inventories were too high and that until their economy picks up they would not be of much assistance.

I suppose it is fair ball for the NDP to take a crack at the large salaries which are being paid to the heads of many of these corporations. I had envisioned their salaries to be somewhere around $200,000 or $300,000. Perhaps I was thinking back to the 1970 era, but I knew they also had stock options and certainly opportunities as heads of these corporations. The brains, the intelligence and the ability which these people put into these large industries create many of the jobs in Canada. Frankly, the vast majority of Canadian jobs are provided by small business people, but we would ignore at our peril the talent and ability that these giants of industry bring to our economy because they are in positions to know nationally and internationally what is needed to make them successful and competitive. Unless they move around the world to seek out markets and to work hand in glove with the Export Development Corporation and our excellent Minister of State for International Trade (Mr. Lumley), we will be in very difficult economic circumstances because we will not have the advantage of those particular people. It may be fair game to say that they are overpaid, but frankly I do not know how anyone could say so. I should like to know the situations with which their companies are faced, how much money they make and how much the economy benefits from the decisions made by these corporate giants. I have seen them fired when appropriation decisions were not made. I have seen them looking elsewhere because they were unable to produce or to live up to the expectations which were held out for them in the first instance.

Mr. Rose: Mr. Speaker, I rise on a point of order. Would the hon. member permit a question?

Mr. Cullen: Mr. Speaker, as the poem indicates, I am in high flight right now and I do not want to be shot down in midstream. Perhaps when I complete my remarks I will entertain a question.

I should like to deal with another issue which was raised by the hon. member for Churchill. I was surprised to learn that at least he was reading *The Financial Post* or the *Financial Times*. He quoted statistics from one of those two publications. He was being very selective because he did not refer to the increase in salaries from 1970 to 1980 shown in the particular issue from which he quoted. More important, he did not point out the productivity to which reference was made in the article. If we do not get our productivity up, no corporation will be able to succeed, no corporation in Canada will be able to compete in international markets; this is what the article indicated. I commend the hon. member. I am not saying that he should have read it aloud in the House of Commons, but I hope he will have a look at *The Financial Post* or the *Financial Times* to see what are the difficulties and what the business community is endeavouring to do. It is the business community, in the final analysis, which provides jobs for the people about whom he and I are both concerned.

There is another group in the community upon which we must depend more and more—the individual entrepreneur. I am proud to say that when I was the former minister of immigration we looked with great favour on the billions—not millions—of dollars that entrepreneurs were bringing into Canada. Immigrants were bringing that money into the country and investing in Canada. They would say to us that this is a great country in which to invest.

• (1550)

Sometimes I wonder, when I hear people being critical of the economy, saying there is no future here, while at the same time I see people moving hundreds of millions of dollars of investment into this country. They do that because they have seen the world and have decided this is the place which provides the greatest opportunity, the place where they want to work, invest and have their children educated. They want their children to have the quality of life which is available in Canada.

There is not just a small group of people that applies to come to Canada. People can select almost any country in the world, other than their own, in which to live. Anywhere from 800,000 to a million people apply each year to come to Canada. Therefore, when I hear people say there is no hope that their children will never own a home or receive the education which they deserve, and that there will be no jobs for them, I say that is nonsense. The record does not indicate that, and the record in the future will certainly show that this is not the case.

The call for leadership has gone out, and I believe it has been heeded by this government. I believe this particular bill is a step in the right direction. I believe that the hon. member for Nepean-Carleton was correct to point out that when we are dealing with the two bargaining units involving 500 thousand people, there will be some inequities. There is no question about that. If some of these inequities can be corrected, with people still being required to participate in what is sometimes called a "crusade", but what I say is a fight against inflation to bring it down to 6 per cent, I have enough faith and confidence in the President of the Treasury Board that they will be corrected.

The over-all leadership position of the government is clearly correct in this instance. It is never easy to call upon your employees, particularly one half million of them, to take the lead and make the sacrifice. Frankly, I am a little disappointed in what I have heard so far. I hope that the meeting with the labour groups will produce more positive reaction than what I have heard some labour leaders espouse.

I am less than optimistic about the leader of the Canadian Labour Congress. For the life of me I cannot see this long time Liberal hater and NDP supporter doing anything which will be of any help in this particular instance. For once I would like to see him take a positive stance, not only on behalf of union people but on behalf of the 1.3 million who are now unemployed. If we can get the inflation rate down to 6 per cent, with his co-operation, then his contribution will be phenomenal. He has an opportunity to be a great Canadian, to take a great lead and, at long last, say something tough to the unions.

The union workers are prepared to make the sacrifice, but if they are given a con job by the leaders of the unions, that this is inappropriate and unworkable and that the unions will not participate, I suggest he will be doing a disservice to the union workers, all those who work and the union movement itself.

I recently heard Mr. Samson, the head of the public service union, talking about a war measures act on the economy and a war measures act against civil servants. Hyperbole will not get us anywhere. I ask him to spend some time, not just talking to the leaders or speaking rhetoric to the union leadership but talking to the grassroots members of the civil service. He will discover that they are prepared to make a sacrifice. Admittedly, we must get the message across that others will have to participate in this fight, but if he begins by talking in a negative way, such as Jean Claude Parrot has done, he will be doing a disservice to his union and his country.

I ask union leaders to accept their responsibility. I ask them to cross the lines of management and labour, government and labour confrontation. I ask them in this instance to get on side, for once, with the economy to help lower our inflation rate to 6 per cent.

They should not come out with rhetoric such as that of Dennis McDermott. He said that "if we get 6 per cent instead of 12 per cent we will give them a 6 per cent effort". What kind of garbage is that? What kind of leadership is that? He has access to vast amounts of talent and skill at the Canadian Labour Congress headquarters. He has an obligation to consult with those experts in order to determine how Canada can be helped by the union movement. He had better not let the union movement down at this time because I can honestly tell him that Canadians are just waiting to take a knock at the union members. I do think that is inappropriate because union members have been very responsible and responsive in this country. They have not pursued exorbitant increases in wages. If someone like Dennis McDermott gets them riled up, uses hyperbole and becomes "Dennis the Demagogue", his actions will be a great detriment to Canada, the union movement and, most importantly, to the people who are unemployed at the present time.

As I have said, there will be some inequities in this legislation. Some will suffer and be more disadvantaged than others. That will be the extended role they will be called upon to play. I am old enough to remember one world war. I did not participate in it, but I know that many people in the military went out prepared to do their part, whatever they were called upon to do. There was unfairness at that time as well.

In the First World War, some had to go over the top while others were sitting back in Canada repairing trucks. However, everyone was prepared to do his part and play his role within the limits of his God-given abilities. People were prepared to make the sacrifice and play the role they were asked to play even if it was not fair. War is never fair. There is always someone who is not doing his job or not prepared to take the risk or responsibility. There are those who have to take the responsibility of leadership because others do not want it. That was unfair; some were disadvantaged and suffered as a result. Many gave their lives to that cause.

When Canadians begin to think of unfairness, I ask them to remember that this is the greatest country in the world. This is a country which has and will give them the greatest opportunities. Canadians can be confident that their children will grow up in a free country where they will have benefits never dreamed of. This is truly a land of opportunity, but if we kiss it away now through inaction, not following the lead, we will be shirking our responsibilities.

We cannot allow inflation to rise to somewhere between 30 per cent and 40 per cent and then brag about reducing it. We have an obligation to the Canadian people and the generation of Canadians who made sacrifices in the two wars and the Korean War; we have an obligation to the future generation not to let this opportunity slip away.

As Members of Parliament we have an obligation to make recommendations. I have recommended that we should establish a Canada fund. People should be able to have money deducted from their wages to be deposited in this Canada fund. This fund should pay 6 per cent, 7 per cent or 8 per cent of non-taxable interest. This money could be loaned to farmers, and small-business men. I can assure the Minister of Finance (Mr. MacEachen) that Canadians would rally around that fund. They would take their money out of their socks and their bank accounts if they knew that they were contributing to the well-being of Canada. This recommendation has not been accepted in its entirety, but it is the germ of an idea which we have an obligation to propose.

As Members of Parliament, we have an obligation to point out to the government and the treasury benches what can be done in our own particular ridings which could help the economy. If this involves asking for a better airport in Sarnia or Calgary, or getting a better port in St. John's, we have that obligation. If we do not perform our functions properly we are doing a disservice to our constituents. While our job entails several responsibilities, our greatest responsibility is not to fail the Canadian public at a time when it is crying for our leadership. The leadership is there. We are prepared to make the move. The civil servant is prepared to make the move. I ask my fellow Canadians not to let the civil servants down, and not to let the country down.

[*Translation*]

Mr. Deputy Speaker: Order, please. It being four o'clock, the House will proceed to the consideration of private members' business, as listed on today's Order Paper, namely, public bills, notices of motions and private bills.

• (1600)

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Mr. Deputy Speaker: Shall all orders preceding No. 1 stand by unanimous consent?

Some hon. Members: Agreed.

* * *

HOLIDAYS ACT

SUGGESTED REPLACEMENT OF DOMINION DAY BY CANADA DAY

Mr. Hal Herbert (Vaudreuil) moved that Bill C-201, to amend the Holidays Act, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Mr. Rose: No.

Mr. Deputy Speaker: Those in favour will please say yea.

Some hon. Members: Yea!

Mr. Deputy Speaker: Those opposed will please say nay.

Mr. Rose: Just this bill, or what?

Mr. Deputy Speaker: In my opinion, the yeas have it.

Mr. Baker (Nepean-Carleton): What is going on?

Mr. Deputy Speaker: I declare the—

Mr. Smith: I rise on a point of order. Perhaps we could seek the unanimous consent of the House to see if this matter could be dealt with in Committee of the Whole so that we could deal with all stages of this bill today, as it seems to be meeting with the approval of the House.

Mr. Deputy Speaker: I started to declare that the motion was carried. The hon. member's point of order is a little premature, the Chair will now entertain the Parliamentary Secretary to the Privy Council (Mr. Smith) on his point of order.

Mr. Smith: Mr. Speaker, perhaps we could see whether the House would be disposed to give unanimous consent to this bill being dealt with in Committee of the Whole today.

Mr. Deputy Speaker: Is there unanimous consent that the bill be considered in Committee of the Whole?

Is the hon. member for Mission-Port Moody (Mr. Rose) rising?

Mr. Rose: I am not rising, Mr. Speaker.

Mr. Deputy Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon—Mr. Francis in the chair.

The Chairman: Order. House in Committee of the Whole on Bill C-201, an act to amend the Holidays Act.

Clause 1 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Mr. Deputy Speaker: Is it agreed that we now proceed to another order of business?

Mr. Smith: Mr. Speaker, perhaps there might be unanimous consent that the clock now read five o'clock.

Some hon. Members: Agreed.

Mr. Baker (Nepean-Carleton): As a member of the House, I would agree and I think it would be quite appropriate.

Some hon. Members: Hear, hear!

Mr. Rose: Mr. Speaker, I, too, agree. I think this is a day on which to develop and to celebrate our new holiday. It is only appropriate that, in celebrating our new holiday called Canada Day we should at least take a holiday of 55 minutes this afternoon.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: The hour provided for the consideration of private members' business has now expired. This House stands adjourned until Monday next at two o'clock in the afternoon, pursuant to Standing Order 2(1).

At 4.05 p.m. the House adjourned without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, July 12, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

WORLD CUP SOCCER CHAMPIONSHIP

CONGRATULATIONS ON VICTORY BY ITALY—MOTION UNDER S.O. 43

Mr. John Evans (Ottawa Centre): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas yesterday in Madrid, Spain, the Italian soccer team won the World Cup in a decisive 3-1 match, and whereas their tremendous team spirit in this event captured the enthusiasm of sports fans throughout the world, I move, seconded by the hon. member for Bourassa (Mr. Rossi):

That this House share with Canadians of Italian descent their pride in their country of ancestry on this momentous occasion.

Madam Speaker: Perhaps the House would want to share in that by applauding.

Some hon. Members: Hear, hear!

* * *

THE ECONOMY

CALL FOR REVERSAL OF GOVERNMENT POLICY—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, a constituent in my riding of Erie, who has invested in the lift truck sales and services business, has once again written to me concerning the rising prime interest rates. His letter reads in part, "The government apparently really does not want to help the small businessmen survive this terrible crisis in which they find themselves." His letter concludes, "So, why do we write? It is merely to let you know that we are still out here bleeding and hoping against hope that somebody will be able to do something."

In light of the desperation that lies behind these words of my constituent, words which are being repeated all over Canada, I move, seconded by the hon. member for St. Catharines (Mr. Reid):

That the government reverse its policy of "state intervention" and "government ownership", and introduce policies to restore investor confidence in the Canadian private sector.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AID

DEMAND THAT PROGRAMS BE REVIEWED—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise to protest CIDA's recent boner in providing $21 million of Canadian taxpayers' hard earned dollars for a useless silo project and other unwarranted expenditures in Haiti which, according to W5, was totally unnecessary. The sad irony of the matter is that it might never have been brought to light save for the diligent spade work by CTV's W5. Therefore I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That all agencies of the federal government be required (a), to justify the need for individual projects; (b) report full disclosure of intended spending projects to Parliament, and that the government immediately embark on a review of all aid programs in order to weed out dubious ventures.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SERVICE

CALL FOR CANCELLATION OF TRAVELLING—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I also rise under the provisions of Standing Order 43. In view of the fact that the government, supported by the Conservatives, intends to limit the wages of the public servants in Canada to 6 per cent next year and 5 per cent in 1984, and in view of the fact that 1,340 public servants travelled by air out of Ottawa every working day between May 3 and June 10 of this year, and that 58 public servants travelled by air out of Ottawa internationally every working day of that period, that being an entire planeload of international, five-mile high junketeers en route

to the Caribbean, Las Vegas, the Riviera and Katmandu, every single day, making a total of 36,180 in 27 days, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the Treasury Board immediately cancel all travel of public servants until such time as an evaluation of the cost effectiveness of that travel can be weighed against the cutting of wages in the public sector and tabled in the House.

I am also providing, in French and in English, copies of the Bell publication, "Today's Way to Operate", to the President of the Treasury Board.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VIA RAIL

REVENUE LOST BY WESTERN TOURIST INDUSTRY—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in view of the government's decisions to terminate VIA Rail's Super Continental, to restrict group accommodation severely on the only remaining Rocky Mountain train, the Canadian, and to frustrate Japanese industrial workers by using childish delaying tactics against the Japanese auto industry, which have all contributed to a severe reduction in the number of Japanese tourists visiting western Canada this year, and will next year as well, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the federal government accept full responsibility for the damage caused to the tourist industry of western Canada which has lost millions in tourist revenue and hundreds of jobs this year because of misguided federal policies which openly discourage visitors from abroad while causing severe hardships to many resort centres such as Banff and Jasper, Alberta.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

ADVICE GIVEN BY THE LATE W. C. FIELDS—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, the June budget of the finance minister marked the third time that he and the government attempted to infuse some life into the economy of the country and instill some confidence in people over its financial and business acumen. It marked the third time such an attempt failed. Therefore I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the finance minister and the government follow the advice of the late W. C. Fields when he advised, "If at first you don't succeed, try again. And then if you don't succeed, quit!"

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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POLITICAL PARTIES

SUGGESTED VENUE FOR PROGRESSIVE CONSERVATIVE PARTY CONVENTION—MOTION UNDER S.O. 43

Mr. Norman Kelly (Scarborough Centre): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the Ontario federal Liberals held their conference at Queen's University in Kingston this past weekend, and whereas the delegates showed their overwhelming support of our leader, the Right Hon. Prime Minister—

Some hon. Members: Hear, hear!

Mr. Kelly: —I move, seconded by the hon. member for Don Valley East (Mr. Smith):

That the Tory caucus members consider having the date and location of their own upcoming convention changed to Kingston in order that the cohesive and unifying atmosphere we demonstrated at Queen's may rub off on their delegates, and that they will abandon their critical attitude towards their leader, a leader whom we on this side of the House appreciate and support, and give him their unqualified support.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1410)

FINANCE

PAYMENT OF INCOME TAX BY NEWLY RETIRED PERSONS—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, it is considered regular accounting procedure for businesses to file income tax on a quarterly basis. However, when people retire it is not necessarily known that National Revenue requires those with additional income to file tax on a quarterly rather than on an annual basis. When those senior citizens fail to do so, they are made to pay a penalty for late payment. I move, seconded by the hon. member for Okanagan-Similkameen (Mr. King):

That the government, when it issues the first OAS cheque to a newly retired person with additional income, give that person the choice of paying income tax annually or quarterly.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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SEARCH AND RESCUE

EAST COAST SERVICE—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I also rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. The motion relates to the sinking of the *Arctic Explorer* and the subsequent loss of 13 lives. Whereas DOC has failed to implement and enforce regulations of the operation of on-board ship auto alarms, whereas there are continuing conflicts between the Department of National Defence, the Canadian Coastguard, and vessel traffic management, and whereas there is no in-service training program for refreshing and upgrading Coastguard radio operators and no effective operational plans for delivery of search and rescue services on either the east or the west coast, I move:

That this House regrets the attempt by the Government of Canada to scapegoat the Coastguard operators instead of developing and enforcing a complete and effective operational plan for the delivery of search and rescue services on the east coast of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

CALL FOR RESTRAINT IN GOVERNMENT EXPENDITURES—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, I am not accustomed to supporting Liberal resolutions, but since I am about to do just that, this will probably be the first time I will ever have had a motion under Standing Order 43 accepted in this House. I would like to support one resolution presented this weekend by the federal Liberals of Ontario. I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the government substantially reduce its budget deficit by exercising more restraint in expenditures.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

PEACEFUL RESOLUTION OF DIFFERENCES BETWEEN CANADA AND UNITED STATES—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, 170 years ago the Village of Sandwich in Upper Canada was the centre of North American attention. After months of indecision, it was on July 12, 1812, that General Hull ordered his American troops to cross that water boundary which separated our two young and growing nations. I therefore move, seconded by the hon. member for Erie (Mr. Fretz):

That, whereas the border separating Canada from the United States of America is the longest undefended border in the world; and whereas disputes, incidents and irritations have arisen between our two countries from time to time since the cessation of the 1812-1814 war, the governments and the peoples of our two nations are to be commended for their fine example to the world in the resolution of those differences by peaceful means, keeping the border open at all times for regular business.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

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LABOUR RELATIONS

POSITION OF CANADIAN NATIONAL RAILWAYS EMPLOYEES—MOTION UNDER S.O. 43

Hon. John A. Fraser (Vancouver South): Madam Speaker, I, too, rise under the provisions of Standing Order 43. In view of the fact that the public sector compensation restraint legislation, which is now being debated in the House, treats Canadian National Railways employees as public servants, yet excludes Canadian Pacific employees, and in view of the fact that, as a consequence of joint bargaining in the rail transportation industry, Canadian National employees will lose the benefit of the second-year increases in their contract while Canadian Pacific employees, with whom they bargain jointly, will receive the benefit of their contract, I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

• (1415)

That this House direct the Minister of Transport to meet immediately with the President of the Treasury Board and advise that the president's statement that public employees are exempt from lay-offs does not apply to Canadian National employees and that Canadian National employees are not "a privileged community within the country" and that immediate steps be taken to amend Bill C-124 which in its present form will destroy joint bargaining on the railways.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

SIZE OF GOVERNMENT DEFICIT

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Prime Minister. It is no surprise that last week business leaders supported the government's position on wage restraint in the public sector. It was also clear, as a result of those meetings and arising out of those meetings, that they in no way supported the other elements of the recent federal government budget. In fact they expressed shock at the size of the federal government deficit. They indicated that their greatest single disappointment was the fact that nothing had been done to change the National Energy Program in a fundamental way. What action is the Prime Minister planning to take to respond to these deeply held concerns of the business community leaders? In particular, what action is he proposing to take to reduce the size of the federal government deficit and to reduce the size of the increase in government spending which this year will have a second consecutive increase of 20 per cent?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am somewhat puzzled at the report that the hon. member has been given of that meeting. It is true that some of the participants expressed surprise at the size of the deficit, but others pointed out to them that they should not have been surprised if they had looked at the slowdown in the economy and had done their calculations. Some of the participants, and indeed some of the premiers the week before, indicated that they had anticipated a deficit of that size basing it on their own deficits which had almost doubled from one year to the next.

If my memory is correct, just a few weeks before the budget the hon. member was predicting a deficit of something between $16 billion and $20 billion. Therefore, why would he now think they were surprised unless they had been very much misinformed?

INQUIRY RESPECTING GOVERNMENT ACTION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the Prime Minister has again totally ignored the question that I asked him. I asked him what he was proposing to do to reduce the size of the federal government deficit which is keeping upward pressure on interest rates, and in the words of the Minister of Finance, high deficits and high increases in government spending, running at 20 per cent per annum two years running, will increase inflation and increase the level of interest rates. What is he going to do to meet those concerns?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is arguing economic policy. The answer to his question was given by the Minister of Finance, that this deficit is one which is essentially due to the automatic stabilizers. It is due to the fact that the economy has slowed down, as everyone knows. Therefore, the revenues of the government on one hand have been reduced, and its expenditures have been increased in order once again to pay for the automatic stabilizers. Therefore, as the Minister of Finance has indicated, and I have not heard the hon. member gainsay it yet, when the economy recovers, this deficit will be automatically reduced.

It is not a deficit which is planned, such as in other countries which are cutting their taxes and increasing their expenses. It is a deficit which came in spite of the fact that we did not increase our expenditures in any substantive way.

• (1420)

REPORT OF PROJECTED INCREASE IN DEFICIT

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the Prime Minister is dealing in probably the worst flim-flam we have heard in the House in months. The government is increasing its spending by 20 per cent. That was the shock to business people. They thought there would be a program of restraint in the face of the size of the government deficit, which is bound to increase interest rates. They were also surprised that again the government increased taxes—in the second budget in the row—at a time of deep recession in the country, which is bound to deepen that recession further and therefore increase the size of the budget deficit.

What is the government going to do about the size of the budget deficit? Last week *Maclean's* magazine reported the projection of Department of Finance officials that the budget deficit would be $22 billion next year. What is the government going to do to reduce that deficit?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member would like me to repeat my previous answer. I answered him about our approach to the deficit. He talks about increased government expenditures. I point out to him that it is true that in the last budget expenditures of some $2.3 billion were forecast for this year and next year in order to create direct jobs and in order to increase assistance to housing, small businesses, fishermen, farmers and others. It is true that such expenditures were announced in the budget.

However, if the hon. member looks at the other side of the budget, he will see that that money is not increasing the deficit. As the hon. member himself says, there is a redistributive effect, and that money is the result.

Mr. Clark: Cutting old age pensions.

Mr. Trudeau: The Leader of the Opposition wants to get into this. I hope, Madam Speaker, you will recognize him before three o'clock, because we generally do not see him before three o'clock.

The reasoning behind the budget is not a Conservative reasoning. That is why hon. members opposite do not understand it. What we are doing is saying to those who have jobs, security and incomes, that they should share with those who do not have jobs, security and incomes. That is the philosophy behind the budget, and Canadians are open to that kind of thinking, even though it is foreign to the Tory Party.

Some hon. Members: Hear, hear!

DEFINITION OF NATIONAL EMERGENCY

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is also directed to the Prime Minister. The question really is what proportion of the economy of the country the government is taking, and it is clear the government is taking an increasing share at the expense of all Canadians, pensioners included.

The Prime Minister has indicated he would like Canadians voluntarily to follow the wage control program he has imposed on employees within the federal jurisdiction. In answer to a question during a news conference following the first ministers' meeting several weeks ago, he indicated he did not have the power to impose general controls except in the event that, and I quote:

—we would have to use our emergency powers and in order to have those emergency powers stick in front of the courts there has to be a recognized emergency.

Would the Prime Minister classify a failure by his government to achieve the co-operation of the provinces and the business and labour sectors as a failure which constitutes a national emergency?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member prefaced his question by indicating that the federal government was increasing its share of the gross national product by its spending. I point out to him that the share spent by the government directly on goods and services has fallen slightly over the past ten years. What has increased enormously is transfers to the provinces and, of course, service of the public debt. Perhaps the hon. member would like to refer to those statistics before misleading himself into believing that the federal government is suddenly occupying a larger part of the economic spectrum. It is not.

As to the question about recognizing an emergency, the hon. member knows the Constitution. He knows the judgment of the Supreme Court on the price and wage control program adopted in 1975. He will recall that that decision was that it is only in a national emergency that the federal government is constitutionally able to impose over-all wage and price controls. The definition of that emergency, according to some judges, depended very much on the attitude of the provinces. If the provinces themselves are not in any sense urging the federal government to use those powers, what I indicated at the press conference and in this House in response to the Leader of the New Democratic Party, is that it would probably be quite difficult to make it stick in the courts.

• (1425)

POSITION OF PRIME MINISTER

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my supplementary question is also for the Prime Minister. In 1974 when the Prime Minister felt there was a national emergency, interest rates were about 11 per cent, the inflation rate was about 11 per cent, the national deficit was about $1.6 billion, and 514,000 people were unemployed. Today interest rates and the prime rate are around 18 per cent, the inflation rate is around 11 per cent, the national debt is $20 billion, and 1,300,000 people are unemployed. And there is a liquidity crisis today in business. During all but nine months of the last eight years the Prime Minister has been the leader of this country. Would he tell the House what his bottom line is for economic indicators before he considers that there is an emergency? What are his options, except for the complete control of the Canadian economy?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, after arguing that there is a kind of emergency that would justify complete controls, the hon. member then asks what my options are except complete controls. I think he is like certain chickens that lay beautiful eggs, but then turn around and eat them. He should review his question.

I am not sure if he is arguing for controls or if he is arguing that there is a kind of emergency now which gives us constitutional power to impose controls. If it is the latter, then I would refer him to my previous answer and to the fact that in 1975 when this Parliament adopted over-all price and wage controls there had been two meetings of the premiers in August, 1974, and August, 1975, when they had urged the federal government to take its responsibility to bring inflation down. They have not done that in the recent meetings or in recent public statements. Perhaps they will at their August meeting; I do not know. They have not taken that point of view to date. That is the difference between 1975 and 1982.

* * *

HOUSING

MORTGAGE REDUCTION SCHEME

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister which concerns a new confusion in government policy which affects both would-be home owners and the building industry. In his budget speech

the Minister of Finance announced the appointment of a blue ribbon committee which would examine the feasibility of a mortgage reduction scheme which, to use his words, if implemented would bring down mortgages by 3 to 6 per cent. On the weekend the minister responsible for housing took an entirely different approach. He said categorically that there would be such a scheme. In fact he urged Canadians to buy new homes now.

Will the Prime Minister clear up this confusion? Is the government certain that it will proceed with the 3 to 6 per cent mortgage reduction scheme, or is it still up in the air?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have not read the speech of the hon. minister responsible for housing but, knowing him as I do, I suspect the confusion is probably in the questioner rather than in the minister. The Leader of the New Democratic Party knows that the new credit instrument the minister talked about is only to be reported on some time in late September. Consideration of implementing it would follow that. That is known to every minister and every member of the House, and certainly to the minister responsible for housing. The Minister of Finance brought in bridging financing which would make it profitable for people to buy a house now rather than wait for the report of the blue ribbon committee.

The Right Hon. Leader of the Opposition shakes his head negatively, Madam Speaker. He is misinformed. The Minister of Finance announced a $3,000 grant for first-time home buyers or buyers of new homes. That is available now. The other measure, if implemented, would presumably take place much later this year.

Mr. Broadbent: Madam Speaker, I say to the Prime Minister that it is he who is confused in his facts, not I.

REQUEST FOR GUARANTEE TO HOME PURCHASERS

Hon. Edward Broadbent (Oshawa): Madam Speaker, this is important in light of what the minister responsible for housing said on television last night to the people of the country, when he urged them to go out and buy a home now. He was talking about the mortgage reduction scheme, not the $3,000 grant in this instance.

• (1430)

A difference of between 3 per cent to 6 per cent in the price of a home, as the Prime Minister should know, could mean hundreds of dollars per month in terms of payments. Therefore I should like the Prime Minister to speak in terms of government policy now. Is the government committed in principle to the scheme which will reduce mortgages by 3 per cent to 6 per cent, in line with what the minister told people in the country to do yesterday—to go out and buy on that assumption? If so, is he, as Prime Minister, prepared to guarantee to home purchasers that their mortgages will come down by 3 per cent to 6 per cent?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member calculated quickly that 3 per cent to 6 per cent would mean hundreds of dollars per month. Well, if he calculates quickly he will find that a couple of hundred dollars per month is something like $3,000.

Some hon. Members: Oh, come on!

Mr. McDermid: You have never had a mortgage, I can tell you that.

Mr. Trudeau: They have not found that over there. The $3,000, it is stated quite clearly in the budget, is something which goes into effect here and now.

Mr. McGrath: It is a one-time payment.

Mr. Trudeau: Yes, it is a one-time payment, because the expectation is that the other measure will be recommended and implemented. But until it is, the House can give no guarantee.

The minister deliberately set up a consultative mechanism partially in response to the criticism after the November budget that he had not consulted enough. In this particular case he set up this mechanism to ensure that he would have the support of the financial community and of other interested parties. But, in the meantime, he gave this offer of a one-time $3,000 grant. The two are distinct, but both are meant to help home owners.

MINISTER'S STATEMENT ON PROPOSED SCHEME

Hon. Edward Broadbent (Oshawa): Madam Speaker, I ask the Prime Minister to listen with care to the question. There are two different schemes. The Prime Minister is talking about one. I am talking about the one the minister discussed on television last night and discussed in an interview with *The Toronto Star*, namely, the mortgage reduction scheme. In Saturday's *Toronto Star* the minister is quoted as saying, "There is no question of chance. The plan will be implemented. The government is committed to it". That scheme is the mortgage reduction scheme. Will the Prime Minister, and therefore the government, not simply the minister, guarantee to Canadians who purchase homes now that they will benefit from the 3 per cent to 6 per cent reduction mortgage scheme which the minister promised?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is again referring to a speech which I have not read or heard. Therefore, what I answered in response to the first question is subject to me verifying it. But the hon. member knows that I could not give the guarantee which he is seeking. I do not think the minister himself would have given it.

Mr. Epp: He did on television last night.

Mr. Trudeau: Certainly it is the hope and the policy of government that it will be found acceptable and that it will be

implemented. If this is what the minister was saying, certainly he was stating government policy. But if it was a guarantee that such and such a project will be adopted by this blue ribbon committee and then voted by the House, the hon. member is presuming on both the decision of the committee and on the decision of the House, which I know he would not do.

Mr. Broadbent: That is what Cosgrove did.

* * *

VIA RAIL

POSSIBLE FUTURE CUTBACKS—REQUEST FOR COMMITMENT TO PUBLIC HEARINGS

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Minister of Transport. Undoubtedly he has now had time to have perused the very comprehensive and constructive Senate report on the unilateral action of the minister last year to cut VIA Rail by 20 per cent. Since we are in the summer period again, would the minister give an unequivocal assurance and commitment to the House, following along recommendation No. 2 of the Senate report, that there will be no further cutbacks to VIA Rail operations or rail line abandonments unless and until the public forum route is followed?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, strangely enough the negative aspects of the Senate report have been emphasized, but I would say that I agree with 75 per cent of what the Senate report indicates. When it talks about fixed costs, for example, I would agree. When it talks about the need for legislation, I agree. It is really on the assessment of the capacity of the government to increase the subsidies going to VIA that the agreement between the Senate and myself breaks down. I simply do not think that it is possible for the government to go on adding to those subsidies until they reach $1 billion or more. That is why the government took the action that it took last year. I am also a bit surprised that the Senate report seems to imply that I was acting illegally when I took that action, as it was taken under Section 64 of the National Transportation Act. With respect to future cuts, I can say very simply that this is not the intention of the government at this time.

PRESENTATION OF DISCUSSION PAPER

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, coming to the last part of the answer in terms of future cuts at this time, we are talking possibly of another summer, or autumn, adjournment, whenever the House adjourns. Can the minister not give an assurance that there will be no cuts until the public forum route is followed?

I will not get into a debate on the substance of subsidies. Obviously if subsidies have to be paid out and the traffic is not there, one has to be responsible and to take action after a public discussion. That was part of the central theme of the Senate report, it being critical of the minister being able to discontinue unilaterally the passenger train service of the country. Perhaps that is the minister's wish; I do not know.

If the minister cannot give an assurance about any future cuts regardless of public discussion, when will the minister bring in the VIA Rail act and/or the discussion paper which he said would precede the VIA Rail act? Could we at least have that on the Table of the House before we get out of here?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I already said to the Standing Committee on Transport that I would be submitting a VIA paper. I was hoping to do so during the summer, but I can assure the hon. member that it will be there awaiting him to study it in committee in the fall. That is on the first point.

On the second point, I can only repeat that the National Transportation Act under Section 64 gives the government the right to do what it did. There are circumstances when it can be justified. I explained myself 100 times on that subject last summer. I cannot say that Section 64 of the National Transportation Act will never be used. I can only say, as I did a moment ago, that this is not the intention of government at this time.

QUERY RESPECTING THE HOLDING OF PUBLIC HEARINGS

Mr. Bill Domm (Peterborough): Madam Speaker, my question is directed to the same minister. It flows out of the conversations, press releases and press stories over the past two or three days. Is the minister leading the House to believe that he has no intention of going to the public hearing process before termination of VIA Rail services in the future, or is the minister agreeing with the all-party Senate report that there should be public hearings before the implementation of future rail cuts?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have already indicated my intention, the intention of the government, but under the law it is possible for government to take either one of those two avenues. One is to proceed through hearings through the Canadian Transport Commission; the other one under Section 64 is to proceed by order in council. This is the law. The law has a purpose. The purpose is that when something concerns more than a single line it is proper for the government to use Section 64. I will repeat that it is not the intention of government at this time to go the massive way, the way we did under Section 64 last July.

HAVELOCK-PETERBOROUGH-TORONTO SERVICE

Mr. Bill Domm (Peterborough): Madam Speaker, since it is the minister's intention not to go the route of unilateral action, and where possible to review it before committee and have hearings, would he at least give some credibility to that statement by agreeing not to terminate the VIA Rail service slated for September 6 from Havelock to Peterborough to Toronto, until he has at least fairly assessed the situation

before proper hearings and has allowed those hearings to take place, in support of the Senate committee decision and recommendation that that process be followed, or will the minister continue on with unilateral action on September 6?

• (1440)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not intend to give such an assurance. In the statement issued last July we said specifically that the three routes in the Toronto area were essentially commuter routes. The Government of Ontario has taken over responsibility for the Barrie and Stouffville routes. The Havelock route, which goes through Peterborough, has been the subject of a mixed approach. Some of it will become part of the metropolitan commuter service, the other part will disappear because there is not enough traffic of an inter-city nature to justify its existence. But the Government of Ontario, I am quite sure, will very responsibly make sure that travellers in the area are served by other modes of transportation, for example, buses.

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[*Translation*]

LAW REFORM COMMISSION OF CANADA

OBSERVANCE OF SUNDAYS AND HOLIDAYS—PROVINCIAL RIGHT TO LEGISLATE

Mr. Alexandre Cyr (Gaspé): Madam Speaker, my question is directed to the Minister of Justice. In March 1976, the Law Reform Commission of Canada submitted a report on the Lord's Day Act, in which it concluded that the federal government should repeal this legislation and transfer responsibility for legislating on the observance of the Lord's Day and other holidays to the provinces. I would like to ask the Minister of Justice whether, after the summer recess, he intends to table a bill to repeal the Lord's Day Act and transfer the right to legislate in this area to the provinces and the territories?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, we received a recommendation from the Law Reform Commission a few years ago, and we are discussing the matter with the provinces, because we cannot repeal the legislation until the provinces have formally decided to pass their own legislation. Our discussions with the provinces are continuing, and if they wish to take over this jurisdiction, we are willing to withdraw from this area.

* * *

[*English*]

HOUSING

APPLICATION OF CONTROL GUIDELINES TO CANADA MORTGAGE AND HOUSING CORPORATION

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is for the Prime Minister who indicated last week that the government was sending instructions to federal agencies to hold the line within the general framework of 6 per cent and 5 per cent on any increases they approve. Did the Prime Minister include Canada Mortgage and Housing in the list of agencies which received those instructions, and does he condone CMHC, over the last two weeks, increasing the prices of homes it has available for sale in many parts of Canada by $2,000, $3,000, and sometimes more than $4,000 per unit, in spite of the fact we are trying to put downward pressure on the inflationary spiral?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, there are two questions, the first on the government's directive. I did indeed write to all ministers and instruct them to the effect that regulatory bodies under their jurisdiction should be urged to stay at the 6 per cent and 5 per cent limits, with the exceptions which were indicated by the minister in the House.

In the particular case of Canada Mortgage and Housing, I would have to take the question as notice in order to deal with it. However, this is obviously a case where we are dealing with the cost of money to CMHC, which is just as high for that corporation as for anyone else. If it is attempting to—the hon. member looks puzzled. CMHC has to obtain its money from the government or the private sector, and that will bear on the price at which it can resell houses in its possession. The hon. member may be rightly puzzled; I would have to take notice of his question and see if I misunderstood it, and obtain an answer for it.

INCREASE IN SELLING PRICES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, while the Prime Minister is looking into the matter he might consider whether it does not seem rather ridiculous to raise the price on a home, which could not be sold at the lower price, in an effort to move it in the marketplace? Does he feel it is reasonable to increase the price, first, by approximately the amount of the government grant for the purchase of homes, new or old; second, to do this on homes which have been on the market for six or eight months in some cases, at a time when we are trying to put downward pressure on inflation, not upward pressure as CMHC is doing?

Right Hon. P. E. Trudeau (Prime Minister): The hon. member asks me if it seems reasonable. The way he puts the question, Madam Speaker, it does not seem reasonable to hope—

Mr. Deans: That is what I thought.

Mr. Trudeau: —that a house which will not be bought at a certain price will suddenly be bought at a higher price. But this is a theoretical question as far as I am concerned.

Mr. Deans: No, it is real.

Mr. Trudeau: Well, if the hon. member assures me it is real, I will look into the matter. It is perhaps something we should

review. But the hon. member will understand that unless I get notice of the questions, I cannot possibly know everything which is done by everyone, everywhere, all the time, on everything.

Mr. Broadbent: Some of the time!

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NATIONAL DEFENCE

DEFENCE SPENDING REPROFILING

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of National Defence. The budget papers contain a reference to expenditure savings resulting in part from "defence spending reprofiling". Would the minister tell the House what exactly is meant by that phrase, and particularly the curious word "reprofiling"?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the definition of "reprofiling" is, I suggest, using your judgment to see how you can save $100 million each year on the defence budget.

I know the second question of the hon. member is probably going to be how are we going to save $100 million on the defence budget, and I will answer it right away. I think this will be done through savings between the projected increase in remuneration paid to the forces, and the actual amount paid. I would like to mention too that the pay increase given last April to the forces remains in effect until next April. However, the projection was around 13 per cent, and we gave about 11 per cent, which means a saving of about $20 million for each percentage point.

Next year we have projected something like 10 per cent or 11 per cent, and according to the policy of the government, which we intend to abide by, we will give 6 per cent. We will save 5 per cent or 6 per cent, and this saving does not affect procurements or result in the cutting of personnel. It does not affect anything in the defence budget itself; it is strictly a saving.

OBSERVANCE OF RESPONSIBILITY TO NATO

Hon. Allan B. McKinnon (Victoria): Madam Speaker, the minister knows full well that the budget referred to military pay savings and defence spending reprofiling, and he has spoken only about the pay savings. He also knows full well that there will be no cuts in pay for the forces this year, yet the budget papers call for a $100 million reduction in the defence budget. Has the minister pointed out to our NATO allies that we are not going to be able even to come close to the 3 per cent increase in defence spending that we promised them and, for the fourth time in five years, Canada will not be living up to its promises?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I do not think the allegation of the hon. member for Victoria is exact. I think the 3 per cent has always been taken by all our NATO allies as an objective, on the condition that economic conditions prevail so that we can reach it. You have a good example in West Germany which is probably going to have a negative increase in defence spending this year because it cannot afford it. However, I can assure the hon. member that for the last seven years, as I have mentioned before, we have averaged about a 2.7 per cent or 2.8 per cent increase in the defence budget, which I think is a good performance on the part of this government.

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CANADIAN WHEAT BOARD

REPORTED SALES DEAL WITH RUSSIA

Mr. Gordon Towers (Red Deer): Madam Speaker, my question is for the minister responsible for the Canadian Wheat Board. It has been reported for some time that there has been a multimillion dollar wheat deal consummated with Russia, but it would appear that the government is keeping the wraps on this deal. Has the deal been consummated, and is the government keeping the wraps on it?

• (1450)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, there is nothing particularly secret about this deal. We gave advance notice of it to the United States and, although it is for a short-term credit, it is at market rates. In fact, according to its terms, it is considered by the OECD international rules to be a cash transaction. It is entirely a benefit to Canada. There is nothing shady, suspicious, or reprehensible about it.

Mr. Towers: I am somewhat mystified about the new spokesman for the Canadian Wheat Board.

EXTENSION OF CREDIT TERMS

Mr. Gordon Towers (Red Deer): Madam Speaker, would the minister be in a position to tell us whether or not there are credit terms being given to Russia, whether or not this is the first time this has ever happened, and what those terms are?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I believe this is the first time that any form of credit has been given to the Soviet Union. As I pointed out, it is on terms which are considered by international rules to be equivalent to cash. It is on the same kind of terms as are given by the Australian Wheat Board and also by private dealers in the United States itself.

Mr. Nielsen: What are they?

Oral Questions

INDUSTRIAL AND LABOUR ADJUSTMENT PROGRAM

APPROVAL OF LOANS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, would the Minister of Industry, Trade and Commerce tell us why the ILAP program has approved $17 million of loans for his own city and less than $1 million in loans for the whole province of Quebec?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Industrial Expansion): Madam Speaker, the program responds to demands from business people. The decisions are made by a panel of the Enterprise Development Board which is composed of a majority of private sector businessmen. I am sure they would be happy to respond to demands from firms in any of the designated communities, and there are a number in various provinces, including Nova Scotia and New Brunswick, as the applications come forward.

EMPLOYMENT OF OFFICIALS

Right Hon. Joe Clark (Leader of the Opposition): Will the minister explain to the House of Commons why, since solicitation of inquiries is a fundamental part of the success of this program, there are two full-time officials soliciting projects in his own city and only two part-time employees of his department soliciting proposals in all of the province of Quebec which is the province where the phenomenon of job loss has been most acute?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Industrial Expansion): Madam Speaker, there are three communities designated in Quebec. The officials that he has mentioned—I think that one of them is full-time—are working not on soliciting proposals but on facilitating the analysis and presentation of the cases to the board. The two officials based in Windsor also deal with proposals from Chatham and a number of communities in the general Windsor area. So the balance, I think, is about the same.

REPORTED STATEMENT BY OFFICIAL

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister would have read the report in *La Presse* which cites a public servant in his department as saying—

[*Translation*]

—that businesses in Ontario are being treated differently under the program.

[*English*]

The public servant went on to say that there is an old boy's network that works in Ontario to get grants for Ontario but does not work in Quebec to create jobs in Quebec. Will the minister tell us why that is the case?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Industrial Expansion): Madam Speaker, the suggestion in the *La Presse* report has a number of inaccuracies. What my hon. friend has mentioned is not attributed to anybody identified.

[*Translation*]

And I can assure my hon. colleague and the members of this House that the program is as active in the province of Quebec as it is in other provinces where communities have been designated. If he cares to check up on this, he will realize that most of the programs of the Department of Industry, Trade and Commerce are very well represented in the province of Quebec, in relation to its population. All I can say is that the article in *La Presse* is full of inaccuracies, and I am rather surprised the hon. member should have based his question on this inaccurate source.

[*English*]

Mr. Clark: One of the statements in that article was to quote the Liberal Member of Parliament for Shefford as saying that the government should stop blaming public servants and should put the blame on ministers where blame belongs for the failure to deal adequately with unemployment in that province.

FUNDING OF HOTEL CONSTRUCTION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, since we have now changed the provisions of the ILAP program to allow the federal government to fund hotel construction in the minister's home city, will the minister indicate to us whether the government is now prepared to fund hotel construction in other cities, and when will he be laying before the House of Commons a change in the terms of reference of the ILAP program?

An hon. Member: Gray is in!

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Industrial Expansion): Madam Speaker, my hon. friend, the Leader of the Opposition, is dealing with matters that were actually discussed in question period here some months ago. It must indicate that he is very pleased and satisfied with the budget policy of the government since, instead of basing his questions on matters of that sort, he is dealing with a matter that was fully discussed and explained in the House some time ago.

The provisions of the ILAP program have not been changed. The rules as announced at the time the program was announced said that, while the focus was on manufacturing and processing, commercial projects could be considered and decided on by the special panel of the Enterprise Development Board if the minister indicated they were of a commercial nature of such importance that they could be considered. This has always been the case. There have been projects other than in Windsor that have been the subject of the same exercise of

discretion. In any event, the final decisions are made by the panel, not by the minister.

If there are hotel projects elsewhere that meet the same criteria as the one in Windsor I would be happy to exercise my discretion to make sure they are considered by the Enterprise Development Board. Once again, I hope the House will recognize that my right hon. friend is completely satisfied with our budget and our economic policy because he chose not even to raise a question about that over-all economic subject.

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LABOUR CONDITIONS

HIRING OF UNEMPLOYED BRITISH COLUMBIA FORESTRY WORKERS

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I understand that, in the absence of the Minister of Employment and Immigration, I am to direct my question to the Minister of Labour. There are 19,000 forestry workers in British Columbia out of work. That is 37 per cent of the work force. After numerous delays, the bridging program which is to provide emergency tree planting and the like, finally came about with federal and provincial agreement. Of the 19,000 who are out of work, only 117 have been employed through the bridging program. Is the government satisfied with this progress and, if not, what will the government do about it?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, as the hon. member should know, the Minister of Employment and Immigration is never satisfied with the progress that he can make.

Mr. Nielsen: Neither is anyone else.

Mr. Caccia: He has repeatedly asked the members of the NDP to co-operate with him in improving the programs he is making available, particularly in the forest industry in British Columbia. We are very grateful that the hon. member has raised this matter today. I will certainly bring it to the attention of the minister so that he can personally reply to the hon. member.

Mr. Rose: I am interested to know that the minister of unemployment is never satisfied with his progress. I think he joins a cast of thousands in that.

Mr. Nielsen: Millions.

Mr. Rose: Perhaps even millions.

REQUEST FOR ADDITIONAL ASSISTANCE FOR UNEMPLOYED WORKERS

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, since my riding has 22 per cent of its work force down, and the city of Port Alberni has only 500 people working out of a work force out of 6,000, what will the minister do? When will he announce further emergency programs or announce extended benefits for UIC so that thousands of British Columbia forest workers will not be forced into the indignity—when they would prefer, need, and want to work—of accepting welfare?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, the hon. member's question implies that emergency programs have already been announced. The hon. member is asking for further programs. I would urge him first to take advantage of the existing programs that the Minister of Employment and Immigration has already made available.

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MINES AND MINING

LENGTH OF SHUTDOWNS

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is to the Minister of State for Mines. The minister will know that in the last two weeks we have seen shut-downs in most major mining communities across Canada, affecting over 40,000 workers. Last week she claimed that she was meeting with senior mining company officials. Is she prepared to tell the House today that those officials told her that those shutdowns which have taken effect in recent days will now likely be projected through the fall because of the first quarter losses of those mining companies and the major downturn in the economy since Easter, and that it will be, in fact, a very bleak Christmas for more than 40,000 mine workers in many mining communities from one end of Canada to the other?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, since the hon. member was obviously not present at the meeting he will not know that this is not what we talked about although we recognized the difficult situation of the mining industry in this country. We had a far more positive approach to the problems we face here and the possibility and probability of designing programs that would put men to work and, perhaps, allow the industry to respond more quickly to an upturn in the market when it does come. They were most helpful.

• (1500)

JOB-CREATION FUNDING

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, it is interesting that the minister is wearing blue today. Last week it was green, and then pale green. It looks like it will be a very blue, blue Christmas for the mineworkers of Canada because she has once again failed to present to this House one positive initiative. I am surprised that she did not raise Section 38.

I want to ask the minister why it is that there is no designated relief for mineworkers in the approximately $500 million worth of job creation funding announced two weeks ago by the Minister of Finance, and why it is, in fact, that there is only a pittance going toward general relief in those resource sectors, which will create, as we heard a few moments ago, a few

hundred or a few thousand jobs here and there. There is nothing to alleviate the $600 million worth of income loss which will occur in the mining sector alone because mineworkers will not be employed between now and Christmas.

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, the colour of my clothes is better than the egg all over the hon. member's face.

Some hon. Members: Hear, hear!

Mrs. Erola: If the hon. member understood Section 38, he would be making for better use of it in the area of the country from which he comes. This section requires a great deal of co-operation from the industry, from the labour unions and from the communities. I urge all those hon. members who have mining communities within their jurisdiction to come forward to ask us about Section 38, and make it work in their communities.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Friday, July 9, 1982, and that he finds that they meet the requirements of the Standing Orders as to form.

* * *

[*English*]

VIA RAIL

REPLY OF MR. PEPIN DURING QUESTION PERIOD

Mr. Ron Stewart (Simcoe South): Madam Speaker, the Minister of Transport (Mr. Pepin), the minister in charge of destroying rail commuter service to the City of Barrie, stated in answer to a question by my colleague, the hon. member for Peterborough (Mr. Domm), that the province of Ontario was terminating the Barrie to Toronto train. I know that the minister would not want to mislead the House. There is no longer any such thing as a provincial Barrie to Toronto train. It is a Toronto to Bradford train.

Madam Speaker: That is obviously not a point of order. Statements by ministers or by hon. members may be corrected only by themselves, not by other hon. members.

POINT OF ORDER

MR. TAYLOR—DISPOSITION OF BILL C-201

Mr. Gordon Taylor (Bow River): Madam Speaker, my point of order involves another example of the sloppy, sneaky, arrogant way in which the Liberal government governs our country. Today I received a notice advising that Bill C-201, an act to amend the Holidays Act, would be before the House during private members' hour on Friday last, July 9. The notice said that second reading would be resumed, but the notice has not yet been posted on the members' bulletin board. I found that this bill received second reading, went through Committee of the Whole and received third reading on Friday last, all in a matter of five minutes without a quorum in the House.

Mr. Cousineau: You were not here! You would not know!

Mr. Taylor: I take exception to that. This is an improper way in which to pass legislation. I question the propriety and the legality of a law passed by fewer than 12 members out of 282. It is a sneaky, arrogant way of governing the country.

[*Translation*]

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, on this point of order, I would just like to say that as for the debate lasting only five minutes, we can assume that this is because the members of this House realized it was high time we took action. When hon. members are really determined, they can show the Canadian people that this House is able to proceed expeditiously with the passage of a bill that has been under discussion for some time, especially since no objections were raised by the Progressive Conservative members who were in the House.

Madam Speaker: As far as I know, all the proceedings which took place Friday afternoon were entirely in line with the procedure of the House of Commons, and unless the hon. member can show me that mistakes were actually made and that there was a breach of parliamentary procedure, I do not think the House will want to reconsider the action it took Friday afternoon.

[*English*]

Mr. Taylor: Madam Speaker, I suggest that hon. members should be notified in ample time when these bills are to be debated so that they can prepare to be here. This is simply another attempt to take everything that is biblical, and everything that is Anglo-Saxon, out of the laws of this country.

Some hon. Members: Oh, oh!

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, on the last point of order, first of all, it is true, unfortunately, that I was not aware of what happened Friday, although I was very happy to hear the excellent news that our colleagues who were present in the House had the

very good judgment to realize that the time had come, that Canada was sufficiently mature to want to call the first of July Canada Day.

Regarding the comment by the hon. member that members did not receive advance notice of the bill presented by the hon. member for Vaudreuil (Mr. Herbert), I can say that this is absolutely false. The hon. member must know that the list of bills to be debated during private members' hour is distributed in advance, and that Thursday, the day before, notice had been given to the representatives of his party, the whip and the deputy leader in the House, and the same applies to the New Democratic Party as is customary. Again, personally, I did not know about this, since I delegate private members' business to my parliamentary secretary (Mr. Smith), but once again, I was very pleased the bill was passed. In fact, we had hoped the bill would be passed during one of our very late nights but, unfortunately, the members present at the time were not yet mature enough; now, a few days later, it seems a miracle has happened and we have results at last. Therefore, Madam Speaker, there was not trickery involved. Hon. members received proper notice, parliamentary procedure was strictly followed, as you yourself indicated, and I think we should all be happy that from now on, we can celebrate the first of July as Canada Day.

[*English*]

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I would like to point out two things concerning the business that came before the House during private members' hour last Friday afternoon. I did not see any bars on the doors to keep hon. members out.

Some hon. Members: Hear, hear!

Mr. Rose: I do not think anyone was prevented from coming in here. If anyone suggests that there was a linguistic or racist motivation behind this matter, I think a question of privilege should be raised on the other side. Such francophone names as "Rose", "Baker", "Knowles", "Herbert" and "Smith" were among the people who were present.

Some hon. Members: Hear, hear!

Madam Speaker: In reply to the hon. member for Bow River (Mr. Taylor), I must say that if he or anyone on that side did have objections of this nature, they should have been raised at the time the business was proceeding through the House. If proper notice had not been given concerning the business of the House, I am sure that some hon. member of the House would have thought of raising it. Furthermore, the hon. member said there was not a quorum. Having looked at the record of the proceedings, I do not know of anyone who called for a quorum. Therefore, the quorum did exist and unless anything to the contrary was recorded in *Hansard*, the House must accept the fact that there was a quorum when that particular bill was passed in the House. I am sorry, but there is no point of order.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. JOE REID—PROPOSED TAXATION OF CERTAIN HEALTH CARE PLANS

Mr. Joe Reid (St. Catharines): Madam Speaker, this afternoon I have the pleasure of presenting a petition on behalf of 111 Niagara residents who are incensed with the November 12 budget and the proposal to tax employer-sponsored health, dental and vision care plans. They feel that this is an unfair tax at the expense of the ordinary working people of Canada and seek some rectification of this wrongdoing.

MR. FRETZ—RECONSIDERATION OF BILL C-10

Mr. Girve Fretz (Erie): Madam Speaker, it is my duty to present a petition signed by 25 members of the Pentecostal Tabernacle in Port Colborne. The purpose of this petition is to protest the government's proposed changes in Bill C-10, which will allow a court of law to interfere in the affairs of the church body. The nature of the petition is to urge the government to drop the provisions in Bill C-10 which would infringe on the rights and privileges of the church to take a moral stand on matters concerning membership of that church body.

The petitioners hope that in your examination of the petition you will find the petition in order, and that you will exercise the discretionary powers vested in the office of Speaker of the House to allow discussion and referral to committee at the earliest possible time in order that the sanctity of the church in Canadian society can be preserved.

* * *

• (1510)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,488, 4,172, 4,307, 4,335, and 4,385.

[*Text*]

GREY CUP FESTIVAL

Question No. 3,488—**Mr. Reid (St. Catharines):**

1. Was a reception hosted by the Fitness and Amateur Sport Branch held at the Hyatt Regency Hotel in Montreal on November 17, 1981?

2. Was the reception hosted by a group other than the branch and, if so, by whom was the invitation extended?

3. Was the promotion of the reception handled by a public relations firm and, if so, which firm or organization?

4. Who is the "Houston Group" and did the group have any relation to or connection with the 1981 Grey Cup festival and, if so, what was the relationship or connection?

Order Paper Questions

5. Was this the first time the government held a pre-Grey Cup reception and, if not, on what dates and at what cost were the previous receptions held?

6. (a) What was the purpose of holding a reception this year (b) what was the itemized cost (c) what categories and numbers of persons were invited?

7. Was the pre-game show at the 1981 Grey Cup game paid for solely by the Canadian Unity Office and, if not, which other departments or agencies were involved and at what cost?

8. Did the government put on pre-game shows in the past and, if so, during which years and at what cost?

9. What was the total itemized cost to the government for the 1981 pre-game show?

10. What was the cost of the half-time show presented at the 1981 Grey Cup game and did the Canadian Unity Office pay the entire cost and, if not, what was the total itemized cost and who shared it?

11. For how many years did the government, or any agency thereof, sponsor such shows and at what cost?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. Yes.

2. The invitations were extended by Fitness and Amateur Sport; the Canadian Unity Information Office assisted the department.

3. The reception was promoted by the 1981 Grey Cup Festival Committee as part of their festival activities. JRB Communications handled the organization of the reception for the Government of Canada.

4. The "Houston Group" is a Montreal public relations firm and it had no relation to or connection with the 1981 Grey Cup Festival.

5. This is the first year the Government of Canada hosted a reception as part of the Grey Cup Festival.

6. (a) The purpose of the federal government's reception, as were those organized by provincial and municipal governments, was to promote awareness of Canadian amateur athletes and their teams and the role of fitness and amateur sport at an opportune time when a unique high visible Canadian sporting event was taking place; the 1981 Grey Cup.

(b) Food including tax and service	$5,500.00
Beverages including tax and service	2,407.05
Decorations	172.80
Staffing	871.00
Total	$8,950.85

(c) Four hundred people were invited; these consisted of:

(i) Accredited reporters (300)
(ii) Senior members of the Canadian Football League Executive
(iii) Senior members of the Grey Cup Festival Committee
(iv) Major sponsors of the CFL, the Festival Committee and of the pre-game and half-time shows
(v) Senior members of the Canadian Football teams
(vi) Politicians and select federal, provincial and municipal civil servants.

7. The pre-game show was not entirely paid for the Canadian Unity Information Office; other related expenses for junior athletes from across Canada were shared by private sector sponsorship. Participating companies were:

Teleglobe Canada	Air Canada
Sun Life Assurance	Texaco Canada Ltd.
The Royal Bank	Canadian Imperial Bank of Commerce
Bell Canada	Bank of Montreal
Hudson's Bay Gas & Oil	SNC Group
Imasco Limited	Lavalin International
	Dominion Textile

8. 1977 Fitness and Amateur Sport (including half-time show) $ 76,862.00
1980 Canadian Government Office of Tourism (including half-time show) $118,104.49

9. 1981 pre-game show costs were as follows:

Choreography	$ 3,000
Supervisors	2,500
Equipment	6,000
Costumes and accessories	5,350
Singer National Anthem	500
Total (excluding 10 per cent administration and 15 per cent production costs)	$17,350

10. No, the Canadian Unity Information Office did not absorb all the costs of the half-time show; its financial assistance included:

Choreography	$14,000
Supervisors	8,100
Costumes	21,600
Accessories	10,700
Participants	6,400
Organization	11,850
Total (excluding 10 per cent administration and 15 per cent production costs)	$72,650

Other related costs were shared by private sector donations and sponsorships, participating were:

General Motors of Canada	Canadian Automobile Association
Sherwin-Williams	Adidas
	Suzy Shoes.

11. 1977 Fitness and Amateur Sport (including half-time show) $ 76,862.00
1979 Canadian Government Office of Tourism (half-time show only) $ 7,500.00
1980 Canadian Government Office of Tourism (including half-time show) $118,104.49

WARRANTS ISSUED UNDER OFFICIAL SECRETS ACT

Question No. 4,172—**Mr. Robinson (Burnaby):**

1. Since August 1, 1978, what was the number of requests from members of the RCMP to the Solicitor General for warrants under Section 16 of the Official Secrets Act?

2. How many of the requests were rejected?

3. How many of the rejected requests were then accepted upon reapplication and the provision of additional information?

Hon. Bob Kaplan (Solicitor General): 1. The provisions of Section 16(5) of the Official Secrets Act require the Solicitor General of Canada to table annually a report to Parliament

which identifies the numbers of warrants issued pursuant to the provisions of Section 16(2), Official Secrets Act in the immediately preceding year. As previously reported to Parliament, the numbers of warrants issued pursuant to Section 16(2), Official Secrets Act for the following years were:

1978 — 372 warrants
1979 — 299 warrants
1980 — 340 warrants
1981 — 380 warrants

2 and 3. It is not considered to be in the public interest to amplify information already contained in the parliamentary reports on Security Service operations involving the utilization of the provisions of Section 16 of the Official Secrets Act.

OFFICIAL SECRETS ACT

Question No. 4,307—**Mr. Robinson (Burnaby):**

Does the Solicitor General (a) agree (b) disagree with the McDonald commission's criticism that the annual reports to Parliament required by Section 16(5) of the Official Secrets Act, regarding the use of warrants issued pursuant to Section 16 of the act, are inadequate because they provide only a bare minimum of information and, if so, for what reason?

Hon. Bob Kaplan (Solicitor General): The matters referred to in this question will be given consideration in the context of the government's review of the relevant portions of the reports of the McDonald Commission of Inquiry.

"HOW THE PEOPLE OF SASKATCHEWAN CAN MAKE MORE USE OF THE GOVERNMENT OF CANADA"

Question No. 4,335—**Mr. Neil:**

1. How many issues of the publication "How The People of Saskatchewan Can Make More Use Of The Government of Canada" were published?

2. What is the (a) circulation (b) cost of publishing of each issue?

3. Is it the intention of the government to circulate similar publications in other provinces and, if so, what is the estimated cost?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. 285,000 copies were published.

2. (a) 250,000 copies were circulated. (b) approximately 50 cents per issue which includes all production costs.

3. The Canadian Unity Information Office has produced this publication as a pilot project and is presently considering the feasibility of producing similar publications for other provinces. It is difficult to calculate the estimated cost as cost per copy declines according to the number circulated.

CANADIAN CANNERS LIMITED

Question No. 4,385—**Mr. Domm:**

Was a contract in the amount of $109,000 given by the Department of Supply and Services to Canadian Canners and, if so (a) what was the purpose of the contract (b) is Canadian Canners a wholly-owned Canadian company?

Hon. J.-J. Blais (Minister of Supply and Services): (a) A contract in the amount of $109,913 was awarded to Canadian Canners Limited for testing a new low energy mechanical system for peeling tomatoes to determine its suitability for processing tomato varieties grown in Canada and to compare the energy requirements of this system with other peeling systems such as caustic and steam. (b) Canadian Canners is not a wholly-owned Canadian company.

[*English*]

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House resumed from Friday, July 9, 1982, consideration of the motion of Mr. Johnston that Bill C-124, respecting compensation in the public sector of Canada, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Hon. Bryce Mackasey (Lincoln): Madam Speaker, I am more than happy to participate in the debate.

Mr. Nielsen: Filibuster!

Mr. Mackasey: The opposition House leader says filibuster. I suspect I had just fallen asleep for a few moments. I had intended to participate, but anticipated it would be much later in the day.

The other day I spoke on the budget noting, as I am sure most people have, that the budget was directed primarily to the problem of inflation. I suggested, and I repeat very briefly, that noted economists such as Thurow and others have always pointed out that in the case of inflationary trends there are winners and losers. These winners and losers achieve that status more often than not by misfortune rather than by good management. Winners are very obvious among Canadians fortunate enough to have savings in the banks and earning remarkably high interest. They are considered as winners. A company that can indiscriminately pass on its high interest rates as a cost of doing business to an element of captive consumers does not suffer abnormally from inflation. People whose salaries are totally indexed do not bear a fair burden of inflation. Nor do Canadians who for one reason or another

find their income to be relatively insulated from the effects of inflation.

The losers are much more evident. They include many business people who for one reason or another have to borrow at rates considered usurious two years ago in order to meet the payroll and provide a cash flow to stave off a recession in their plant for whatever reason. Also, the farm community must borrow money to buy seed. The fishermen must borrow either to repair or buy new nets. Then there is the home owner who innocently and in good faith bought a home one, two or three years ago and is now faced with the problem of mortgage renewal.

There are no winners and losers in unemployment. Everybody loses in periods of high unemployment. That is what is happening in this country. We now have close to a million and a half people out of work, people who for the most part would prefer to work. They cannot quite understand why in the space of 24 months a healthy, wealthy country finds itself with the type of economic problems we have before us.

As I mentioned last week, there are some areas in which nothing can be done by the Canadian government. We cannot control the price of commodities. We cannot restore the price of $1.20 per pound for copper rather than the present world price of 60 cents. We cannot do anything about the price of lumber, lead, zinc, gold or silver. Those prices will be increased and improved as the general economy of our trading partners improves. Our problem is that when their recovery begins, we must be in a competitive position to take advantage of their resurgence.

I do not think anyone considers an inflation rate of 12 per cent to be very competitive compared with that of the Americans, our largest trading partner. Therefore, it is imperative that all of us look at the problem of inflation to see what we can do both as a collective society and as individual Canadians.

Having suggested in the budget the other evening that there are winners and losers, we have tried to do something about the plight of the losers by deindexing our income, providing more money for the Minister of Finance (Mr. MacEachen) to allocate and distribute. He was able to indicate an increase in housing starts, giving financial help to that industry, which is one of our traditional ways to recover in this country. He was able to indicate some interest relief from high mortgage rates for people facing mortgage renewals as well as those who want to buy a home.

The minister was able to allocate funds to the business community, the farm community and the fishermen. He was able to do that because he asked other Canadians more fortunate, those who have an income that can be taxed, to share the burden with these less fortunate people. He asked us to do that by paying increased taxes and reducing to some extent our total protection against inflation through indexing in order to provide moneys to the government to help these people in such a way that we do not increase the deficit, which is of concern to some people.

Thurow and other economists quite often remind us that inflation has been an issue, a phenomenon if you like, which goes back thousands of years. In pure economic terms, the solution is fairly simple. Thurow pointed out four or five ways that inflation can be controlled. He quite properly points out that each and everyone of them requires a political decision. As one man's income is increased, another man's income must be reduced. The problem that all of us face is whose incomes are to be curtailed and whose are to be protected? How do we help the less fortunate? The budget has gone a long way toward doing that.

Thurow points out that not too many years ago Germany and Switzerland were able to curtail dramatically expansion money in those countries. This drove their unemployment levels very high, brought their inflation rates down and protected their currencies. They exported their unemployed back to their countries of origin, which were Portugal, Spain and others. He pointed out that the tight monetary policy in vogue now in industrial nations will in time produce the effect of reducing inflation, but he also pointed out that because of the time factor there will be damage, harm, stigmatization and unemployment. Those are the byproducts of this policy of absurdly tight money. When combined with the selfish attitude of the Americans with their high interest rates, which bear little or no relationship to their level of inflation, the problem is compounded for Canadians in all walks of life.

● (1520)

Thurow pointed out, quite logically, that voluntary controls are as effective and fair a way of controlling inflation as anything else devised. He also pointed out that this is not a perfect society and that everybody is in favour of restraint, provided they do not have to practise it.

In its budget this government has asked Canadians to restrain their demands and expectations voluntarily. Parliamentarians from all parties have answered that challenge, and that is reflected in the bill we are discussing, Bill C-124. Members of Parliament and members of the Senate have voluntarily agreed to reduce their pay increases to 6 per cent and 5 per cent over the next two years, recognizing that if this spirit of voluntary restraint can be extended across the nation to other public servants and other groups in society, this can go a long way to bringing inflation down.

No one has suggested, least of all the Minister of Finance or the President of the Treasury Board (Mr. Johnston), that the movement toward this voluntary restraint is something that is being accepted without question. However, it is encouraging to note that Thursday and Friday leaders of the business community and leaders of the labour movement gave some support—in fact, more than just a little support—to the concept. There is growing evidence on hot lines and radio programs and from the feedback we are getting that yes, Canadians are prepared to put a little water into their wine, as French-speaking Canadians are apt to put it, to restrain their demands and to accept less than full compensation for inflation in their pay increases, if they can be convinced that that money will be

used to help the less fortunate, to stimulate the economy, to get the housing market back on track and to recreate jobs rather than add to unemployment.

One point raised by some labour leaders—and with justification—is that they want some evidence that they will not be the only group making a sacrifice. They want some evidence that, if they curtail their demands, the business community will curtail prices. It is significant that as inflation drops 3 per cent or 4 per cent over the next year, there will be less and less rationale or reason for regulated industries and services to plead before regulatory bodies for increases in their rates to offset inflation.

The concept of sharing and voluntary restraint is something I think Canadians can live with. They are in fact a little intrigued with it and are prepared to adopt and support it. Nobody should attempt to tell the Canadian public that this is much more than rough justice, that there will not be some imperfections in the concept and that there will not be some people who will have to bear a different burden—unintentionally—from others. However, let us weigh the alternative. A million and a half Canadians are out of work, many for the first time. Many people have never known the need to restrain. Many have never lived in a period of recession or depression. What we are starting here could very well bring an end to growing unemployment and stimulate the economy. Slowly but surely it could create more jobs over the next six months and reduce unemployment.

I think people will respond. The challenge of the front benches is to make that message clear and with some passion and conviction. It is very, very hard to ask Canadians to join in a crusade against inflation if for some reason they think we are not fully behind it ourselves or if we do not think it can work. It can work.

In one of his later books, "Five Economic Challenges", Thurow drew the analogy between voluntary restraint and attending a football or baseball game. In the excitement of the game or a play people in the first ten rows inevitably stand, blocking the view of the people behind them. The people behind say, "If only they would restrain themselves, we could all see." In many ways this situation is the same. If we all restrain our demands over the next year or two, inflation will come down and we will all be in the same relative position. It will be painless but effective.

Are Canadians prepared to take this step? I think so. The alternatives are price and wage controls at some time—always difficult in a federal system—and more unemployment, until finally inflation drops with a thud and we start all over again the laborious, time-consuming and difficult job of restimulating the economy, reducing unemployment and putting people back to work.

I do not intend to get into the specifics of Bill C-124. I am not sure to what extent the President of the Treasury Board will want to amend certain provisions of the bill in committee. It seems to me that rather than deny collective bargaining in its entirety he might want to look at the arbitration route for settling not only grievances but also other provisions in collective agreements dealing with safety, health and other conditions, which in many collective agreements are more important than money.

I suppose the one thing that motivated me to participate in this debate was that I have been somewhat appalled and concerned about some of the things I have been reading and hearing, both in the House and on radio and on television, which reflect total ignorance of the competence, sensitivity and humanity of our public servants. Perhaps I grew up in an era when no one challenged the fact that the Canadian public service was the best in the world. I still have that view because I have dealt with the Canadian public service for the last 20 years both as a minister and as a backbencher. Perhaps it is because I am a former minister of labour that I know the components of the public service. Public servants are not all Ph.Ds earning $75,000. They include the messenger and the cleaner—we used to call her the charlady—the jitney driver, the printer in the printing plant, the clerk and the stenographer. These are people we take for granted. They are fellow Canadians. They are decent people, but their earnings come closer to $10,000 than to $20,000 or $30,000.

• (1530)

It is unfortunate that somehow we think we have to stigmatize our public servants. I hear from people who should know better, in my own party and in the House, people who fail to understand that if you treat the public service as an equal, which it is, if you put your problems to them in a fair way, if you say that Canadians are not doing their jobs and remind them of it, you will find that they will respond in a very positive way.

When I first joined the Department of Labour, Mr. Speaker, it was a pretty rundown, demoralized department that was given to me. I found within weeks that the senior officials in that department could be stimulated, could respond if challenged and were prepared to participate in decision-making and in policy-making. I found to my surprise that 40 or 50 of them at least held a Ph. D. in economics, particularly in the research field. More than once I tried to probe as to why they had remained silent and why they were not participants. Sooner or later it came out that they tried in the past but found that nobody really cared, so why should they, they said.

We are bringing forward a bill to limit the salary increases of our employees, for very good reasons—because our employees are the people of Canada. There are employees, too, in the House, and the people of Canada, the taxpayers, pay them salaries as public servants, in increasing numbers. There are well over a million persons at the moment who have no income from jobs, so it is only logical and normal that those employees who have job security in the public service should restrain their demands and accept the provisions of Bill C-124.

I would hope that, in rationalizing the provisions of Bill C-124, the reasons for it, somehow we do not give the impression that we should reduce the salaries of public servants because generally they are overpaid and underworked and making a mess of it. Nothing is further from the truth. If you go into the

unemployment insurance office at the moment or into the Department of Manpower or into any of the places where people are dealt with, you will find tired, weary, polite, efficient people, whose workload increases as our population grows and as we demand more and more. I would be very upset if, somehow, at the end of all this exercise, we were left with the mistaken impression that somehow our public service is second to that of any other country in the world.

In conclusion, Mr. Speaker, I would plead with workers across the country to realize that voluntary restraint can be justified if for no other reason than that it works. Hundreds of thousands of unfortunate Canadians, fellow workers, want to get back to work sooner rather than later.

I mentioned this to a friend on the weekend who promptly referred to some labour leaders in a rather derogatory form. It is vital that the politicians should understand that there is a great similarity between Members of Parliament and union leaders. Union leaders must get elected too. They have to say some things sometimes in a rather harsh way. They have to generalize in their statements. They have to satisfy the majority of their members. They are elected by employed people, not by unemployed people. So when they appear selfish sometimes in their statements, they are speaking for their constituents, who are the employed, not the unemployed. That does not mean that they must not take into consideration the problems of the less fortunate. Probably many thousands of those who are out of work now would not have been so if this government had not been forced into a very tight monetary position. When people say there must be a better way, the better way is that we as Canadians agree to restrain our demands a little and bear some of the burden of the less fortunate.

Like everyone else, Mr. Speaker, I want to see some visible evidence of co-operation on the part of the business community. We want to see that this is not a one-way exercise but that they fully intend to restrain prices, that they fully intend to get behind the concept. Fortunately, their balance sheets or their profit and loss statements taken in the first three months indicate that the business community are very anxious and will have to be anxious about their falling profits and will co-operate with government and labour.

I would recommend, Mr. Speaker, that Bill C-124 be adopted as quickly as possible, so that it can go to committee stage. The minister may want to look at some of the clauses that appear to make the bill a little more difficult than it has to be. He may want to explore the possibility of referring certain matters during the life of a collective agreement to arbitration rather than freeze them entirely.

Mr. Fraser: Would the hon. member permit a question, Mr. Speaker?

Mr. Mackasey: Yes.

Mr. Fraser: I ask the question of the hon. member because his experience in labour matters is well known to all members of this House and he served in that capacity with some distinction in the past. I wonder whether the hon. member has considered the effect of Bill C-124 on the joint bargaining tradition which has existed now for many years within the railway transportation business in Canada, in the industry. As the hon. member will know, Canadian National employees bargain jointly with Canadian Pacific employees. The result of that is that they have for all practical purposes the same contract.

Under this particular bill—and I will be very short, Mr. Speaker—on January 1, 1983, Canadian Pacific employees will take the benefit of the second year contract—

Mr. Deputy Speaker: The hon. member will have an opportunity to participate in the debate. If he wants to put a question, he should put his question.

Mr. Fraser: Thank you, Mr. Speaker, I am in your hands. I appreciate that I have been overly long. The effect will be that Canadian National employees will be under the limits proposed by this bill. I am asking the hon. member if he is including that particular anomaly as one of the things that he thinks should be referred for special consideration.

Mr. Mackasey: I have no hesitation in answering that, Mr. Speaker. The member's facts are quite accurate. However, although the parties bargain jointly it would be wrong to think that the collective agreements are identical. In fact, it came as a surprise one year when I was negotiating a settlement in the railways to find that the CNR collective agreement was different in the west than in the east.

It was due to tradition, to particular problems, to problems of geography and the Fraser canyon, and many other things. As a general rule, as the hon. member said, the bargaining sessions are collective. In hard agreements such as of wages particularly, and things of that nature, they are always identical. In fact, the railways have always insisted that one group should be the same as the other rather than be different. This is a very valid issue to be raised at the appropriate moment with the minister in the hope that it can be resolved. The hon. member will appreciate, I am sure, as a former postmaster, that the same thing occurs in the post office. We try to have the same wages and the same basic conditions.

The whole point is that this bill cannot be expected to be introduced—and I said this earlier—at such short notice, as it had to be, and be totally equitable across the board. It cannot be. There will be winners and there will be losers. We have an obligation to minimize that negative impact or imbalance, but the situation which the hon. member has mentioned is certainly deserving of some deeper thought on the part of the minister.

Hon. David Crombie (Rosedale): Mr. Speaker, I am pleased to be able to speak on Bill C-124 today. I agree with the hon. member for Lincoln (Mr. Mackasey) that it would be wise to get the bill into committee as soon as we can. There are some specific amendments which should be helpful to those affected and which indeed may be instructive to those who may be affected down the road.

At this stage, however, on second reading we are dealing with the principles behind the bill. I will not take the time of the House today to deal with some of the specifics that we will be dealing with in committee. I want to spend my time, Mr. Speaker, looking at what I think are the significant principles involved and some of the problems that arise from those principles.

I think the principles are three in number. Obviously, the first principle of the bill involves the question of restraint; second, the bill involves the principle of collective bargaining; third, the bill involves the principle of equity and fairness. I wish to deal with these three principles as expeditiously as I can. It might be helpful to spend more time on the principle of restraint than hon. members opposite have.

• (1540)

These days, restraint is in the air. Just the other day the President of the Treasury Board (Mr. Johnston) indicated that he thinks restraint is so important that he is calling for a national crusade for the government's restraint program. The new banner line of the government has become sharing and co-operation. We hear those words daily from ministers of the Crown. All of those things are considered to be important in what the government and many people in the country regard as the problem of what to do about restraint.

Restraint is not a word or a concept that we have spent much time considering in the past 35 years. There is one simple, sole reason for dwelling on the question of restraint in the past year or two and perhaps for the next few years. Obviously we are concerned about restraint because of inflation.

Inflation is the problem of the eighties in the same sense that the depression was the problem of the thirties. There are some people who, for whatever reason, paid little enough attention to it. Inflation is the one economic category that steals from everyone, that destroys our ability to protect our future; it is the one economic category that hurts poor people and middle-income people far more than it does rich people. It is absolutely essential, if Canadians are asked by the government to join some national crusade, that they understand what causes inflation and that they see whether the proper remedies for it are being proposed.

Inflation is not new, we have had it for centuries. It was caused by wars, by bad harvests, by the infusion of gold and silver into the marketplace, by waste and mismanagement of governments and enterprises. We have always had inflation and the classic pattern was always the same. In good times, economic boom times, production went up, employment went up and prices went up. In bad times, in times of economic recession, prices went down, production went down and employment went down. What was new in the latter part of the seventies and the early part of the eighties was that employment is down, production is down and prices are up. That is the essential dilemma. Economists have no clear answer for dealing with it.

In this part of the twentieth century we have arrived at a time when we can no longer make clear sense of our economic situation. Employment is down, production is down and prices are up, so we have met the essential economic dilemma of our time. Moreover, inflation of that order is worldwide. Indeed, inflation throughout the western world and in many other parts of the world has become chronic, endemic, escalating and uncontrollable.

If it has become all of those things, then why do we not understand it better? If it hurts us so much and it has become so difficult to deal with and to root out and cure, why do we not understand it better? I am no economist but I know that, if we look back over the past 35 years since World War II, we see some changes which have taken place which would lead us to see what steps could be taken to curb inflation.

There are a number of reasons for inflation, Mr. Speaker. The first, and I think the most important, is our attitude to growth after the war. We felt that we should always have growth and that everyone should enjoy growth. The idea of growth became important. Everyone wanted it and for the first time in our history government assumed responsibility for it.

In 1949 the Government of Canada took responsibility for the level of employment in this country. Up to that time it had been left to the normal changes of the business cycle.

Why did this change take place? It was in part because of the depression in the thirties and in part because of the war. People wanted good times, not bad times. They wanted never-ending growth. During the latter part of the depression, during World War II and the late forties, we felt that through the economic theories of Lord Keynes we could control the business cycle and get rid of the chronic economic problem of boom and bust. As well, we were interested in never-ending growth because of the cold war. There was competition between economic systems. The result was that our attitude toward growth and our demand that the government deliver it was such that as the size and importance of government increased, its share of public spending and of the gross national product escalated.

By the mid-fifties we had established the essential link that the government was responsible for growth. At the same time we began to see the emergence of inflation as a chronic problem. That is the first reason for inflation, the attitude toward growth and the demand that the government deliver it at all times to all people.

The second reason is less clear but is perhaps more important in the long run. In the last 35 years we saw a new climate of expectation created. We established the idea of more, that everyone should have more. Everyone's family, friends and neighbours should have more. The idea of more began to be the significant attitude, the predominant attitude of most people. It began to replace some older virtues. We began to drop them off during the fifties, sixties and seventies. Hard work, thrift and frugality began to be submerged by the need for more, to the extent that even if we could not pay for more we sought ways to borrow in order to get more. That was true

not only for people but for institutions as well—banks, for example.

I remember going into a bank when I was a lad. It was a very formidable institution with a high oak table and a little cage. Behind that cage and looking very severe was the teller. I was taking the money earned on my paper route to put it in the bank. I was taught that if I put it in the bank and saved it, I would learn the magic of 5 per cent. I would learn that if I worked hard and saved my money, I would get money in return. I knew that if I put it into that bank they would do the same thing, invest it. I went back to that bank about 20 years later, in the early sixties, and I noticed that all the oak tables had gone. The very severe teller had gone and the cage had gone. It was all very colourful. They had colour on the walls, people were happy and cheerful; but what really caught my eye was that there was a boat right in the middle of the bank floor. The bank was running a raffle, and the bank said that if I bought a ticket for $1 I could win the boat. I could get something for nothing. All I had to do was get the right number. I did not have to work for it, I did not have to guess, I just had to buy the right ticket. Our institutions and our people, Mr. Speaker, over 35 years slowly changed the traditional economic attitude that we had and moved into the concept of "more".

• (1550)

The third reason for inflation, Mr. Speaker, is that we began to feel we could control the imponderables of economics. We could control the business cycle. The war and the post-war period taught us that. We were unable to accept the proposition that bad times might come, that busts for businesses might come. We decided that was not acceptable and that we could control the business cycle.

Fourth, businesses learned that it was essential to control prices and stabilize markets; competition was not a good thing and was to be avoided by whatever method within the law. In short, the government began to provide a net not only for people but for business enterprise as well, and slowly the concentration of economic power by large corporations and large unions began to make a mockery out of the fact that you could manipulate prices by the simple mechanism of the market.

The fifth reason for inflation, Mr. Speaker, was that in order to have the other four grow, governments had to expand liquidity. They had to create money. The grease for "more" was money. So they began to expand the money supply.

All of those factors established the reality of inflation. It is worthwhile mentioning them again so it is clear, because I find very few of these addressed in the bill before us. Maybe there is more coming, but very few of these causes of inflation are reflected in this bill. First is the attitude towards growth and government responsibility for it, and therefore government's growth. Second is the philosophy of "more". Third is the assumption we can control the business cycle to suit our purposes. Fourth is the concentration of power, by both business and labour. Fifth is the constant increase in the money supply to keep the rest going.

That, I think, is the shortest way I can point out what has happened, and the result of it all, I repeat, has been that inflation in the early 1980s has become chronic, endemic, accelerating and uncontrollable. Anyone not willing to face that fact is neither serving themselves nor indeed the people they represent.

We began in the late seventies and now in the early eighties, Mr. Speaker, to look at policies which might fix it up. These were policies which were used in various countries, more in some than in others, and different in some places than in others. Squeezing the money supply was used in a number of countries. There was cutting back on government spending, and raising taxes to limit consumption. Wage or price controls were imposed, or guidelines given. Economic co-operation was sought through an incomes policy. We lived, if I can describe it this way, and are living now in a world of stop and go. We have stop policies and go policies. The stop policies are to bring inflation down, but what they do is increase inequities and frustrations in people. When those inequities and frustrations get too high, we quit the stop policies and put in the go policies which allow us to deal a little more with the inequities and frustrations; but they, of course, cause inflation to go back up to where it was before. So we have gone around and around on the merry-go-round. That is our basic dilemma, Mr. Speaker, which we have not yet been able to deal with.

So the government has announced it is going to have a program of restraint, a national crusade. In order for it to work, Mr. Speaker, the government, like anyone else, has to answer the ancient economic problem posed in these two questions: Who gets to work? Who gets how much? Those are the fundamentals of economics.

As for who gets to work, in a period of growth we do not have to worry too much about it because new entrants and those displaced by technological change can get jobs. So the question of who gets to work is answered by growth.

As for who gets how much, when the pie is increasing and everyone's slice is increasing, that question is not a big problem. But when we have slow growth or no growth, when we have restraint, then we have to figure out what will be just and fair in terms of who gets how much. A program of restraint, therefore, requires the inclusion of two principles: one, that we have freedom of choice; two, that it be fair and equitable. A program of restraint which does not offer freedom of choice and fairness and equity will not succeed.

That brings me to the second principle, Mr. Speaker. This bill not only deals with the principle of restraint, it deals with collective bargaining. Since 1872 collective bargaining has been the way in which we in this country have solved the economic problem of who gets how much. This is not a happy time for the principle of collective bargaining because people have found it an easy scapegoat, aided somewhat by the abuse of the right to strike and confrontation tactics between labour and management.

Interestingly enough, however, most of the great successes in collective bargaining go unreported and unheralded. Year after year tens of thousands of collective agreements are signed and they become the way in which we decide who gets how much. In a free society it is the mechanism of collective bargaining which we have used to determine that question. I hope we never underestimate the value of the principle of collective bargaining. It struck me that those who have never been great supporters of that principle fail to understand that at the root of the whole question of Poland some months ago—let Poland be Poland—was the desire on the part of Solidarity to have the collective bargaining rights and privileges which Canadians have enjoyed for decades.

• (1600)

I want to know why the government wants to throw out the principle of collective bargaining or why it wants to freeze collective bargaining. I am not talking about the right to strike here; I am talking about the way in which collective bargaining was used traditionally in the country so that people were able to see it as fair and equitable. For example, the government is saying that it wants to restrain compensation by 6 per cent in the first year and by 5 per cent in the second year. At the same time it is saying that that restraint will be applied to everyone, whether one happens to be a corporate president or a charperson, whether one happens to be earning $9,000, $10,000 or $109,000. It assumes rather sloppily that the progressive income tax system will take care of the inequities. It will not, and the government knows it.

Why does the government not add up the total amount which the 6 per cent and 5 per cent restraints give and then let the collective bargaining system distribute it, rather than impose it? The government will not obtain co-operation by imposing it. It could have exactly the same effect but allow the collective bargaining system to work so that it can be distributed fairly to people.

The collective bargaining system has allowed for stability in our industries. Anyone can obtain stability without freedom, anyone can obtain freedom without stability, but it takes years of learning, co-operation and tradition to create a system which allows both stability and freedom to exist side by side. For example, the country has benefited immensely for the past 90 years in the railway industry beause there has been the growth of the tradition of collective bargaining. In the railway industry there are 16 unions, 11 railroads, and 90,000 people. We have industrywide bargaining in the railway business, so there is one joint agreement.

I have here a number of agreements current over the next two years. They involve Canadian Pacific Railway, Canadian National Railways, Dominion Atlantic, Ontario Northland, Quebec Central, Algoma Central, Toronto, Hamilton and Buffalo Railway, Esquimalt and Nanaimo, Toronto Terminals, Grand River Railway Company, Northern Rail, Shawinigan Falls and VIA Rail. Those agreements are with non-operating unions. I have another agreement involving the Shop Crafts and Locomotive Engineers. All railway agreements work toward a joint agreement. That fact developed by railways and unions has given us stability over these many years. We should not underestimate this because the country is built on the railroads. We need for normal commerce, both internal and external, a transportation system which provides stability at prices we can afford. It has been worked out over the years by management and by labour. Indeed, there have only been three strikes in this century in the railway business.

Unless this bill is changed, it will bring to an end industry-wide bargaining in the railway industry because it requires that CN operate under the 6 per cent and 5 per cent wage restraints, while CP and all other railroads do not. It not only affects the wages of employees, but it affects their benefits, their health and welfare schemes and their pensions. We will have people working side by side in the same job in the same shop and on the same locomotive for years at different prices and with different benefits, because different unions will be negotiating with different railroads for different workers at different times. They will never get it back.

When the bill goes to committee it is absolutely essential for the government to listen to what railway unions, management and the railroads have to say. Collective bargaining is a principle that is not only a nice one, it gives freedom and stability. At the same time it gives the economic stability we require for the normal operation of the commerce of the country.

My friend has just given me a telegram which is testimony to the points I have made with respect to the railroads. It is from the Vancouver Board of Trade and concerns the situation faced by railroads. It reads:

> We fear that, if inequities develop in compensation paid by the two railways, there could be critical rail service disruptions. We ask your assurance that legislation will provide safeguards against this serious threat.

We must bear in mind that we are talking about unions which are the most responsible in the country. Unless there is a change in the bill, we are heading for short-term instability and long-term chaos in the transportation industry. The bill not only affects railroads, including CNR affiliates and wholly-owned subsidiaries, but the trucking industry as well.

The hon. member for Lincoln said that the bill was rushed through in a difficult time. This may well be, but it does nothing for people's confidence in the government because it is putting through a bill which will destroy 90 years of collective bargaining in the most significant industry in the country. It angers people that the government is not competent enough to think this through. When it comes to committee stage of the bill, I hope government members will go beyond their normal "Yes, we agree with cabinet", and think clearly about what witnesses on behalf of the railway unions, management and the railroads have to say.

Aside from the principle of restraint and the principle of collective bargaining, this bill touches upon the principle of equity. The government will not restrain anyone unless the person thinks it is fair and other people are being dealt with in the same manner. This is why people worry as they look at

how the government conducts itself with respect to other people.

It is not fair that the government can deindex income tax and cap wages, which make it harder for low-income people. It is not fair that the corporate president, as I mentioned earlier, is treated the same way in terms of the 6 per cent and 5 per cent as the charlady. It is not fair that those who receive perks of office—and we know who they are and what they are—such as hidden income, are not treated the same way as other people who are affected by the 6 per cent and 5 per cent caps. It is not fair that the government can put 6 per cent and 5 per cent restraints on the salaries of some people and we do not even know what are the salaries of presidents of corporations. Surely equity requires that the government put its cards on the table and tell us what these people earn; they are being paid by the public. It is not fair that the 6 per cent and 5 per cent cappings do not include fees of consulting and professional services directly for the government.

Miss MacDonald: That is $1 billion worth.

Mr. Crombie: As the hon. member for Kingston and the Islands (Miss MacDonald) says, it is $1 billion worth of business. Why are they not included? I realize that they are part of the government's patronage system, but why should they not be part of the 6 per cent world?

• (1610)

Ministers of the Crown have restraint under this bill only because they are Members of Parliament. They earn $104,100. As an example, they receive a $2,000 car allowance. Ministers of the Crown receive that allowance which was introduced as a restraint measure in 1930 to replace a car and chauffeur. Now they have the car and chauffeur back and still receive the $2,000.

Mr. Kelly: Did you hand yours in?

Mr. Crombie: When the public service is to be brought under a restraint program, the government—not just this government but any government—has an obligation to see how it conducts itself, and not just the people who serve it.

It is also not fair that just before Bill C-124 was introduced, Bill C-123 was brought in, which allows for the reorganization of certain government departments with the addition of four new parliamentary secretaries—four new Liberal backbenchers—which means an additional $6,900 each. Why is that fair? If those members are sincerely interested in showing some moral leadership in the restraint program, they would indicate that they would be willing to do the work without the extra compensation. However, I do not believe that is what we will see.

Even if it can be justified, is it wise or fair that, days before the budget was introduced with wage restraints proposed for the public service, ministers' staffs received increases of 10 per cent, not 5 per cent or 6 per cent? Lawyers in the Justice Department had increases of 11 per cent. It is these actions which question the government's moral authority to implement this restraint program.

I might say that I agree wholeheartedly with the comments of my friend, the hon. member for Lincoln, that civil servants are easy to categorize and shunt around. But one can have nothing but respect for the people you work with who are working for the Canadian government on behalf of the people of Canada.

This brings me to the question of equity in terms of the public service. There is one figure which has always impressed me. Women fill only 4.3 per cent of senior management positions but comprise 82 per cent of the lower paid administrative and clerical positions.

Miss MacDonald: Right on!

Mr. Crombie: They will be hard pressed to understand that any affirmative action programs within the public service that will be of any benefit to them will no longer be operated through the collective bargaining system, since it has been frozen by the government through this bill. Are we to think that this will contribute to the sense of fair play that the government's program is supposed to provide?

My colleague, the hon. member for Nepean-Carleton (Mr. Baker) talked about the national crusade and the crusaders. As we look at the national crusade of restraint we have to look at the tainted wings of the crusaders, because in the final analysis many people do not understand all of the program and the numbers, its applications and effects. For example, very few people understand that this is a bill not only dealing with restraint but one which takes away collective bargaining as well. People do not understand the consequences of the entire bill. That is why they very often do not judge by what is being said but by who is saying it; not by what is promised but by who is promising it. That is why, when it comes to the ability of the government to put through a wage restraint program in the public service, its chance of success is directly related to whether or not people regard what the government has to say as honest and believable. In short, whether or not they have any confidence in the government to carry out wage restraints.

That confidence has been undermined by government policy and government statements. For example, the fact that the deficit in the budget went up to $19.6 billion is not the most important factor. It is the fact that eight months ago the government said its deficit would be $10.5 billion. It is very difficult to have confidence in a government which makes a mistake in its understanding of the future of the economy in saying that its deficit would be $10.5 billion and it ends up at $19.6 billion. It is not only the fact that the deficit has doubled; the government could not see or did not know this would happen. It is bad enough that it doubled, but it is worse that the government did not foresee it.

The government showed its lack of leadership when it came in with a budget on November 12 which called for restraint and put its own spending at 22 per cent. It came in with its next budget on June 28, which again called for restraint and, indeed, wage restraint for the public service, when its own

spending for 1982-83 was increased by 20 per cent. People take their lead not from what is said but from what is done. This government has shown that it may be one thing for it to preach restraint but that it does entirely the opposite.

I conclude by saying that this bill is more than meets the eye. It is far less than meets expectations. It is not purely and simply a bill to restrict the wages of public servants to 6 per cent and 5 per cent. What is at stake is whether or not the government itself will be able to change in order to muster its own moral authority, which the country needs in order to have a restraint program. There is nothing wrong with restraint. There is nothing wrong with people recognizing again that the only way to progress is to exercise some frugality, and that the only way to make use of the country's natural resources is not by squandering them but by husbanding them.

While some people believe that we must exercise growth and optimism or else the belief will be that we will head in the other direction, most people in running their lives realize that if they do not look after their own resources and husband them, and if they do not discipline themselves, they will not be able to depend in the future on the bounty coming forward.

The Prime Minister (Mr. Trudeau) has said that he is challenging Canadians. I have never heard such arrogance in my life—that we need the Prime Minister to say that his job is to challenge Canadians into restraint. Anyone who walks along the street and goes into stores, factories or shops knows that for the last two or three years people have slowly begun to change. Canadians have said, "Sure, I want more, but I know that in order to have more I must remember some of the older virtues of working hard, thrift and saving." They also know that much is dependent upon themselves in their communities. That is why this bill, and this Prime Minister, I might say, are not on the cutting edge of change. That is insipient arrogance which words fail me to describe.

All the government is doing is desperately trying to catch up to Canadians, who understood long ago that if there is to be any salvation for this country it depends on them and their ability to change their habits and be able to make the country work. As they watch this government they know for sure that they cannot depend on it to do either of those two things.

• (1620)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Before I recognize the hon. member for Mission-Port Moody (Mr. Rose), it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for South West Nova (Miss Campbell)—Fisheries—Bay of Fundy herring fishery; the hon. member for Bow River (Mr. Taylor)—Public Service—Authority for capping indexation of pensions. b) Funding of indexing; the hon. member for St. Catharines (Mr. Reid)—Automotive Industry—Canadian content in imported vehicles. b) Consequences of government policy.

GOVERNMENT ORDERS

[*English*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House resumed consideration of the motion of Mr. Johnston that Bill C-124, respecting compensation in the public sector of Canada, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, before I begin my remarks I would like to congratulate the hon. member for Rosedale (Mr. Crombie) on an excellent analysis of the problems of world inflation. However, I think he failed to add two very important points to the five points he mentioned. What he did not say was that the world has been practising the lunacy of spending $500 billion of its income each year on armaments. If that kind of money is to be spent on armaments, it will not be used to feed, clothe and shelter hungry people or to provide them with warmth, sustenance and medicine.

I consider the other point he did not mention to be a very important factor. If it has not already made itself felt, it will affect our children in the future. For years, perhaps for even a century of industrialized society, we have been passing the social cost off to future generations. Future generations will pay for the frivolity with which we have treated our environment. We have used our air as a sewer and we will pay the cost in acid rain. We have used our rivers as sewers and we are paying the cost right now. This year, the Fraser River in British Columbia had to be closed to fishing, and there are probably many similar examples which could be cited.

We are concerned over the number of people who have been and will be deprived of jobs in Canada and perhaps throughout the world. We have not begun to have a glimpse of the impact of the technological society, the automated society, and what it will do to us in a relatively short time.

Bill C-124, derived from the budget, has all the earmarks of some attitudinal survey, as if it were based on something that pollsters like Martin Goldfarb or Allan Gregg might have come out with. Those pollsters have probably gone out and discovered that certain buzz words are accepted in society, buzz words such as "sharing", "co-operation" and "solidarity". These words are supposedly reassuring to the masses. They seem to pop out of every Liberal speech as if they were there because they had a particularly confident, caring sound. I could not prove it but I certainly suspect that

that is how it happened. The surprising word is "solidarity". The expression "solidarity forever", formerly had a mildly left-wing taint to it, but not any more, not since Lech Walesa. It is now perfectly acceptable and even polite in society; it has found a new respectability.

I think that if someone were to suggest that this budget was sort of whomped up, he would probably find that he was wrong and that this is part of a policy which probably goes back two or three years. Some would say that it is a conspiracy. I would not be so extravagant as to use such excessive language, but I believe it goes back at least two or three years. Its purpose was to soften us up for this day, when we are told "Tighten your belts and lessen your demands. We are threatened. Lower your expectations." The only thing the government has not said is "Tote that barge and lift that bale".

That is the sense of what we are being asked. The people of Canada are being asked to participate in a crusade. Guess who wants to lead us in a crusade to the promised land to slay whatever is slain in the promised land, such as dragons or infidels? The very infidels who got us into this trouble now want to lead us out of it, and they ask us to have confidence. The dragons are at the helm.

On the other hand, I hear an accusation from the Liberal side concerning anyone who has the audacity to complain that we do not want to become part of the 6 per cent world, the wonderful world of 6 per cent. I think all of us would accept that world if we felt is was a 6 per cent world of prices and profits, not just a 6 per cent world of wages. If we say that it will not work, as it did not work the last time, or that it is unfair or inequitable, we are almost accused by some of being disloyal Canadians because we will not fall for Bill C-124. I, for one, will not be accused of being a disloyal Canadian because I happen to analyse the bill and its intention somewhat differently from that of the government, the desperately cornered government which has made a mess out of everything.

We are told by the President of the Treasury Board (Mr. Johnston) that we cannot get ahead of our trading partners. What does he mean by that? Our trading partners in what? What do we sell, besides auto parts, with a high wage component? Wheat? That is 3 per cent of the economy. Lumber and pulp is perhaps 16 per cent. Does that have a high wage component? Ore is 11 per cent. The rest of it can be forgotten; that is, most of it. Who are these trading partners? They are the United States to whom we sell 73 per cent, Japan to whom we sell 6 per cent, and Britain to whom we sell 3 per cent. I do not understand how it can be said that our wages might get ahead of those of our trading partners, because what do we sell with a high wage component, to justify the stand that the government is taking? The only exception is auto parts and we are behind the United States in comparative wages.

People have a right to make judgments about the government, and they do make judgments about the government. I know that Your Honour's attitude will be that of an objective speaker. What would Your Honour think of a government that allowed wages to fall behind inflation for five years in a row and then blamed the workers for inflation? There has been no wage-push inflation in Canada, but we are certainly paying for it with the loss of 1,200 jobs a day. A small community of jobs is going down the drain each and every day. In the last six months 100,000 manufacturing jobs have been lost in Quebec alone.

Let us compare our wages with those of our trading partners. In 1980, manufacturing wages were about $11.94 per hour in West Germany. In the U.S. they were $9.92 per hour; in Canada they were $9.06; in Japan they were $5.88; in Britain, they were $7.07. What were the increases in the period since 1975? Wages in West Germany have gone up 91 per cent; in the U.S. 56 per cent; in Canada 48 per cent; in Japan 95 per cent; and in Britain 116 per cent. Canada has fallen behind for five years in a row. We have the lowest wage increase since 1975, but we are told that we have wage-push inflation. We are told that we must somehow lessen our demands, we must do with less and have less security. More of us must be out of work and more of us must pay high interest rates.

What is the situation in Japan? That is a major competitor for manufactured goods. The Japanese have a lifetime job promise not to be fired at the whim of a company such as B.C. Tel or Bell Canada. They receive bonuses every six months if a company earns a profit. Whoever heard of bonuses here? All one sees is confrontation. Japanese who work for corporations receive low-interest loans when buying homes, and the use of vacation cottages if they need a summer holiday, as probably most of us do. There is much government-industry planning. Those are the privileges in Japan compared to the type of security of the average Canadian or, for that matter, American worker. It is no wonder that the Japanese are willing to co-operate.

Supposing we do all of this and supposing we accept the 6 per cent solution, what will be the *quid pro quo*? What will the government do for us? Will it guarantee, for instance, that we will have lower land prices or lower prices for anything that we purchase? Of course not. It will do exactly what it did the last time: it will freeze workers' wages at 7.5 per cent and let inflation go to 9 per cent. We did that in 1975. That is why some people are a little cynical about joining this crusade. It is a little hard for us sometimes, just a little bit difficult. That is one example.

• (1630)

What would you think, Mr. Speaker, of a government which robs people of their homes and businesses through high interest rates and then brings in a budget which does nothing about that? We heard the musings of the minister of housing about lowering interest rates when he appeared over national television on the weekend. When the Prime Minister (Mr. Trudeau) was asked about that today, he either feigned or proved that he did not know anything about it. I do not know what people feel about their promises.

A lady in my constituency sold her house on May 28. She put in $25,000 and got out $1,900. She says at least they do not owe the credit union anything. That family took a bath. She is a school teacher and cannot afford that kind of expense.

I listened to what high interest rates have done to one businessman. He has been in business for 25 years and has a $1,200,000 mill. He pays the bank $6,000 a month in interest. The bank shut him down. That put 56 people out of work. That is what high interest rates have done. We are asked to take less, to limit our demands to 6 per cent, no matter who it is. What is the government going to do about prices or interest rates? Silence, deafening silence.

In 1980 bank interest was 2.6 per cent above the inflation rate. Today it is 8 per cent above the inflation rate. We now hear that some banks are in trouble, that their profits are down. They certainly deserve to be down; they have almost had a Roman carnival for the last two years. If their profits are down slightly these days, I do not think anyone should worry too much about that. As the Minister of Finance (Mr. MacEachen) said a few months ago, the banks ought to bleed a little.

What would you think of a government that signs deals to increase petroleum prices 30 per cent per year, 10 per cent on July 1 alone? It is taking $1.8 billion more out of the hides of consumers. It wants us to limit our demands to 6 per cent, but refuses to try and negotiate energy deals. These 10 per cent, 10 per cent, 10 per cent increases every six months will mean that by 1986 the same people who are frozen to 6 per cent and 5 per cent will be paying $1,900 to heat the average home and $1,700 to drive a car. At the same time, world oil prices are tumbling, falling from $40 a barrel to $32.50. We are still pumping up our prices. Esso is in bad shape. It had to lay off a lot of people. A year ago its profits were $140 million; now they are only $40 million. Esso is really hurting. That is the third example I would give when asked to make comparisons and join a crusade.

What do you think of a government that is prepared to give away billions in order to push Candu reactors on every tinpot dictatorship in the world? This government was prepared to give the Mexicans two $6 billion Candu reactors, depending on the life of the contract, up to $1 billion each in export development or payment subsidies, interest subsidized loans. The government was going to borrow at 14 per cent and give it to the Mexicans at 7 per cent, simply for financing.

The school teacher in my constituency was paying 22 per cent interest on her home. She would like the equivalent of a Candu reactor deal that we are prepared to give to Mexico, to Rumania—Argentina is completed—to Korea, or to anyone who wants to line up. We do not care, we will sell them one. As a matter of fact, we will help them buy it so that we can rescue an industry that nobody needs right now because we are beginning to conserve electrical power. Nobody wants nuclear energy because it is poisonous. You cannot get rid of the waste material. We could make plutonium into a nice chummy little bomb.

What do you think of a government that would pump billions into nuclear energy, billions into armaments and billions to poke holes in the Beaufort Sea but has no money or very little for conservation, alternative energy or any kind of different lifestyle? The party is over on those biggies. If you have nothing but a megastrategy such as Alsands, Cold Lake, a big coal deal, nuclear strategy, and those flop, you do not have anything. In the meantime we have allowed our manufacturing base to wither away.

What would you think of a government that chisels old age pensioners out of $300 million, $300 each over the next two years, by limiting indexing? That pension which was fought for for years and years is threatened. Universality is threatened. It is on its last legs. It is out. If you have a 10 or 12 per cent inflation rate and indexation of 6 per cent, you have destroyed universality. You have cost every old age pensioner who receives OAS $300 in the next two years, totalling $300 million because there are roughly one million old age pensioners.

In the two years that follow, the cumulative loss will be $900 million. If you want to shell-game that money into some other program, that is one thing. However, if you do not do that, you have deprived the economy of that much money because these old people do not squirrel it away, they spend it. They have very little disposable income.

Some will say that the old age pensioners have all kinds of money. There may be 200 or 300 millionaires in Canada who do not need it. It will not hurt them a bit. That amounts to admitting that your tax system is inadequate to recapture. In other words, it favours the rich. You cannot have it both ways. You cannot say they do not need it and you will recapture it, because you will not do it. This stunt, and that is all it is, is an admission that the tax system discriminates in favour of the rich.

As a result of this budget, low-income earners will have a 50 per cent tax increase. If you earn $100,000, you will get a 3 per cent tax increase. If you earn $200,000 like the heads of some corporations, and I could name them, the captains of industry, the industrial maggots of Canada—sorry, the magnets—you will now be paying less tax under the new budget.

Miss Jewett: The typhoons!

Mr. Rose: It is not that they do not create jobs, not that they are not nice fellows or worthy people. The point is that if their income is limited to 5 or 6 per cent for the next year and they are making $500,000, it does not mean very much. Five per cent is $25,000. That is probably double the income of a sweeper working for the civil service in Winnipeg. That is a big deal for them. If they earn $12,000 a year, 5 per cent of that will be $600. That is not enough to pay the rent and the groceries. That is the fifth point.

What do you think, Mr. Speaker, of a government that, in addition to those five obscene things, goes on to break contracts with public servants? Retired public servants paid 1 per

cent for their indexing all the time they worked for the government so that the inflation factor would be looked after in their retirement. If you do not have some sort of indexing, every day you are retired your purchasing power drains away. Those opposite will argue that it will drain away anyway if we do not counter inflation. I do not think we will counter inflation by this technique. In any event, these people have paid for this. Who are they? What are their incomes? Can they afford to be without that indexing or to have their indexing reduced to 6 per cent while they paid for 12 per cent or whatever rate would prevail? I will tell you who they are. They are people who have an average of $7,900 income per year. That is below what a lot of people regard as the poverty line. Some of them are spouses on survivor benefits, and the average for them is $2,171.

• (1640)

What niggardly, chiselly, small-mindedness, possessed the government to do that is beyond me. I just do not understand it. Someone said, I think it was the hon. member for Rosedale (Mr. Crombie), that we have got to get this bill to committee. We sure do. I hope the government will be flexible. I am not in that great a hurry to get the bill to committee, because my colleagues and I think that there is a good deal more to be said on this bill. We are not going to hustle it on. We want everyone to know what is happening and what is being done to people. These are people who paid for their inflation protection all the time that they worked.

What would you think, Mr. Speaker, of a government that has embraced policies that have destroyed the value of our dollar? What does that mean? It means that everything we import, whether a can of tomatoes or whatever, costs us more. You may say that we do not need to import tomatoes. The fact is that we do import tomatoes, and canned tomatoes too. That is because we sold out all our canning industry 20 years ago; there is not one left except Canada Packers. The rest in Canada are the big five from the United States.

We have resource-based policies, but there is no market for resources so there are deficits. We have foreign investment policies which mean that every time some people invest here in an equity situation they buy out more of our country. When things get tough they take the research and development, they take the foreign-owned subsidiaries and hustle them back to the United States or somewhere else. This is the kind of policy that we are talking about.

These are the policies that have destroyed our dollar. Instead of hustling along with the pipeline to take Canadian oil to the Atlantic provinces, we are still spending $10 billion each year on oil compensation. Those are the policies, and they are the people who want to lead this crusade to the promised land.

For the first time in months, Mr. Speaker, our balance of payments is on the plus side. We should all be happy about that. Do you know why it is on the plus side? Because imports are down, not because exports are up. That is to say, we are less able to buy things we want to buy from abroad. Keep this up and we will have a terrific balance of payments. We will have a tremendous balance of payments, really favourable; all we have to do is pauperize Canadians some more so that they will not be able to buy anything imported. Of course, the country will be broke, but our balance of payments picture will look good. This is what we have got, this is what we will have, and this is what these crusaders want us to be proud of and to follow. But we are not going to let them do this.

What would you think, Mr. Speaker, of a government with a policy that forces 4,500 businesses into bankruptcy this year, smashing the dreams of thousands of people? It is putting more people on the dole because more and more money has been snatched out of the economy so they cannot buy things. There are 5,500 people out of work in the forest industry in Port Alberni and they are not going to be very good customers at the local dry goods store or the 15-cent store.

What has been happening in this society is that the rules have been changed. We have a credit crisis. People would like to buy homes, they would like to buy cars, they would like to buy farm machinery, but they are afraid to do so because they do not know what the payments will be like. They do not know whether they will be able to meet the payments. That is the credit crisis. That is forcing 25 bankruptcies of small businesses per day. It was once just the small-business man who was having trouble with financing. Now it is the large ones, too.

What would you think of a government, Mr. Speaker, that singles out public servants as scapegoats? That means taking public servants as merely the shock troops, I suppose, in our battle against inflation. Who are these people? I mentioned the sweeper; 6 per cent of a $12,000 wage means $600. I mentioned the deputy minister earning $100,000; he gets $6,000. Then there are the sweepers, the janitors, the messengers, the waitresses, the hospital workers, all on an average of about $11,000 or $12,000 a year.

If there is one point, Mr. Speaker, that I think has to be made, and I think it is going to be made and needs to be made over and over again, it is that equality of treatment is not equity. To be equitable is not to treat the janitor the same way as the deputy minister, because the janitor has far less disposable income. Therefore, he has far higher fixed costs and can control his life far less. It is more difficult for him.

The President of the Treasury Board, when he spoke on this matter, said that he wanted to preserve the pecking order. He said he did not want to alter the ladder system, so that when the great new world came about two years down the road we would be able to pick up and carry on with our contracts. In other words, he wanted to freeze the existing inequities. If there is anything that needs to be changed, it is the pecking order. That is what needs to be changed.

If the minister walked in here and said: "Look, under $30,000, full indexing; $30,000 to $50,000, partial indexing; and freeze every salary over $50,000," we still would not vote for it. I still would not vote for it, because I do not agree that this is going to work anyway. We still would not vote for it, but it would make a lot more sense than what we have got.

I could go through the winners and losers in this thing. I could name them. They are all in the Ottawa *Citizen* today, or some time recently. Believe me, the big winners are not the people on the low end of the scale. They are never big winners. This time they risk being big losers.

What would you think, Mr. Speaker, of a government that breaks contracts with its own employees, especially women? The government says, in essence, that in order to make democracy work we have to take away your democratic rights. That is essentially what they say. They say: "For two years we are not going to negotiate anything; you are frozen at 6 per cent. Maternity benefits are out; affirmative action, equal pay for equal work, health and safety, those things are not negotiable, because for two years we are not going to negotiate anything." And it is the same with anything else that may come up, such as technological change.

Who are these people? About 80 per cent of the women in the civil service are low paid or relatively low paid. They are secretarial staff, janitorial staff, and those in that kind of clerk position, in 80 per cent of the cases. About 4 per cent of female workers belong to management.

The people who bear the brunt are the poor people, the old people, the women and the young people. The young people will not even be able to get a job. It will be very difficult to face a graduating class next year. We have seen what this government has done. It has broken faith with its own workers. It has contracts coming up that we negotiated in good faith and what is the government going to do with them? It is going to cop out on them; that is what it is going to do. So collective bargaining is out.

What do you do about Air Canada and CP Air, Mr. Speaker? The flight attendants belong to the same union, as do the railway workers who were mentioned too. But no one has mentioned the Dairy Commission; it has a raise coming up. And those concerned with grain handling have coming up in September a negotiated raise of 10 per cent. All the national marketing agencies are getting raises. Are there any guidelines? Or did this government simply walk in on this 6 per cent idea without thinking of federal-provincial agreements or agreements with marketing agencies? That factor is gone, or at least it has not been mentioned, it has not surfaced.

I asked the Minister of Communications (Mr. Fox) the other day what he was going to do about regulatory bodies and were they going to be frozen to 6 per cent. I am speaking of regulatory bodies like the CTC and the CRTC. I was told that Bell was different. It was quoted in the press: "Bell is different." Why should anyone invest in Bell, says the minister, if they can get 15 per cent on their bonds? That is true. Why should you? But Bell wants a 25 per cent increase. The doctors of Ontario want a 25 per cent increase. The nurses of Ontario want a 25 per cent increase.

• (1650)

Mr. Orlikow: And they will get it.

Mr. Rose: B.C. Tel employees just received an 18 per cent increase, and we are told we cannot feeeze the profits of those people to 6 per cent because that would not be good for the investment climate. Bell said, "We will limit our people earning over $100,000 to 6 per cent". These are Bell's middle-management people. Bell wrote to me and told me that. I thought that sounded pretty good. It sounded terrific.

I know these managers will really suffer if they lose $6,000 a year, but if Bell really wants to help the country, why does it not lower its subscriber rates? That would put millions of dollars more into the economy. Perhaps people would buy things at the grocery store, or even the phone mart store. I do not know, but lowering rates might be a real help. But Bell will not lower its rates. B.C. Tel not only will carry on with the 18 per cent increase it was granted recently but it now also promises to lay off 2,000 workers. If this government does not roll back that last increase and if B.C. Tel proceeds to lay 2,000 workers off, then we will know. We will know that this 5 per cent and 6 per cent inflation fight will be borne by the average worker and not by the corporate sector. In any event, this is what the *Financial Post* says:

> Greenshields analysts also believe the telephone industry's future is "very favourable." Preferred buy: Bell Canada, "although we see strong merit in B.C. Telephone."

Of course they see strong merit in B.C. Tel, because B.C. Tel will lay off workers and continue with increased subscriber rates. B.C. Tel will also continue to provide rotten service.

There is something else. What about a government which favours investors and savers over salary earners and spenders? Our savings have never been so high, due to the policies of this government. The government came out last year with Canada Savings Bonds carrying the interest rate of 19 per cent. Why in the name of sanity would anyone invest in a mine or business to get a 15 per cent return when he can get that much out of Canada Savings Bonds? So what happens? We close mines in Newfoundland and other places. These people have all their money tied up in cash. There is no enterprise in that. We must bring interest rates down to at least 1 per cent above the inflation rate. If we are not prepared to do that, all schemes are useless and there will be a lot of suffering producing no results.

We have never mentioned prices, profits, the professional fees of doctors, lawyers, surveyors and accountants, and incomes from investment. Are they to be limited to 6 per cent? Of course not. We have to make the pot richer.

However, what we will do is reduce the effectiveness of FIRA. The Foreign Investment Review Agency is supposed to help our country, according to some people, including hon. members on my right. If we want to sell this country out really fast, we can weaken FIRA. We will get more foreign investment and more foreign purchasing. A small-business man in my riding makes canopies for trucks. The Foreign Investment Review Agency which does not publish what it is doing, nor does it give reasons for doing what it does. In any event, it let an American canopy firm go to Annacis Island in the riding of

my colleague, the hon. member for New Westminster-Coquitlam (Miss Jewett), and that put two Canadian canopy firms out of business. Does the operator of the canopy firm in my riding want to see FIRA weakened? Of course he does not. The United States has far tougher buy-U.S. and invest-in-U.S. laws than we do. The Americans keep foreign subsidiaries out by many means. But what are we going to do? If a company is worth $2 million and has 100 employees, we say that is too restrictive and we cannot have FIRA piddling around with that little stuff. What little stuff, the high-tech industries or the small sawmills in the riding of my colleague, the hon. member for Kootenay West (Mr. Kristiansen), which are to be purchased holus-bolus by foreign investors because we are going to change the criteria to $5 million and 200 employees?

What should we think of a government which indulges in the old shell game of steal from social programs? That is what it has done. It did that in relation to block funding for universities and medicare. Where did this $3,000 loan for houses come from? People can get $3,000 grants. Did that come from the old age pensioners? I think it is a good program. I think the small business program is not a bad program either, but what is it doing for interest rates? Somebody mentioned that the Americans have an inflation rate of 7.5 per cent, but their interest rate is 17 per cent. Did a low inflation rate bring interest rates down in the United States?

Mr. Blackburn: No way.

Mr. Rose: Of course it did not.

What about a government which plans, as the minister announced, to raise unemployment insurance premiums paid by everyone who works to pay for the enforced idleness of those who have been put out of work? Even in the minister's own riding of Cape Breton Highlands-Canso there are 18,000 people collecting unemployment insurance but only 9,000 people listed as being unemployed. How could 18,000 people be collecting unemployment insurance when only 9,000 are listed as unemployed? I suppose the worst thing is the spread of fear among those who have jobs to soften them up so that we will accept less. It makes lay-offs acceptable!

I do not know the man who wrote the following article in the Vancouver *Sun*. It is a sarcastic article. It says:

> Canadian workers would be better off if they were paid less.
>
> Poor people must be given less money to make them work harder.
>
> Rich people need more money to expand the economy.
>
> The free market causes land prices to soar, which allows speculators to buy hockey teams and baseball teams and football teams, which is good.
>
> High interest rates are necessary to reduce inflation, make work for bankruptcy lawyers, and create opportunities for the happily unemployed.
>
> Unions are going to destroy this country by fighting for better pensions, proper health and safety legislation, medicare, equal pay, the minimum wage for farmworkers, and decent maternity leave.
>
> Tighten your belts, Canadians, 'cause we have to compete with three-dollar per day militarized, beaten, tear-gassed South Koreans.
>
> Expand the military!
>
> Cut back social services!
>
> Isn't free enterprise the greatest?

I have been told the reason the last budget was a failure was that it was prepared by bureaucrats. Perhaps they are sitting up in the gallery. It was not political enough; there was no input from the caucus. But this time there is. If members of the Liberal Party ever get home for the summer, they can say they have had their input. They had their Kingston conference, and we were told the bureaucrats were not even allowed to see the budget. I do not know what hon. members opposite will tell their constituents after they have told them there is some aid in the budget for small business. Some of the provisions for housing are good, but I wonder if they will tell their constituents that their government broke contracts with the public service and raised taxes, except for the very wealthy, and that it chiselled old age pensioners out of $300 million over the next two years. The government did nothing about interest rates. There is little for job expansion, and Canadians are left with an $18 billion deficit.

Mr. Stewart: Twenty.

Mr. Rose: In fact, the government has guaranteed a bigger deficit because as incomes fall, government costs for welfare, UIC and lack of taxes paid are bound to rise. That will make the deficit even greater.

Hon. members opposite are jubilant about this so called political budget. I hope they will go out and tell the whole truth to their constituents about what this budget and Bill C-124 are really designed to do. The design is to have a massive redistribution of income away from working people and into capital and profits for corporations. And hon. members opposite ask the people to join in that crusade! It is not equitable, it is not fair, it probably will not work because it is a hoax.

The Acting Speaker (Mr. Blaker): Hon. members will note that the Chair is not following the usual practice of alternating between left and right. If no other hon. member stands, the Chair will recognize the hon. member who is standing, the hon. member for Kootenay West (Mr. Kristiansen).

• (1700)

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, in the circumstances perhaps I may be forgiven for saying that it would occur to an objective observer that there is a certain lack of commitment evident in the feelings of some of those who have suggested that they see something unfair in the legislation before us. The manner in which they are jumping at the opportunity of expressing the grievances of those who will suffer as a result of Bill C-124 shows that their fervour is somewhat lacking. That is not surprising in view of some of the contradictory statements we have heard from members of the official opposition in the last while. I hope it is simply an aberration and that they will find their consciences and their feet in the next few hours and days.

In commencing my remarks on what I consider to be one of the most damnable and discriminatory pieces of class legislation that I have had the misfortune to consider since being elected to this chamber of horrors, I feel compelled to warn

you, Mr. Speaker, and any other possibly faint-hearted member that the deep feelings I hold on the nature of the subject before us may cause me to slip or, perhaps to put it more appropriately, to escalate into what might be described as lunchroom terminology, backwoods vocabulary or just plain speaking.

I shall try to restrain myself but these feelings are not mine alone; they are those of many people I have worked with over the years. They are so strong that it may be difficult to restrain some of the more volatile expressions and terminology that may be appropriate. I make no apology for that because, in spite of the fact that I have been a member of what is sometimes ludicrously called this House of Commons—and I have to wonder at the word "Commons" when we deal with legislation of this kind—for some two and a half years, I am still an industrial worker and a trade unionist in conscience and at heart. I am proud of that. I feel compelled, in spite of the sometimes phony sophistication of this place, to call a spade a bloody shovel.

As a prelude to the statements and accusations to come, I should also say that the Conservative Party will invoke my wrath and anger every bit as much as the Liberal government, because in spite of its mealy-mouthed and hypocritical effusions of mock protestation, Bill C-124 is a classic example of that party's thin blue line of knee-jerk reactionary conservatism in practice.

When it comes to the rights, needs and legitimate aspirations of honest, hard-working people, the shallow, hollow little men and women of the Conservative Party to my right are every bit as mean, deaf, dumb and blind in the political and economic sense as are the overstuffed apostles of Liberalism across the way.

Bill C-124, an act respecting compensation in the public sector of Canada, is bad law. It is unfair, it is unwise, it is discriminatory and it is counterproductive. It is based upon a lie and it is wrong. Quite simply, it is an attack upon the very spirit and soul of a democratic society. It seeks to place the burden for our society's ills on the shoulders of those who are the servants, not the masters, of Canada's governmental and economic system.

I should like to quote from a document that is rather well known in the annals of western democratic evolution, the Magna Carta of 1215. Part VI of that document reads as follows:

Clauses to control the behaviour of royal officials, particularly those of local government. No town or individual shall be forced to make bridges or maintain river banks—

Nothing could be more clearly designed to show the absolute moral bankruptcy of a government that chooses as a scapegoat for its own ineptitude and failures the servants of the people, the public employees of this nation. The Magna Carta was presented to King John in the year 1215. Because some of those opposed to him were referred to as those who robbed the rich to give to the poor, one can only assume that what he was representing, and what this government which is acting like him represents, are those who would steal from the poor to give to the rich. Relatively speaking, that is exactly what this bill is about.

We have heard a lot of talk about crusades. Perhaps we need some more crusaders but different from those of 1215. Perhaps we need someone who will attempt to seek some form of redress or an appeal for justice on behalf of those rendered powerless, either to help themselves, or to have any significant say in what to do or how to do it for the majority of their waking lives, namely, when they are at work.

The actions of the Liberal government and the Conservative opposition in this situation remind me of a parable related to me and the leader of this party, the hon. member for Oshawa (Mr. Broadbent), by an old Doukhobor gentleman who called in to us during an open line show in Trail, British Columbia, some two and a half years ago. He told us that the Russian people have a saying that, "no one ever mentions the wolf; it was the goat that ate the sheep." That may be very simple but it is surprising how close it is to the truth in the present situation. No one is talking about the wolf being to blame for the present situation but somebody sure is looking for a goat.

We are in a desperate situation in this country, Mr. Speaker, and we all recognize that. I gather from some of the things that were said at the meetings between the government and the provincial premiers, between representatives of the federal government and the business and corporate leaders and between leaders of the Canadian Labour Congress and the government in the last few days, that things may be more desperate than anyone has admitted up to this point. We would be among the first to agree that if times are as tough as they appear to be, it is going to require much more of a coming together and much more of a spirit of true compromise between the different interest groups in our society and representatives of political parties than has been normal over the past few years. If we are to achieve that in a constructive way, then there must be some acceptance of good faith on the part of all parties involved.

It is a hollow appeal to ask of working people in particular but also ask of those who have not had the opportunity for some months and years to engage in remunerative work to make the first sacrifices.

A young plywood plant worker from my home town of Nelson, B.C., wrote some words on the subject last November, about the time some 100,000 people gathered on Parliament Hill to protest the high, avaricious and usurious level of interest rates that were threatening to drive many people out of their homes. His words say a lot about attitudes justifiably held by many people at this point. I should like to take the opportunity to put on the record of the House the words to a song that this young man wrote. In clear and in more understandable terms than many of us are capable of expressing, they recount the horrors and feelings of anger and frustration of many people. This song was written in November, 1981, by Chris Hart, a single parent with a little boy:

• (1710)

Interest rates are giving my soul a beating
I don't know how long I can keep on eating
I've got a little boy back home in B.C.

And I tell you Pierre He's counting on me
To give him breakfast in the morning
And a lunch to take to school
To buy him warm boots for the winter
And now I feel like a fool
Cause Santa Claus stays in the trunk this year
It's never been this bad before
It's a sorry situation my friend
When a working man can't make a living no more
I used to have a job in a plywood mill
If I had my choice I'd be there still
I made the best plywood I could you see
There was no good reason this happened to me
But nobody's buying plywood
To build houses they can't afford
It seems that everybody's had to stop what they're doing
Since the interest rates have soared
We're just looking for a little leadership
You're supposed to be good at that
I'm ready to practice some civil disobedience
Against the ones still getting fat
Bankers are reporting record profits
They've sure got their fingers deep in my pockets
The Feds say it's all going according to plan
They're gonna lay the blame on the working man
But a quiet people anger
Slowly at the start
I feel the anger rising quickly now
Soon to blow apart
If the banker takes my home away
I'm not sure what I'll do
But if I fight with him and lose Pierre
I'm coming after you, Yes I am
I'm coming after you.

Those are not phony words, Mr. Speaker. They were written by a young single parent who last week was not only told that he was going to continue to be laid off after having worked for not more than two or three weeks since last fall in the plywood plant in which he has some eight or nine years' seniority, but that the mill was closing permanently. That mill is one of only two major industrial operations in my home town and his. He is angry and his neighbours are angry.

If people think—not only some people in government but some people in some corporations—that they can use this opportunity to squeeze concessions on working conditions, safety and many other things won by hard struggle over the years, then I think the operative phrase is "every dog has his day". Any employer who has been in the industrial relations business knows that it does not pay to milk everyone for everything you can get because of a temporary advantage, because they will find a way to get even. They may have to hurt themselves in the process, but they will do that because they are very human.

The government thinks that by Bill C-124, Mr. Speaker, it can impose a law which will not only restrict incomes of public servants but will also eliminate for that period of time the entire process of collective bargaining. I do not know what kind of mentality it is which makes the government think it has the right to take away fundamental human rights in this manner. Even if one was to concede that there is a right in desperate times to put a ceiling or a cap on wages, there is absolutely no excuse for them denying the very process of jointly attempting to determine the conditions of your work, whether you are going to live or die on the job, and all of those other matters so vital to the interests of ordinary people. By so doing, the government will sow and reap the whirlwind.

In trying to analyse the kind of mind which gives rise to this sort of action, one can only assume that there are many in the government who think, "Well, we gave them these rights so we can suspend them." The right to withdraw one's labour, Mr. Speaker, was not given to anyone by government. It was won on this continent when working men and women found that by exercising their right to withdraw their labour they could gain some appreciation and recognition of their problems and appropriate grievances—without laws setting out when and how they could do it. When that right was found to be effective, not only by working people themselves but by the rest of society, that is when governments across this land and in the republic to the south began to recognize that right in law. The right was not given, it was simply claimed and recognized, and in being recognized it was thereby limited and structured.

I am not debating here whether or not that was an appropriate action. In a civilized society we attempt to structure our conflicts in ways which allow for an appropriate peaceful method of decision-making among different sectors. Industrial relations and employer-employee conflicts have been stabilized in a better and healthier way for society at large than what we see in some countries in Europe, particularly eastern Europe, which have never adopted the necessary democratic structures to allow ordinary working people to freely determine their own destinies and the conditions under which they work and live. Instead, they have had the kinds of explosions such as we have seen in Poland simply because they have never come up with the kinds of structures necessary for people to sort out their problems in a democratic and reasonable way.

The spokesman for the Conservative Party who spoke prior to the hon. member for Mission-Port Moody (Mr. Rose) made some very constructive comments, Mr. Speaker. He again drew attention to the irresponsibility of the provisions contained in this bill which eliminate collective bargaining within the public service and for employees of Crown corporations, and the impact that may have on joint council collective bargaining. Such joint collective bargaining, to the extent it takes place today, is a relatively recent innovation. It is still rather fragile and I and many of my colleagues and members of the official opposition—and surely there must be some in the government as well—tremble at the fact that something that new and fragile, but which has also been very useful, can perhaps be put to death by an unwise law which has been poorly considered and poorly thought out.

I would hope that even if the government is determined to proceed with its 6 per cent dream world and the unfair manner in which it has been imposed, it will at least see the error of its ways in possibly wiping out the kind of joint bargaining councils and joint approaches to industrial relations which have served many of our industries so well over the period of the last few years. I am also thinking particularly, Mr. Speaker, of Canada Post, our new Crown corporation. We have for years and years attempted to bring the post office out of its former shell, a shell which was made up of government interference in labour-management relations and other matters. One minister after another used to involve himself in the situation. The minister used to change as often as we change our shirts; they used to butt into the internal workings of the post office. Only last year Canada Post was established as a new independent postal corporation. By so doing, the government allowed its managers and employees to bargain under the provisions of the Canada Labour Code. Thus they could work out, as free men and women, various problems which could not freely be worked out previously because they were subjected to a different piece of legislation. I am thinking about problems regarding technological changes particularly.

• (1720)

One major problem which developed in the post office as a result of the imposition of highly technical machinery 10 or 15 years ago—

An hon. Member: Much of which did not work.

Mr. Kristiansen: Yes, that is true. The introduction of highly mechanized machinery resulted in mechanical problems as well as human ones. When the nature of jobs was changing, the labour-management process had to undergo a change because there was a high degree of automation in which people did not have any say. For these reasons they started tearing themselves apart, both employee against employee and employer against employee. They were frustrated because they did not have and were not allowed to have the mechanism under the laws of the land which other employees and managers had. They have just now been given that freedom.

We have heard the testimony of the new president of Canada Post that the incidence of lost time due to industrial disputes has now dropped rather dramatically since the inception of that corporation. At last here was some evidence that perhaps there was a chance for those people to work and live together within the confines of that Crown corporation. Perhaps they would have been able to begin to develop a more mature relationship than has been the trademark of the corporation for many years. Now the government will throw that freedom right out of the door. It is coming down with a heavy hand which could not be better calculated to throw this entire mechanism, upon which much of the country is dependent, right back into the dark ages from whence it came.

It is not my role at this point to point the finger of blame at whether it was the government, management or unions which caused the conflict that took place within the post office. After a while it becomes an academic argument as to which came first, the chicken or the egg. Apart from any value judgments, one began to feel that both the union and the management came to deserve each other. But, recently they were looking forward to a new relationship, and there has been some evidence of that relationship developing. Things such as that do not happen magically overnight when dealing with human beings in very intricate set-ups. This sure as the devil is not the way to do it. It is counterproductive to the work of many former ministers. I see at least one of them across the way today. In fact, he spoke in the debate a little earlier. Several former ministers and hundreds of people in labour, in management and in the House have worked for years in an attempt to get the postal service back into a position where it could do the job it was intended to perform on behalf of Canadians.

I beg some of the saner minds which I am sure must be over on the other side of the House to take a second look. if they insist despite the arguments upon keeping caps on levels of incomes, I suppose it is their right because they are the majority and form the government. I ask them to consider some of the arguments we have made and at least one argument of the colleagues to my right. I ask them to remove the carte blanche crackdown on the entire process of collective bargaining which can do much damage for years and decades into the future.

I am hopeful, because of the tone of the remarks of representatives who attended meetings with members of the government on Friday, for instance, that perhaps their thoughts are not etched in stone. Perhaps they will think some of these things through. I hope that is the case. During the course of committee study I hope saner heads will prevail and that we will come up with legislation which, while it still may do some damage in the short run, will not lock us into the long-term holocaust which I am afraid might otherwise be forthcoming in industrial relations within much of the government service.

My comments are based upon an assumption that some of the drive toward this legislation took place in good faith. But some of the evidence of the past, such as our experience with the Anti-Inflation Board in the 1970s, causes us to wonder about the motivation of this bill's attempt to move into the entire area of collective bargainning. The current Minister of Transport (Mr. Pepin) had a role to play in the Anti-Inflation Board in one of his previous lives before his latest reincarnation. I was fairly involved in that whole affair in both the East Kootenays and the West Kootenays at the time. The present Minister of Transport in his role as chairman of the AIB visited the East Kootenays to meet with representatives of United Steelworkers and United Mine Workers because of some joint bargaining process. I cannot even recall the percentages in question at that time, but I think they were something like 7.5 per cent or 8.5 per cent limits. They were a little more intelligent than those in this bill. At least they had some freedom in terms of bargaining and to sort out their priorities within those limits, which is a little more sensible than what is before us today.

In any event, the Minister of Transport sat down with the parties at the bargaining table. He suggested—and I am paraphrasing his remarks—that there might be some way to see the way clear to giving those people an extra percentage point, if only they would remove some of the restrictive provisions within their collective agreements. Someone asked him what he meant by restrictive provisions or restrictive clauses. He leafed through the contract and said, "Here is one here; it is entitled 'contracting out'." At that time the chairman of the AIB had the job, according to the government at least, of restraining the level of remuneration. He attempted to obtain what he thought was a more rational sharing of wealth in the country. We did not agree with that, but that was one way in which it was suggested that it should be done. He was willing to give away more money in exchange for those workers giving up some of the very clauses in their agreements which gave them job security. Since that gentleman is still in cabinet today, one has to wonder whether that kind of thinking is there at this time.

What is the purpose of having the entire area of collective bargaining placed under these controls? Is it to prevent working people, at a time when they are faced with unprecedented plant closures and long-term lay-offs, from utilizing their ability to bargain for perhaps better severance pay provisions or other protections against the real threats and dangers they see heading straight at them today? Some people say, "It cannot be that way because we are just talking about the public service and we know that people in the public service do not get laid off." That is not true. This legislation also involves employees at CN and CP, Air Canada and CP Air. CP happens to be a private corporation and Air Canada is a Crown corporation. Are they suggesting that there will be no more cutbacks in CN or its trucking firms? What pattern is being established when the government appeals, as it did to the business community, to transfer these policies to the private sector as well?

• (1730)

What should we read into the Prime Minister's (Mr. Trudeau) remarks last week, which I believe were quite schizophrenic if anything, when he said that he had no intention of imposing controls, even in co-operation with the provinces, across the private sector, and then suggested a few minutes later that if it does not work he may have to consider doing that? He has everyone guessing, and I suppose that is part of the game. But do we need that insecurity added to the insecurities which Canadians have already been feeling during the last few months? It makes one wonder.

One also has to wonder when the Minister of Finance (Mr. MacEachen) is apparently telling leaders of the business community and particularly the leaders of the Canadian Labour Congress and the labour movement during private meetings in Ottawa—I am paraphrasing a news report I read—that he and the government were not suggesting that we were pricing ourselves out of markets via the increasing cost of labour, while at almost the same time the Minister of Employment and Immigration (Mr. Axworthy) was saying exactly the opposite in the House. That minister said, as reported at page 19173 of *Hansard* on July 9, 1982, last Friday, in answer to a question from the member for Vancouver Centre (Miss Carney):

> Madam Speaker, I would first like to point out to the hon. member for Vancouver Centre that I visited British Columbia recently, and I will be there again on Monday to talk to employers and unions about job creation and labour market programs. It was clear in those discussions, when you talked with both employers and members of the unions that the greatest danger to the competitive position of the lumber industry in British Columbia in disposing of its product is the fact that our wage settlements are running substantially ahead of those in the United States.

I took issue at that time, in a rather unparliamentary way, with the words of the minister, because it is just plain hogwash. While it does not suit the purposes of the government, the fact is that leaders in the forest industry in British Columbia have said as much in very recent months.

An hon. Member: How about steel?

Mr. Kristiansen: This minister was talking about the lumber industry. I do not have the statistics in front of me about what the hon. member is are talking about. I do not know the figures as intimately.

However, his statement is absolute hogwash. Even without considering the differences between the Canadian and the American dollar, the unit cost of labour in the Pacific northwest of the United States and western Canada is virtually identical and, if anything, there is approximately a ten-cent higher margin of difference in the Pacific northwest of the United States. The minister's statement was simply untrue.

No one in his right mind would suggest that the markets for our Canadian lumber will increase at the present time by having a wage deferral or wage cut among the woodworkers in British Columbia. More houses will not be built by driving more consumer purchasing power out of the economy and by doing nothing about interest rates across the board. That cannot be accomplished through that action. Perhaps the government could be persuaded to expand some of the housing initiatives it began and to do something drastic through other measures that have been urged by many members on the opposition benches. For several months the government has been urged to turn around the situation with regard to demand in the housing, construction and forest industries. Perhaps the government can encourage more demand for housing.

Perhaps the government of the republic to the south can also stop acting in such an asinine way as that displayed by its veto of recent initiatives proposed by Congress in the last few weeks, and start to take action which would spur the demand for much needed housing in the United States as well. This would produce more jobs and allow some of the mills in British Columbia and other parts of Canada to either remain open or to reopen. The introduction of a wage deferral, which only provides for a variance of a small percentage on a wage cost item which comprises 20 per cent of the cost at most, will do nothing to increase demand for housing or for lumber and will

do little to help create a healthier industry in British Columbia.

We should review the situation as a whole. The budget was brought down on June 28. Bill C-124 is an important part of that budget. This bill is combined with other budget measures which are certain to draw even more money out of our economy in terms of purchasing power, resulting in even less domestic business for our own industries and enterprises. This will reduce consumer demand for many of our retail merchants across Canada and drive even more into bankruptcy. I fail to see how this can be seen as the beginning of a turnaround, which has been touted by some on the Liberal side of the House. To believe that would require some stretch of the imagination.

Canadians in our constituencies all across the country fail to see this turnaround as well. This is obvious when one sees their reaction in telegrams, letters and surveys and when one listens to them on the telephone, as I did in the last few weeks.

In conclusion, I would appeal once again to what, hopefully, is the conscience of many of the members on the government side of the House and to the ministers to realize that even if they wish to persist in what appears to be the major objectives of this legislation, they ought to listen carefully and study the information they were given in the meetings on Friday as well as hear the many representations which have been and will be made to the House. When this bill goes to committee let us reason together in an attempt to remove at least those measures which will bring untold long-term harm to the employees of the Government of Canada and its corporations as well as to the very fabric of industrial relations in this society and to the freedom and welfare of Canadians as a whole.

Mr. Derek Blackburn (Brant): Madam Speaker, I feel constrained to enter into this debate because of the blatant inequities in Bill C-124. I would remind the government at the outset that the last time they brought in wage and price controls, the year following the lifting of those controls the government was defeated. I think that is something which the treasury benches should take into consideration at this time, if not publicly then certainly privately in caucus and cabinet discussions.

• (1740)

Of late, there have been many references to the fact that we are no longer in a recession but, rather, in a depression. In many respects, the recession or depression that we are in today is even worse than the great depression of the 1930s. The stockmarket crash took place in October, 1929, as we went into the winter of 1929-30, and the bottom had fallen out of everything by 1931. Wages had gone down to virtually nothing and there was massive unemployment. Prices fell to rock bottom as well. The vast majority of the people of this country, of the United States and of western Europe felt that they were all in the same boat. Oh, the very rich weathered it quite nicely in Capri, in Nice and in West Palm Beach, but they were such a small, insignificant group in the western world in terms of numbers that people seldom thought about them except when they went to the nickel movie in the afternoon and saw how the very rich were living. Generally speaking, virtually the entire population felt the depression and suffered as a result. Consequently, across our country there developed a sort of esprit de corps. People said, "We are all badly affected by this great depression and we will have to pull together on our own." They said this because the damned government under R. B. Bennett was doing nothing, like this government here in Ottawa. So they decided to pull together by themselves.

I can recall those days of hardship back in the 1930s. They were days of hardship, but also days of togetherness when families got together and shared. I can recall growing up in Sault Ste. Marie, which was one of the hardest hit areas in central Canada. If there was one empty seat in a car heading out to Lea's Bay or Pointe-aux-Pins on a Saturday or Sunday, one called up a neighbour and made sure that that seat was filled by a person who could not otherwise get away to the beach. My father was the head of a Gilbert and Sullivan operatic society and he was able to call dress rehearsals for 10 o'clock on a Monday morning because the non-professional cast had no work and there was all kinds of time to work together and to play together. In that depression, as severe as it was, with the soup kitchens and bread lines, there was a feeling of common suffering. Everyone was adversely affected and therefore everyone on the block, in the neighbourhood or the community was pulling together. There was no feeling of alienation toward some groups in society, although some were hurt more than others. There was no feeling that someone in Ottawa was trying to rip off something from them or that people in some parts of the city were better off than those in other parts.

Today, however, we are in a very pernicious kind of depression. We have widespread unemployment, with 1.3 million officially unemployed. There are probably 1.7 million or 1.8 million in total who are unemployed. Yet we still have 10 million people working in this country. Also, we have rising prices at a time of mass unemployment. There are also some professional or self-employed people who are making more money in 1982 than they made in 1981.

Mr. Nickerson: Good for them.

Mr. Blackburn: A Conservative over there says, "Good for them." So much for sharing, so much for a deep appreciation of the suffering that is going on in this country when a Tory can shout out and say, "Good for them", if they are making more money this year than last year, and that Tory will stand up and vote for controls on wages.

Mr. McDermid: Are they producing more?

Mr. Blackburn: This is a time, gentlemen, when those on the Tory benches should show understanding and compassion. If we expect those who are making lower incomes to accept lower wages, it is time for all of us to show some compassion and understanding for those who are earning less.

Mr. McDermid: Oh, you sanctimonious pup.

Mr. Blackburn: I am not trying to be sanctimonious. I am being realistic. The hon. member is embarrassed by the remarks of his colleague. If he is upset, he should rise when I am finished and make a speech on this subject because he has all kinds of time, so he should not get upset.

Mr. McDermid: Tell the truth.

Mr. Blackburn: Today we are in a situation where those who are in dire straits are being told to tighten their belts, to deprive themselves even more, and we all face rising prices and costs. Now we have unemployment insurance and welfare, two things that we did not have in the 1930s. I can guarantee that without welfare and unemployment insurance, we would have soup kitchens and bread lines in many cities across Canada today; in fact, in most cities. Therefore, when we compare the depression of the 1930s with the depression of the 1980s, I believe those who are suffering today are suffering more than those who suffered in the 1930s because they know of the inequity which is being perpetrated and advanced by Bill C-124. It states that all federal public servants will receive an increase of 6 per cent this year, 5 per cent in 1983 and 5 per cent in 1984. Therefore, those at the top will not suffer nearly as much. In fact, they will not suffer at all from the decrease in their income from 1982 to 1984. But those clerks and those who clean out our public buildings, those who do menial work in federal service, will have relatively bigger cutbacks or losses in revenue next year, and they will hurt even more. The bill is simply not fair.

Of course, the primary aim of Bill C-124 is not directed at the federal civil servants. It is directed at provincial and municipal civil servants and the entire private sector. However, the private sector employees have already been hurting. As an example, I could name but three companies in my own constituency, in my home town of Brantford, namely, White Farm, Massey-Ferguson and Trailmobile, which have been suffering from wage constraint for the past year and a half. Their employees work for regular wages for three or four months and then they drop down to unemployment insurance for another two or three months. Then they are back on regular wages when called back for three or four months, and then again they are back on unemployment insurance. As a matter of fact, it has been estimated that if a White Farm employee had worked a full 12 months in the past year, his income would have been roughly $21,000 or $22,000, but with all the lay-offs resulting in the collection of unemployment insurance benefits, his gross income has dropped to about $15,000 or $16,000. That is a wage constraint. Yet the Prime Minister (Mr. Trudeau) says that it is greedy businessmen and greedy workers who are forcing the government to curtail the increase to our old age security recipients. How much nonsense does the Prime Minister think that this side of the House can continue to endure? We will certainly not accept it as an argument. As a matter of fact, it is the spuriousness of the government's arguments with respect to this recession or depression which causes us to refuse to accept virtually anything it now says on that side of the House.

• (1750)

The government goes from one public relations disaster to another. It does not have its financial and economic act together. I say that because in order to find a new solution or way out of this recession, the government has again resorted to a failed program which it attempted in the seventies, the Anti-Inflation Board of 1975.

Let us look at some of the figures at that time as far as the Anti-Inflation Board is concerned. In 1974-75 also, the government blamed wages for forcing up the cost of living and prices. We know that not to be true. At that time the New Democratic Party said it was not true. It was later proved not to be true, that we were right.

We are asking the same thing today. The government says that wages have to be lowered in order to bring down inflation. We have the data to support our argument that wages are not causing inflation in this country today. It is not a wage-push inflation. The government is resorting to this as a spurious argument, a cheap means of bringing in controls.

Let us look at the failure of the previous controls exercise of the seventies. Whan the Anti-Inflation Board was introduced in 1975, the rate of inflation was 10.6 per cent. The target of the AIB for bringing inflation down was 8 per cent in 1975, 6 per cent in 1977 and 4 per cent in 1978. Those were the targets. Instead, inflation was only slightly moderated. When controls were removed in 1978, lo and behold the rate of inflation was 9 per cent. It was down about 1 per cent after three years of wage controls and some price controls.

Price controls were not equitably enforced. I recall listening to some businessmen and professionals joking in 1976 and 1977 that their incomes were actually going up much more rapidly than the AIB was permitting because they were getting phony job promotions. That was the most common way of circumventing the wage controls at that time.

In 1975 the annual rate of unemployment was 6.9 per cent. During the control period, it moved steadily upward. Controls caused unemployment; 7.1 per cent in 1976, 8.1 per cent in 1977 and 8.4 per cent in 1978. One reason for this is very obvious. When you take money away from consumers through lower increases in pay, you are taking high velocity money out of the marketplace and are depressing demand. When you depress demand, you cut back on productivity. When you cut back on productivity, you increase unemployment. It is a vicious downward spiral. This stupid government cannot get this through its thick head. I do not know how much pressure we in the opposition and the people of Canada have to bring upon this government to make it see some common sense and understand some basic, fundamental economics.

Let us look at some wage settlements under the Anti-Inflation Board. According to a government paper, wage settlements during the AIB program were brought down from almost 20 per cent in 1975—it was actually 18.6 per cent in the second quarter of 1975—to 7 per cent in 1978. According to a Conference Board study on the AIB program, controls resulted in the loss of several thousand jobs, a drop of 8 per

cent in wages and a break in the inflation rate of a paltry 1 per cent. That was over three years. There was a break in the inflation of 1 per cent for a year compared to the rate of rise without controls.

I have just given the facts. We have a model to go by, the Anti-Inflation Board from 1975 to 1978.

Mr. Orlikow: It at least pretended to deal with prices.

Mr. Blackburn: Bill C-124 does not even mention prices. Even worse, the government and the President of the Treasury Board (Mr. Johnston) do not have the courage to admit that what is putting inflation up today and raising the cost of living, the consumer price index, is interest rates. There is no mention in the budget of bringing down interest rates. In any event, there is no plan to bring them down.

Second, energy and fuel costs are escalating. They will continue to escalate in 1982, 1983 and 1984. At the very time when the President of the Treasury Board is telling Canadians they will be held to a 6 per cent increase, their gasoline, home heating fuel, and hydro bills will all be going up between 20 and 30 per cent. Is that equitable? Is that reasonable? Is it any wonder the President of the Treasury Board is having problems trying to sell his package?

Is it any wonder that the CLC is saying to the government that if it wants their support, that if it wants organized labour to shoulder its share of the burden, then the government has to co-operate, share some of the burden and demonstrate that consumers will not have to pay 30 per cent more for home heating fuel in 1983, 20 or 25 per cent more for gasoline and 25 per cent more to Bell Canada for their telephones. If the government wants to regulate increases, it will damn well have to go after the CRTC and CTC to make sure that freight rates, passenger rates and telephone rates are held.

What is the President of the Treasury Board going to do about marketing boards? Farmers are already hard pressed. They have virtually no cash flow. To follow logically the argument of the President of the Treasury Board for restraint, we should be holding the price of eggs, poultry and all dairy products at 6 per cent. How in the hell is the minister going to sell that to the farmer who cannot afford to buy machinery?

This is why in my city about 7,000 agricultural implement workers are out of work. I wish the minister would stand up and try to at least bring some logic to his argument. He cannot do that because it is spurious argument. He and his cabinet colleagues are constantly saying we have to break the inflation psychology. Whatever inflation psychology we had died a year and half ago. The vast majority of Canadians are not buying frivolously. They count every penny that comes into their household. They are worried about meeting their mortgage payments with rising interest rates. They are worried about not being able to pay their gas bill or their home heating bill. They are afraid they will not be able to pay their taxes.

The budget of the Conservative government at Queen's Park brought in by Mr. Miller a few weeks ago will result in at least a 7 per cent increase in municipal taxes in 1983.

I see that it is six o'clock, Mr. Speaker. I believe I will have another ten minutes at eight o'clock.

The Acting Speaker (Mr. Blaker): It being six o'clock I do now leave the chair until eight o'clock.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Blackburn: Mr. Speaker, before we took recess for dinner, I was trying to impress upon the government that its approach to fighting inflation by trying to control public sector wages was the wrong approach. I tried to point out to the government that the major causes of inflation today are basically threefold. The first reason is the very high interest rates or the real interest rates that are running around 8 per cent or 9 per cent above what they should be. That is a major cause and accounts for slightly in excess of two percentage points of the consumer price index. The second is energy taxes, on everything from home heating fuel, natural gas, diesel fuel and gasoline, a 30 per cent increase last year, another built-in increase of 27 per cent in 1982-1983. Again, this accounts for about three percentage points of the consumer price index. And, of course, the third reason is the cost of imports. In fact, imports are becoming so costly that Canadians cannot afford to buy a lot of the imports and that is why we have a favourable balance of trade with the United States—it is not because we are selling them more but because we are importing less. The reason we are importing less is that we have less money and we simply cannot afford it.

In those three areas alone we have at least six percentage points of the consumer price index. If it is running at about 11.5 per cent, it would have us down to about 5.5 per cent of real inflation. It would be as low as the average annual inflation rate in the United States. Instead of this the government once again is looking for a scapegoat. It is very typical of our Prime Minister to blame someone else. The Prime Minister says: "I never made a mistake in government." The Prime Minister never would admit to making a mistake. So, as we did in the year 1975 with the Anti-Inflation Board, again now in 1982 the government says: "It is labour, organized or unorganized."

But this time they cannot get a consensus right across the country. The provincial premiers will not agree, so he cannot invoke that section of the old British North America Act that allowed him to impose wage and price controls in 1975. Instead of that, he is attacking the federal public servants, hoping it will spin off into the provincial civil services and then to civil or municipal services and to the private sector.

When we come to the private sector, Mr. Speaker, we realize that honestly, even there the wages have not been inflationary. As late as 1980, Canada was seventh in hourly compensation, that is, wages and benefits in manufacturing, in

terms of the United States dollars. Belgium in 1980 stood at $13.18 an hour, an increase over 1975 of 100 per cent. Sweden stood at $12.60 an hour; Netherlands at $12.18; West Germany at $11.94; United States at $9.92; France at $9.46; and Canada at $9.06 an hour. That was just five cents an hour above Italy. And yet we hear a lot of right wingers in this country saying, "It is wages; our wages are so high that we are pricing ourselves out of world markets." That is absolute nonsense. I am putting that on the record and I am challenging any Liberal sitting opposite me right now to stand up after I sit down and challenge my statement based on the data I have just presented.

Also, Mr. Speaker, while we are speaking of the private sector I would like to read into the record a notice that was sent to employees in a certain factory in the city of Brantford just last week. These are non-union, salaried employees. They have no organization to fight their battle with management. Management may be right in this case, the company may be in dire straits—I would not be at all surprised. We are talking about legislation wage controls. This is not a legislated wage control: it amounts to a decrease of 19 per cent in their wages. This is what it says:

First, the general increase which became effective on April 19, 1981 will be rescinded. On the other hand, the $52 per month cost of living adjustment which was eliminated at that time will be restored in full, put into the basic salaries. There will be no cost of living adjustments in the future. Second, no salaried overtime payments will be made except as required by law. Third, all salaried employees will work a 40-hour week. This change which affects those salaried employees now working 37.5 hours will be accomplished by the addition of one-half hour to the end of the current working day.

I love this one. These are just salaried non-union workers, supervisory staff and office personnel. Four-minute rest breaks are eliminated. Employees will, however, be permitted time for refreshments to be consumed at their normal working stations. It is almost like reading something out of Charles Dickens in the nineteenth century.

Fifth, the merit increase program will be frozen. Sixth, the current sick-day program is to be eliminated. In its place the following schedule of short-term disability benefits will apply and will represent the maximum available in any 12 month period.

Then it gives a list here of how many days each employee has off. If you worked between one year and three years you would have one week full pay if you are sick.

As far as I know, in the House of Commons if a Member of Parliament becomes ill he can be ill on the first day of a Parliament and never really show up again before his salary is substantially reduced. Here in this factory case, after the employee has been there three years, he or she will get one week full pay if sick.

Life insurance to the amount of $10,000 will be provided for each salaried employee, the opportunity to purchase attractive group rates additional insurance at totals of one time to two times less the basic $10,000, the annual salary, will be afforded each employee, and so on. That is based on reduced salaries.

That represents a 19 per cent cut in pay. It need not be legislated. The market forces presumably forced this upon the company, which in turn forced it upon the employees. This is the kind of mess that the government has got the business community into.

Specifically, Mr. Speaker, with respect to Bill C-124, the most pernicious and most contentious aspects of it are not really the compensation aspects. What is going to happen if this bill is passed without any changes in committee? For one thing, there will be no collective bargaining for two years on any issues—not just on money matters or income but on any issues. There will be no negotiations on technological change, on job categorization, on work loads, on overtime, on maternity leave, on any affirmative action groups.

We know, Mr. Speaker, that those who will be most adversely affected by this lack of ability to negotiate will be those at the bottom, the women in the federal work force. They are those with the lowest paid jobs, the most menial work, the least skilled. Once again, they are those who will have to take it on the chin. The professionals at $50,000 and $60,000 a year, I am quite sure, are not going to suffer all that much. But those earning under $20,000 or $25,000 a year will certainly be hurt a great deal.

• (2010)

Another matter which really angers me has been raised in the question period. I was absolutely outraged when I read in the newspaper that on the very day the budget came down 473 lawyers in the federal Department of Justice received a 10 per cent increase in pay. They received that increase just a matter of hours before the budget was introduced. As I said in my speech, earlier this afternoon, this government is going from one public relations disaster to another. It is as if hon. members opposite have no experience in government. And to make matters even worse, the inequities in this bill simply bring out their warped approach to the economic problems facing the nation today.

How could hon. members opposite possibly allow 473 lawyers a 10 per cent increase in pay just a few hours before the budget was introduced and then turn around and expect civil servants, who have already settled their contracts, to have their salaries knocked back to a 6 per cent increase when their contracts terminate? This is reprehensible behaviour by the government and cannot be allowed to go unnoticed and unchallenged.

The average Canadian is prepared to accept his or her responsibility in fighting inflation and in trying to get the economy moving again, but the average Canadian is not prepared to allow this government to be deceitful and dishonest in its approach, first, to the causes of inflation and, second to the cure. In the first place, we have a perfect example of a government refusing to admit that it should share a great deal of the responsibility for causing our inflation instead of blaming every other country in the world for it. Second, I

challenge the government to accept that the major causes of inflation today are high interest rates, energy taxes and the high cost of imports, and to come clean with the workers of Canada and say: "We appreciate it is not mainly your fault and that there are other causes, but we are asking you to do your share to get the economy going again." If hon. members opposite took that approach, they would probably get a more sympathetic reaction across the country. However, by bringing in Bill C-124 and legislating wage controls, the government is blaming the men and women workers of this country for the mess we are in today.

The most depressing problem of all is what to do when controls come off. Everyone, naturally, will want to scramble to catch up; the economy will get going full steam again and overheat. If we are to have wage and price controls—and I am not saying we should—for heaven's sake, let us bring them in at a time when the economy is overheating. The economy is not over heating right now. It is dying. It is almost stone cold. We have 31 per cent underutilization in our plant and manufacturing sectors. Is that the time to constrict further the money supply in the country? Hardly. This is the time to increase demand and increase spending so that we can increase productivity and get more people back to work. That is the argument I have used throughout the budget debate, and I use it again in this debate on Bill C-124.

My time is almost up. I am very dissatisfied with the intent of this bill. I am fed up with the all-encompassing aspect of the bill. I am fed up with the deceit of the government, the spurious economic arguments of the government and the reason the government gives for bringing in wage controls. The government is still dodging the major fundamental economic problems facing Canada and individual Canadians.

Until we get the real interest rate down to about 2 per cent, which is 2 per cent above the inflation rate, we will not stimulate the economy. We will not stimulate investment. People will not be prepared to expand their businesses or open new ones. Until we get some control over skyrocketing energy costs, we will have very high inflation, and as long as we have to rely on imports with a 77-cent or 78-cent dollar, again we will have inflation.

The government has addressed the wrong reason for inflation. It refuses to accept any degree of culpability for causing inflation, and it is not really attacking the main causes of it. Instead, it is making scapegoats of workers once again.

When I began my speech before the supper break, I said that the government is wrong in its approach. Just one year after AIB wage controls were removed the government was defeated, and I can very easily predict this evening that one year after these controls are removed, in 1984, the government will be defeated again.

In conclusion, I will paraphrase Shakespeare by saying the following: when is the winter of our discontent ever going to be made glorious summer by a change in government?

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I am pleased to have this opportunity to speak, and I will be fairly brief. I hope I will not take quite as long on this important topic as the hon. member for Brant (Mr. Blackburn) did.

I want to divide my presentation this evening into three parts. Hon. members might like to call the first part a rebuttal of some of the remarks made by the hon. member for Brant. The second part will be a description of the differences in political philosophy between hon. members on this side of the House and hon. members opposite with respect to the problems presently afflicting the nation and the problems which have caused hon. members opposite to bring in Bill C-124. Third, I would like to deal with some of the specifics of Bill C-124.

Before saying one or two unkind things about the presentation made by the hon. member for Brant—of course, not about him personally—I would like to compliment him on his presentation tonight. I think it was one of the best speeches that hon. member has ever made, at least from a technical point of view. I have difficulties with some of his reasoning, but he did make some good points.

I think the hon. member summed up the socialist approach to problems when he said quite explicitly that it was deplorable that some self-employed entrepreneurs had made more money in 1982 than they had in 1981. How terrible it had been—

Mr. Blackburn: I said some people.

Mr. Nickerson: —that some people had made more money this year than last year.

Mr. Blackburn: I said some people.

Mr. Nickerson: How shameful it was that some people had done better this year than in the past.

Mr. Blackburn: I did not say it was shameful.

Mr. Nickerson: This just illustrates the socialist ideology that everyone should be reduced to the same level of mediocrity and to the same level of misery.

I take quite the opposite point of view. Any businessman or entrepreneur who made more money in the difficult times of 1982 than in 1981 deserves to be congratulated. In my opinion people like that have accomplished something. Anyone who has managed to do this must be possessed of a disproportionate amount of good luck or, if not that, a superior ability. Such a person must have worked harder and with more diligence than the very many people who, because of conditions beyond their control, lost money during that period and did not make as much as they did in previous times.

What are the benefits derived from people who, because of the extra effort they expended, were able to do better for themselves and, consequently, for the nation? Who pays the taxes in this country? It is not the people who are out of work and it is not the businesses on the verge of failure; it is the successful people who work hard for what they have. They pay the taxes that enable us to give subventions to the people not as

fortunate. Who is hiring workers in the country today? It is not the businesses on the verge of failure; it is the successful ones that are providing the few jobs that there are. They are paying better wages than those on the verge of bankruptcy. They pay better wages to get the people they want, and that is good. Who are the people making investments so that Canada will be strong in years to come? It is not the people who are losing money but the people who are making money. If the hon. member for Brant had his way, presumably the few remaining successful people would be taxed out of business. They would do what many other Canadians have already done, vote with their feet! They would be forced to leave the country, taking their money and investments with them. If that were the case, everyone would lose.

• (2020)

What we need to do in this time of economic hardship is to give all the encouragement possible to those people who are proving that in difficult times they can still make a go of things. We should not be telling them that they are not wanted in Canada because they are doing a little better than anyone else. Instead, we should be encouraging them and making it as easy as possible for them to do better. That would benefit the government and the citizens of Canada.

This afternoon I listened intently to the speech of the hon. member for Lincoln (Mr. Mackasey), a distinguished member of the House for many years. But I took exception to some of the ideas he presented. He seemed to be saying that what we are engaged in is a zero sum game; that in order for any one group of people to benefit, those benefits have to be extracted from another group. It reminds me of a poker game where people play for so long, and after an allotted time the winnings of some will balance the losses of others. I do not agree with that idea at all. We should be promoting the increase in the general wealth of the country. We are not engaged in a poker game. We should be engaged in the development of the resources and the people of this country.

The hon. member for Lincoln stated that controls are necessary. That is a favourite idea of hon. members opposite and of hon. members to my left. When it comes to controls and the influence that the state should have in the lives of people, their ideas are not very different; they both want controls.

This afternoon members of the NDP pretended to be against Bill C-124. I guess they have to say that because they think they have a lot of political support from organized labour, although I am not so sure; organized labour thinks for itself and does not do everything the NDP tells it to.

I listened carefully to what members of the NDP had to say. They were not saying that they were against controls. They were saying "Controls would be fine if we had wage controls here and price controls there. We just love those controls. Give us all the controls you are capable of." That is the way they really think. The NDP would just love to be welcomed back to the bosom of Beryl Plumptre. I can see that in their eyes, Mr. Speaker.

Let us consider what effect this zero sum approach and consequent controls have had over the lifetime of Liberal governments for 30-odd years. They are the reason we are in the state that we are in today. This is not something brought about by two or three months of action or inaction; it has developed in this country as it has in many others, as a result of policies pursued for decades.

Social services are a good example of my point, Mr. Speaker. Everyone in this House wants to ensure that people who are not so well off as some others get a break. I do not think that anyone in the House would be against that idea, although we have different approaches on how to accomplish it. Very little good has come from the leftist policies over a 30-year period with respect to increasing the incomes of people who receive the lesser proportion of income in the country. In 30 years there has been no significant difference in the proportion of income those in the lower 10 or 15 per cent of the population receive. The figures provided by the Welfare Council of Canada and similar organizations show that the only appreciable difference is that 30 years ago a larger proportion of the income of the lower 10 or 15 per cent of the population came from wage employment. Today, the biggest proportion of their income comes from government transfer payments. The wage component has been reduced.

• (2030)

In making this rather minor change we have built up a huge administration to handle the various transfer payments. We have accomplished a transfer from productive Canadians not to the poorer sector of the economy but to the administrative class, that is, government. The administrative class has a vested interest in controls. There is nothing that would make them want to change the system.

I believe in the principle of expanding wealth, Mr. Speaker. If we are to generate the expanding wealth of the nation we do not need more controls put on society by the state, but less controls. There must be more freedom for individual initiative. That is the direction we must take, Mr. Speaker. There must be a reverse policy to that which has occurred in Canada and in many other countries over the last 30 years.

One of the differences between the depression of the thirties and the Liberal depression of the eighties must be kept in mind if we are to devise solutions to the problems facing us today. In the thirties, the depression was associated with chronic deflation. The prices of farm products, manufactured goods and labour were continually going down. In those days, with that type of problem, it is quite possible that it might have responded to the policy of deficit spending, printing more money to prime the pump. I have my doubts as to whether that really worked in the later 1930s, but at least it made sense to make the attempt because it might have resulted in beneficial effects. However, what has happened is that after times got good again the government, instead of taking more by way of taxes to build up reserves so that when times became bad again, when the business cycle had turned full circle, it could pump those funds back into the economy—which I understand

was John Keynes' hypothesis—the government said, "Look, we have run up these deficits, we have printed money during bad times and we should continue to do it through good times to make those good times even better." That is what we have been doing for decades. It is like a drug addiction, you keep having to have more and more of the drug of deficit spending and consequent inflation in order to get the same kick. We have gone about as far as we can go now, and in the Liberal depression of the 1980s we cannot use that same technique anymore. We have such a high debt now and we are running such high deficits—a projected $20 billion this year and probably higher—that we cannot print more money to bail ourselves once more out of the problems that this government has got us into. We have to think of different solutions to that problem because the Liberal depression of the 1980s is one associated with chronic inflation, not the deflation of the 1930s.

As I have said before, in the 1930s it made sense for governments to try new initiatives to get the world out of that situation, but in the present situation I think that government is more of a hinderance than a help. The government is already too far involved in society, in particular the economic aspects. If we are to cure this problem, it is not by more deficit spending, more inflation and more controls, but by the very reverse. I think only the private sector of the economy can get us out of the mess this government has got us into.

As to Bill C-124 itself, Mr. Speaker, I personally do not like it. I think the government, on which should fall the responsibility for this economic situation, is asking Parliament to bail it out. Public service salaries are not really a matter for legislation. Parliament should not be asked to dictate what salaries and terms and conditions of employment should be. That is a matter which rightfully belongs, in my opinion, to the executive branch of government. It is their baby, Mr. Speaker. But what has happened? The President of the Treasury Board (Mr. Johnston)—and I do not condemn the person presently holding that office because it has happened over many years—and his staff, his senior negotiators, have failed. They have allowed things to get ahead of them. They have not exercised the proper restraint in their collective bargaining. So what they are doing now is admitting failure. The government is saying, "Look, we cannot do the task that was rightfully ours." It is now coming to Parliament and saying, "We have entered into all these agreements, and we should not have because we cannot keep them. Please, Parliament, save us from ourselves by passing legislation to undo the wrongs we have done."

I think, Mr. Speaker, that Bill C-124 is a con job. All the policies that go with it, the so-called budget of June 28, are con jobs. It is a con job when you ask business and labour to co-operate in the fight against inflation and at the same time the government is running up a deficit of $20 billion, possibly more, which will guarantee that inflation will continue into the foreseeable future. The likely result of this type of policy is an even greater portion of the national income being transferred from labour and business to government. It is a con job which will result in even more interference by government and a greater proportion of the gross national income being spent by government. This will lead to a worsening of the problems, it will not help to make them better.

I dislike the blanket approach of Bill C-124. I think proper management, a function of the executive branch not the legislative branch, requires flexibility. Each task which must be done has to be judged on its own merits. If this were done correctly, perhaps we would find there should be increases given in some places, and reductions in other places. The government should keep in mind the market forces as they affect the rest of society and perhaps use that knowledge to determine what public service salaries should be. But the blanket approach of 6 per cent this year and 5 per cent next year will not increase the effectiveness or fairness with which the Public Service of Canada is treated. I think one of the things we could do to increase the efficiency of the public service is to rid ourselves of many of the levels of command which have been built up in the last 15 years or so. It would be better if many of these levels were reduced and there was much closer association between, say, the deputy minister and the people in the public service who are actually providing the services. The bill has been gone into by many of my colleagues and members on the other side. They have come up with a number of very specific problems contained in the bill. The inequities between CN and CP employees, the question of indexed pensions for public servants when the premiums have already been paid and the question of non-wage negotiations, will undoubtedly be dealt with in committee.

In conclusion, Mr. Speaker, I want to say that as far as I am concerned the whole package means one thing: the Liberal government has failed, and the public no longer has any confidence in this government. What we want, sir, is not wage or price controls, or any other control. What we need in this country is a Conservative government which appreciates the way the economy operates.

Mr. John Gamble (York North): Mr. Speaker, I will not take much time in dealing with Bill C-124. However, I did wish to say that this is one of those rare occasions when I find myself in a position to support the government's intentions as expressed in this legislation. It is a rare occasion indeed because, for the first time since the election of 1980, I find myself in that position. I intend to speak in favour of the bill. I intend to vote in favour of the bill. I should like to explain some of the reasons and at the same time state my reservations with respect to this issue.

• (2040)

It is comforting that I could follow one of my colleagues in the House who has spoken very dramatically in opposition to this piece of legislation, and for very valid reasons. The difference of opinion and difference of intention are unique to this side of the House. While I am convinced that I have colleagues on the other side of the House who feel similarly split with respect to their views, I can assure Mr. Speaker that when the division bells ring there will not be a single member on the

government side, who may feel as the last speaker felt, who will vote against the legislation. Unfortunately that circumstance has weakened very substantially the principles upon which the House has been based. The absence of free expression of legitimately-held views by members of the House has led in many circumstances to a great deal of disrespect that the general public has for the way in which some of our functions are performed.

Let me simply say with respect to Bill C-124 that it is divided basically into two parts. There are three, but the two essential ones are those which deal with public service remuneration and those which deal with the remuneration of Members of Parliament, Senators and judges. If I may deal with the second part first, today we are faced, as Canadians responsible for the passage of legislation which will govern the affairs of our fellow Canadians, with a very serious responsibility. The country as a whole is suffering. There does not pass a single day while I am here or while I am at home that I am not confronted with genuinely expressed anguish from some of my constituents who are suffering from our economic troubles.

Last Friday before I left, I received a call from a constituent who until two weeks ago had been operating a business which employed 24 employees. There are now 12. Those 12 people have families, responsibilities and homes. They have built a future in my riding, as have 1,300,000 Canadians across the country, and now find themselves without genuine employment. For a period of about a year they are entitled to take what amounts in many cases to half remuneration in terms of a payment from the unemployment insurance fund, and after that has expired, they become recipients of welfare until that too expires.

This is no time for Members of the House to be insulated from the problems which exist in the country. For that reason, I find it incumbent upon me to show at least some personal restraint, and I accordingly applaud the government for having introduced a piece of legislation which bears down heavily on Members of Parliament and Senators, since we are the only group under this bill who will actually take a reduction in remuneration. It is appropriate because it is here, quite frankly, that the responsibility for the economic morass exists. Collectively we are responsible—on this side for permitting that side to ever form the government, and that side for creating the mess in which Canada finds itself. Accordingly we should not benefit from inflation which the government creates. After all, it is only with respect to a reduction in expectations for the future, subject, as I have said to the effect of an existing reduction in the actual salaries paid today to Members of Parliament and Senators. Others who are to benefit from the relative security of their positions because no job is secure—and now I wish to pass on to the first group affected by this legislation—in some way should be called upon in a fair and reasonable fashion to bear some of the burden. It is a small burden indeed that is imposed upon them. They are asked simply to take less of an increase—a 5 per cent or 6 per cent reduction in the increase which effectively would operate today, trying their known increases to 6 per cent and 5 per cent over ther next two years respectively.

I will not deal at this stage with the rather complex way in which the bill is drafted, setting out the year of commencement, the termination of the years and the way in which contracts currently in existence are to be protected until they terminate. But the principle is good. I seriously doubt that if one were to ask the average public servant in Canada—and I am not talking about the senior bureaucrat—"Do you, Sir, feel it appropriate, having regard to the special circumstances of your employment, to the fact that your employer will never go bankrupt officially, and to the fact that your fellow citizens cannot even find jobs, that you be called upon to restrain your demand upon the economy?" I am convinced that the average public servant, being reasonable, will respond in the affirmative. I know that there will be the Jean-Claude Parrots, interested in agitation, interested in creating conflict—and to that extent I suppose he finds good company in the Prime Minister (Mr. Trudeau)—and interested in promoting disharmony, who would love to generate that kind of motivational action, dissent and conflict among public service unions. I seriously doubt that the average rank and file member would follow the call because they recognize their privileged position in society.

Quite frankly, I have very little sympathy for the senior public servants who are similarly restrained, if we recall the fact that they were not very harshly treated by the bill, having regard to the fact that some of them managed to get an increase on June 17, others as late as the day the budget was introduced imposing this restriction, and that others, being employees of ministers, may indeed—and the ministers requested have failed to supply this information—have received a 10 per cent increase in remuneration as recently as March and another one as recently as June 17, which is not altogether surprising. These are the very people who should share the reduction in renumeration which is provided for Members of Parliament by this bill because, quite frankly, every member of the House, as well as the ministers, knows that the people who have established the policies of this country and who have led us to financial ruin are the highly paid bureaucrats who always look after their own best interests.

• (2050)

My colleague, the hon. member for Provencher (Mr. Epp), has made an excellent suggestion that it would be appropriate if these order in council appointees were changed when the governments change.

Mr. Orlikow: Why did you not do it?

Mr. Gamble: I am asked by a member of the NDP, who would certainly do it because they have made all NDP appointments, why we did not do it. I urged those who had an opportunity in 1979 to, in fact, do that very thing. Having regard to the lessons we learned in the past, very painful lessons, I am convinced that the next time the opportunity comes we will implement the suggestion made by the hon. member for Provencher. If this were done we may have had a

fresh new group who, recognizing that their position was dependent upon the government, may have offered advice which would have helped sustain governments in power and which would have been beneficial to the general public. I must say that the current group of bureaucrats have expended their usefulness, a fact well recognized even by the Minister of Finance (Mr. MacEachen) who, in drafting the budget which gave rise to this piece of legislation, seemed to have very conveniently, fortunately for him, omitted to consult some of those bureaucrats.

I am rather amused by the provisions of the bill which would have the effect of prohibiting strikes. I would remind the House that when I introduced a bill of my own as a private member's bill last year which would have dealt with that issue but only as far as strikes in essential services are concerned, members of the government in debating that bill made light of the suggestion. However, the government is now in a position less than a year later where it would implement even more stringent prohibitions against normal labour activities among public servants. I believe that the general public would respond positively to legislation prohibiting strikes in essential services. I do not believe that the general public is prepared to deal with the public service rendering non-essential services in the more stringent manner that the government now apparently believes ought to be the case.

When the government had an opportunity to take intelligent steps toward recovery the government and its backers refused to do it. Now, when the time has gone it looks upon the public service as an appropriate whipping boy for its own failures. However, it is significant that it has tried to do something. Personally I do not believe that what it is attempting to do will remedy the problems of inflation in Canada, but it may have a desired psychological effect.

The Prime Minister likes to talk about frightening the hell out of Canadians. I prefer to think that our severe economic difficulties have made Canadians, who are reasonable people, convinced that they each have a part to play in the regeneration of our economy.

I have indicated that I believe that the public service will respond positively. I also believe that this may have a beneficial psychological effect upon labour movement negotiations. We know that the UAW is about to enter into rather intricate and important negotiations with the automobile industry. We also know that our automobile industry in Canada is suffering. The Japanese, as a single source of imported automobiles, now occupy 25 per cent of the Canadian market with their automobiles. I believe that all Canadians have a responsibility and that they will positively respond to that responsibility. This is the extent of the effectiveness of this bill.

Without the co-operation of the general public, wage restraints and the $100 million to be saved next year and the $800 million the following year are but a drop in the proverbial bucket in which the government has sprung so many leaks.

Another cause of our dilemma has been government spending. Government spending currently exceeds $90 billion per year. Part of this has been brought about by the unfortunate economic situation in Canada. But we must ask ourselves how this situation developed. It developed because of the government. In the heydays when the sun was shining and the treasury was full, the ministers of the government followed the general practice of squandering the heritage of Canadians. They are now trying to make up for it. That squandering cannot be made up as one would desire.

The interest charges on the national debt alone exceed $17 billion as anticipated by the budget papers delivered on June 28. If we cast our minds back, that figure was almost twice the entire national budget when the present Prime Minister came to office, pledging when he came that he would cut the spending on the public service. As my colleague says, we have heard a more recent comment that government spending would not exceed the growth in the GNP. That is the most ludicrous performance that we have witnessed. The last budget to which we had reference in November projected $75 billion in expenditures. We are now looking at approximately an additional $15 billion in expenditures.

This does not include everything. Our economic performance has been a disaster. The government disclosures have only been half of it. The public accounts disclose statements such as $1 in a contingent liability fund to cover the liabilities of some of the Crown corporations, some of which have liabilities exceeding $1 billion. In this respect I am thinking of Canadair with liabilities of $1,400 million. Quite frankly, this company would not exist were it not for the government guarantees. That liability is disclosed as having a value of $1.

The government has run wild with the public purse. It is endeavouring in this small, minuscule way to recover some of its credibility. The government is to blame for the circumstances which all Canadians are suffering from. It is to blame for the heritage of debt which will be carried by our children and grandchildren and for as long as anyone alive today will be able to forecast. That is the great bequest of the Liberal administration to future generations. That is robbery. It has pillaged the pockets of the children and the unborn of this nation. It has tied them down with burdens and provided nothing for the days of emergency such as we are in now. It has squandered the heritage which was left to us when we were young.

• (2100)

I support the bill. It is the only sensible piece of reasonable effort that I have seen from the present administration. It is regrettable, unfortunate and lamentable that this is all that the government has to offer. The Minister of Employment and Immigration (Mr. Axworthy) stood in his place on Friday and suggested that the public follow the lead of the government in its restraint program. If there is an average Canadian who is still employed and follows that lead of the government, restricting his income demands to 6 per cent and increasing his expenditures by 20 per cent, that individual will be bankrupt. The only thing that distinguishes the government from the individual is that it is able to look upon every asset that the public in Canada possesses and say, "I can call upon the assets of those Canadians who have saved them, who have inherited

them and who have worked for them, and I will use the assets to pledge against the debts of our ludicrously stupid administration". No one can follow the lead of this government on any road other than the road to insolvency.

Last week the Minister of Transport (Mr. Pepin) stood in this House and, when speaking for the Prime Minister in his absence during the question period, said that the government shares the views of both J. J. McDonnell, the former auditor general of Canada, and Ken Dye, the present Auditor General. I wonder to which comment he referred. Which one of the remarks made by these gentlemen was similar to the view of the Government of Canada? Was it the remark of Mr. Dye when he said, "Our nation is on its knees." Or was it the remark of J. J. McDonnell when he said, "The country is going down the drain." I wonder. Needless to say, we did not have any particulars.

I question whether the people who occupy the front benches opposite know what ills they have wrought upon Canadians. I wonder whether they are prepared to do anything about it. I am anxiously looking forward to some legislation of the kind that the nation demands. I am looking forward to the day when that government will have the courage to admit that our businesses have failed and our unemployment has increased, because we, having ruined the economy, and having recognized the close relationship between interest rates which must be paid in Canada and the value of the Canadian dollar, have employed high interest rates to keep Canadian dollars at home and preclude Canadians and others from selling them in exchange for more attractive U.S. currency. Will they now admit that it is a farce that is perpetrated every Thursday, much to the agony of Canadians, wherein 90-day treasury bills establish the rate fixed by the Bank of Canada, which is then, in some magic way, used as a signal to the chartered banks to increase interest rates? The chartered banks do not borrow from the Bank of Canada either on Thursday or at any other time. All this government has done has been to shift the responsibility for interest rates directly from the Minister of Finance to the Governor of the Bank of Canada. That responsibility is one that has crippled not only small but also large businesses in Canada. That interest rate burden cannot continue to be borne by either industry, business or home owners. It is certainly true that the value of the dollar would be greatly enhanced if the government could cut its expenditures and if it did not have to rely upon the artificial fixing of high interest rates to maintain its credibility. Who, indeed, would want to invest in Canada when the government has done its best to drive Canadian business out of the nation and when it has done its best to add tax burden upon tax burden? In the November budget there was an increase in taxation. In the June 28 budget, there was a further increase in taxation. Curiously enough, both increases were equivalent to $1.3 billion. The voracious appetite for additional taxes, added to the Canadian ownership charge, the hidden charge on petroleum purchases, the shifting of the excise tax to an ad valorem basis, the shifting once again of the manufacturers' sales tax to a wholesale tax to gain further and further revenues, were all designed to leave less and less in the hands of the consumer and the production sector of the economy and to put more and more in the hands of the government.

But the government has not shown any inkling that it has learned its lesson, that it must indeed pare its own expenditures. We on this side of the House have begged the government to refer the estimates to a special committee of the House for examination and reduction. There is not an hon. member on the government benches who does not believe that somewhere in those estimates is a fund that is wasted. We all know that they exist. Who is better able to take an axe, to take a chainsaw and to cut through that dead wood and actually reduce the expenditures of this government than hon. members of the House of Commons?

We have urged the Prime Minister and the Minister of Transport, when acting for the Prime Minister, to clearly show that the government's intentions are noble and that they will in fact do something positive to let the nation know that we are about to accomplish something, namely to accomplish the reduction of our own extravagance in this place. But it will not happen. They are too proud. They have never made a mistake in their lives. They are afraid to admit their errors.

There is not a Canadian who does not recognize that errors have been made. They look to those people on the government benches to stand up and say, "I insist upon cutting out the waste. I insist upon giving you good value for your money." Until that happens, the effort we go through here today with respect to this bill is a waste of time. However, as small as it is, as insignificant as it is in the total scheme of things, although it is deficient and inadequate, I feel compelled—since it is the first time and, having regard to the conduct of this government, it is probably the last time that I shall ever see anything worthwhile from it—to vote for it.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, we have just witnessed an interesting thing, indeed, I would say, an amazing thing. We heard the Conservative hon. member for the Western Arctic (Mr. Nickerson) say that he would vote against this bill and we have just heard the Conservative hon. member for York North (Mr. Gamble) telling us that he will vote for the bill. This is one of the most important bills that this Parliament, or any Parliament in recent years, has had to vote on because we are debating what is supposedly the establishment of an incomes policy. Surely the people of Canada have a right to expect hon. members in the official opposition to have some principle, some consistent ideas, to be either for this or against this. There are only two possibilities, to explain the differences between the two members. Either they do not have a policy or they do not understand the purpose of this bill. I do not know whether or not they will support it. The alternative is to vote on both sides. In this way they can satisfy all the people of this country, those for it and those against it.

• (2110)

The members of our party have no doubts about this bill. We would support an incomes policy that is fair to all the

people of Canada. We cannot support an incomes policy which restricts only wages and salaries and does nothing about those who receive their incomes from investments, shares, property or any other way. We are going to vote against this bill.

I want to spend a few moments on some of the comments by the hon. member for Western Arctic. He said that the NDP always supports controls. That is not true. As I already indicated, our position is now as it was in 1975, that we could not support any program which did not deal fairly and equitably with all Canadians. That is why we opposed the Anti-Inflation Board. We said it would control and restrict wage and salary increases but not the incomes of the self-employed or those who derived their income from investment. It did not control prices. I will deal with that later.

The hon. member for Western Arctic was not here in 1975. He has a conveniently short memory. In the 1974 election it was the Conservative Party led by Mr. Stanfield which proposed that, if elected, it would institute a system of wage and price controls. Our party opposed it and pointed out that it would not work. The present Prime Minister (Mr. Trudeau) won that election by opposing wage and price controls.

Mr. McKinnon: Mr. Speaker, I rise on a point of order. I hate to stop the flow of rhetoric, but I am sure the hon. member for Winnipeg North (Mr. Orlikow) would not want to mislead the Canadian public about their memories. The fact is that we did not have an election in 1974. We had it in 1975.

Some hon. Members: Oh, oh!

Mr. Orlikow: Mr. Speaker, the election was in 1974. As I was saying, the Prime Minister won that election by saying he would not implement wage and price controls. In 1975 he did exactly what he promised he would not do.

The hon. member for Western Arctic said that we need to give successful businesses the opportunity to do better. The fact is that the profits of Canadian corporations are down over 40 per cent this year over last year. The major corporations which were always the most successful have borrowed billions of dollars from the Canadian banks for the purpose of take-overs. They promised to pay the interest on those short-term loans. Many are now unable and are not paying that interest. Many of the largest mining corporations are now paying from 75 to 150 per cent of their total cash flow in interest payments on loans. They are hanging on by the skin of their teeth.

The hon. member for Western Arctic was critical about the $20 billion deficit. We all are. However, he did not ask the reason for the deficit. He did not ask why it had almost doubled in the last six months. If he were really interested and had looked into the matter, he would realize that the deepening recession has meant that unemployment has risen by almost 50 per cent.

There are now 1,300,000 unemployed who are no longer paying income tax. They cannot buy the goods they used to so they are not paying the sales tax. Because business is down, the corporations are not paying as much in taxes. Workers who used to pay taxes are now collecting unemployment insurance benefits or are on welfare. That is why we have a deficit.

Both the hon. member for Western Arctic and the hon. member for York North criticized the deficit, saying that it had to be cut. However, they did not say how it should be decreased. We can see how the President of the United States could have got that country's deficit down if he were not increasing so substantially their military expenditures. He was getting down their deficit by cutting back on medicare, medicaid and hospital insurance, none of which are as good as the programs we have in Canada today. He also wants to cut back on social security. I wonder if the hon. member for Western Arctic wants us to cut back on old age pensions. The President is cutting back on assistance to universities. Those kinds of cuts would get our deficit down. If that is what the Conservatives want, they ought to say so.

I was surprised to hear the hon. member for Western Arctic compare, I thought favourably, the thirties with today. In the thirties there was no unemployment insurance, pensions, real welfare system, medical insurance or hospital insurance. The people suffered. Many starved. Now we have in place—not as much as we should have in my opinion—what President Reagan calls a safety net, the kinds of programs I have talked about. If I understood the hon. member for Western Arctic, and this is not a criticism but a statement of fact, he has a very high percentage of people in his constituency who are unemployed, who need assistance from the government such as unemployment insurance and welfare. I say that the hon. member for Western Arctic was not speaking in their interest when he made the kind of remarks he made this evening.

Let met turn now to the bill we are considering. What is the purpose of this bill? I read very carefully the speech last Friday by the President of the Treasury Board (Mr. Johnston). If I understood correctly, he was arguing that inflation is caused by high wages and high wage increases which workers have been able to negotiate, and that it is these high wages and high wage increases which have led to the present inflation crisis that we suffer.

Wage increases in the past few years have been less than the increase in the cost of living. How can we blame Canadian workers for inflation when their standard of living, their take-home pay has been reduced in the last five years rather than increased?

We are told that in order to get inflation down, we have to limit wage increases. The government proposes that we start with federal public servants and that we restrict their wages increases for the next two years to 6 per cent the first year and 5 per cent the following year. The President of the Treasury Board compared unfavourably the wage increases which Canadian workers have been getting with wage increases in the United States. He pointed out that their rate of inflation is 6½ per cent and wage increases there are about 7 per cent. With 6½ per cent inflation and 7 per cent wage increases, workers in the United States, at least those who are working, are able to maintain their present standard of living. What the government is proposing for our public servants is that, at a time

when the rate of inflation is running at 11.6 per cent, their wages and salaries should be restricted to 6 per cent this year. That means a reduction in their real standard of living of over 5 per cent.

• (2120)

Let us keep in mind, Mr. Speaker, that bad as that is, despite the fact that the rate of inflation in the United States is down now substantially, a week ago interest rates in the United States were running at 17 per cent. We have been told that if we get the inflation down, interest rates will come down. That has not happened in the United States and it would not necessarily happen here.

Unemployment in the United States is running at about 10 per cent. Many of their basic industries—steel, auto, construction, housing—are dead or dying. We are told that if we bring wage increases down to 6 per cent this year and 5 per cent the next year, inflation will come down. In answer to a question last week the President of the Treasury Board suggested that if we did this, by this time next year inflation would be down to a 6 per cent rate. Mr. Speaker, that is not the experience we have had. I see the Minister of Transport (Mr. Pepin) is here. If I give the facts which I am going to give about the AIB period incorrectly, I am sure the minister will take the opportunity to correct them.

At least in the 1975-1978 period, when we had the anti-inflation experiment of that time with the AIB, we were supposedly to get wage and price control. Wage increases were to be restricted, but the rate of inflation was to come down from 10.5 per cent, which it was in 1975, to 8 per cent the next year, to 6 per cent the following year, and to 4 per cent the year after. Mr. Speaker, that did not happen, of course. Sure, wages were restricted, salaries were restricted, there were limits, but there were also exceptions. The minister knows about them. There were no real attempts to put a cap on self-employed people. Doctors, lawyers, architects and engineers did very well, but wages and salaries were controlled. What happened to the cost of living? There was a decrease, a fairly marked decrease in the first year or year and a half. But by 1978, when the rate of inflation was supposed to come down to 6 per cent or 4 per cent, the rate of inflation was running at 9.5 per cent.

This time, Mr. Speaker, in this proposal, we are not even pretending that we are going to do anything about prices. This time we are going to depend on goodwill, on good-heartedness. The Minister of Transport shakes his head, indicating that I am not correct. I would love to see him get up after I have finished speaking, to show me where I am wrong.

There is no evidence that the private sector will voluntarily restrain itself on prices. Of course, at the moment prices are coming down because the sales are not there. We cannot give away some of our products. Copper prices, nickel prices, zinc prices, are right down to the lowest point to which they have been, some of them, in this century. We cannot sell these products, not because the wages are too high or because prices were too high a year ago or two years ago. We cannot sell, Mr. Speaker, because the traditional purchasers in the United States find that their economy is even worse than ours and they cannot buy the things we used to sell them. They are not producing, they are not selling cars, they are not building homes. Homes are not selling, so the lumber and the nickel and the iron ore and all the other products which we used to sell to the United States are not being sold.

We are told that the government has directed the regulatory agencies to keep their price increases down to 6 per cent. What kind of cynical nonsense is that? The Government of Canada made an agreement with the Government of Alberta and the then Government of Saskatchewan, so that the price of oil went up $2.25 a barrel last July 1. It will go up $4 a barrel on January 1, 1983, and will go up another $4 a barrel on July 1, 1983. That is an increase of over $10 a barrel. Every one-dollar increase in the price of a barrel of oil adds 0.5 per cent to the cost of living. So we are looking at an increase of 5 per cent in the costs of living by next summer, just because of the increase in the price of energy.

When the Prime Minister was asked by the Leader of the New Democratic Party to try to get the producing provinces to forgo all or part of the agreed-on price of a barrel of oil, he said, "We cannot do that, we have an agreement with the producing provinces." It is interesting that we cannot change an agreement with the producing provinces on the price of oil, but we can bring in special legislation, which we are discussing now, which will wipe out agreements signed in good faith, after a good deal of bargaining, and made under the laws of this country, between the public servants and the Government of Canada.

What does this increase in the price of energy mean? I ask the Minister of Trransport, if the price of diesel fuel goes up 30 per cent by next July, how in the world can the people of Canada believe that freight rates will not go up by more than 6 per cent? The railways will not be able to absorb that kind of increase in oil prices without increasing the prices they charge for moving freight. How will the airlines not pass on that increase of 30 per cent in fuel which they use on the aircraft to the airline passengers? It will be more than a 6 per cent increase in the cost of travel to people travelling by air, by bus, by rail or by automobile. It has to be, if the price of gasoline goes up by 30 per cent. Telephone rates are going up. Bell Canada has asked for a 20 per cent or 30 per cent increase, as has B.C. Tel. Hydro rates are going up in every province because hydro rates relate to the cost of oil.

What about some of the products the prices of which are set by regulatory boards? We control the price of eggs, we control the price of chickens, we control the price of turkeys, we control the price of butter. In the production of those things, the same increases must occur as also for almost everything else which the farmers produce. Energy makes up a very large percentage of the cost of produciton. If the price of energy goes up by 30 per cent, as it will under the agreement between the federal government and the producing provinces, the price of the food which is produced by Canadian farmers will have

to go up; and it will go up by substantially more than 6 per cent.

• (2130)

As other speakers have already said, over 1.3 million people are unemployed. As I pointed out a few moments ago, that is an increase of 50 per cent over the number of unemployed this time last year. Some of our major industries, the backbone of Ontario—manufacturing, our auto industry, our steel industry, the mines and the forest industries—have suffered major lay-offs. Why? Is it because wages have been too high? That is nonsense. The lay-offs have taken place because the economies of the industrialized world and the economy of Canada are in a recession, and so we cannot sell our nickel, our copper, our zinc or our lumber. This is not because the wages of workers are too high. We cannot sell them because there is no market, and there is no market because of the recession created, to a large extent, by the high interest rate policy of the U.S. government, a policy which is followed by the Canadian government on the advice of the Governor of the Bank of Canada, who could have been fired. In fact, he did not have to be fired. I think his term of office was up when the Conservatives were in government. If the Conservative government had had the sense to follow a suggestion the hon. member for Provencher (Mr. Epp) has recently made—that is, that there should be a major turnover of senior public servants when a new government takes over—perhaps we would have had a different Governor of the Bank of Canada who would have recommended different policies. I am not sure, because I note with interest that the man appointed deputy minister of finance by the Conservative government, who was fired as soon as the Liberals came back to power—

Mr. Clarke: With your help.

Mr. Orlikow: —is now a member of the blue ribbon committee which the Minister of Finance (Mr. MacEachen) announced the other day would be giving him advice. There does not seem to be much difference between these two breeds of cats.

As I have already indicated, because of the recession and because of the mistaken high interest rate policies of this government, some of the major corporations in this country are almost bankrupt. According to a recent issue of the *Financial Post*, some of them—about 15 companies were listed—are paying between 75 per cent and 100 per cent of their total cash flow in interest payments. There certainly is an understanding between the Government of Canada and the banks that these big corporations cannot be allowed to die. They cannot be allowed to go bankrupt like 10,000 small businesses will go bankrupt this year. These corporations will not be permitted to default on their obligations as thousands of Canadians will. Those Canadians must give up their homes because they cannot meet their mortgage payments.

Mr. Deans: The more you owe, the safer you are.

Mr. Orlikow: My colleague, the hon. member for Hamilton Mountain (Mr. Deans), points out that the more you owe, the safer you are, which reminds me of the observation made many years ago by Lord Keynes that if one borrowed 100 pounds from a bank in Britain and could not pay it, that person was in trouble, but if a corporation borrowed one million pounds and could not pay it, the bank was in trouble. The bank could not let that corporation go down the drain. That is exactly what is happening in Canada.

If we want to get our rate of inflation down, as the government says we have to do, then the government has to do something about interest rates. However, there is nothing in this bill and there was nothing in the budget in June which gave any indication that we are likely to get our interest rates down.

Interest rates are likely to stay high or go even higher because when the U.S. government has to go to the market to borrow the $140 billion or $150 billion for the deficit it projected this year, it will drive interest rates up because there will not be enough investment money around to meet the requirements of both the American government and the private sector in the United States. When that happens, our interest rates will go up again.

What high interest rates have done and what they are still doing is to destroy any hope of industrial expansion. They have destroyed the construction industry. The housing industry in this country is dying. The purchase of farm machinery, automobiles and house appliances has dropped to a level we have not seen since the 1930s. Business bankruptcies are up by almost 40 per cent over last year. We are likely to see 10,000 business bankruptcies this year. Farm bankruptcies are up 60 per cent. What is alarming is not just that the number of bankruptcies of businesses and farms is up; what we are seeing is farms, which have been owned by the same families for the last 100 years, going bankrupt or selling out because they cannot meet the financial demands. What we are seeing is business, which grew and survived the great depression of the 1930s, going bankrupt in the recession of the 1980s. Our plants are working at less than 70 per cent capacity. It is pretty obvious to anybody who has any common sense and looks at things realistically that if we want to get our plants working to greater capacity and if we want to get more people back working in our plants, we should be increasing the purchasing power of the Canadian people so that they can buy the products which Canadian plants can produce.

Instead of doing that, what are we doing? The government proposes to reduce the purchasing power of Canadians by $2.6 billion. That is twenty-six hundred million dollars. How is the government going to do it? It is going to do it by capping the indexing of old age pensioners—those who already have so little—by deindexing income taxes and by capping and limiting the wage and salary increases of federal public servants to 6 per cent this year and 5 per cent in the following year. That will not bring down the rate of inflation. It will simply increase the number of unemployed in this country. Capping and limiting the wage increases of the 6 per cent of the labour

force in Canada which is employed by the federal government, by Crown corporations and by the armed services will not deal a body blow to inflation, so obviously the government is sending a signal to other jurisdictions. Obviously the government wants the private sector to follow suit. Obviously the government wants other public sectors to follow suit. In the private sector, where there are unions and where there is real collective bargaining, unions do not need to be told that they cannot demand from their companies more than their companies can afford to pay.

I wish the hon. member for York North would talk about labour negotiations with some knowledge and some understanding rather than with the prejudices he always brings to this kind of discussion. He implied that if workers are militant in their demands, if they go on strike occasionally and do not want to settle for less than the increase in the cost of living, this is the fault of their leaders. When he makes that kind of statement he shows how little he knows about the real world of workers and their unions. In recent years there has been case after case where union leaders have negotiated agreements, recommended them to their union, and the members have told them the agreements are not good enough. That happened twice in Sudbury. I am not saying that the workers were right or wrong; I am simply saying that they exercised their democratic rights. They were not led on or misinformed by their leaders. The hon. member for York North should find out more about the subject before he makes such statements.

• (2140)

Just as workers in the private sector will not voluntarily agree to a restriction on wage increases of less than they think industry can afford, neither will workers in the public sector employed in the provincial and municipal governments or the universities, schools and hospitals. The federal government would only see that restriction on wages and salaries if the provincial governments would pass legislation not only for their own employees but for those in the municipal and other publicly operated sectors of the community. Not many provinces will do that.

In my view this bill is a public relations operation, and a cynical one at that. The government knows that the public blames it for the economic disasters of high unemployment and high inflation. But the government has no programs to deal with inflation and unemployment. It knows it has to look as if it were doing something, however, so it proposed controls for the public sector.

Some people feel that public employees are all guaranteed lifetime employment, which is not true, and that they are all highly paid. They hear about deputy ministers who make $80,000 or $90,000 or $100,000 per year and about the Governor of the Bank of Canada who received an increase in salary to bring it up to $110,000 per year. They do not know about the tens of thousands of people who receive the same or less wages than they do, say $10,000 or $12,000 per year. The hon. member for York North assured us that if public servants were told why they had to make a sacrifice, they would be willing to do it. He certainly did not talk to any of the people like I did in the last week.

I am not concerned about whether the senior civil servants get a salary reduction or a freeze. Members of Parliament and senior civil servants are doing quite well. An increase of 6 per cent for senior public servants means that those making $80,000 to $90,000 or $100,000 per year will receive an increase of $5,000 or $6,000. In the budget of last November the Minister of Finance reduced the marginal tax rate for all big earners from over 60 per cent to 50 per cent, so they are already saving $5,000 or $6,000 as a result of that change.

At the time the senior civil servants had their income tax reduced, tens of thousands of public servants who earn from $11,000 to $20,000 per year will be restricted to a 6 per cent increase in the coming year. The President of the Treasury Board has predicted that the cost of living will increase by 6 per cent but it will probably go up by 9 or 10 per cent. Yet these people will be restricted to an increase of $500 or $600 in the year.

Last Saturday I took the time to meet some of the people who work for the federal government, Mr. Speaker. I will not suggest that I met a scientifically assorted sample that would give me a picture of everyone in the civil service. I was interested in the problems of the people who work for the federal government in the lower paid jobs, and I met half a dozen of them. Let me tell hon. members who have not met such people what it means to them.

I met a woman who works as a cook in Winnipeg for the Department of National Defence. She is paid $10.43 per hour, $417 per week or $20,016 per year. She is married but her husband is unemployed. He had been taking a course which he has not finished yet. There are three children aged three, two and six months, and her husband looks after them while she works. She pays $450 per month for rent, so they cannot afford to go on holidays or go out for dinner. She told me they have not been out for dinner in the last four years.

Another woman is a cleaner also working for the Department of National Defence. She earns $8.06 per hour, $1,288 a month or $15,456 per year. Her husband works part-time for the City of Winnipeg in the works and operations department, but he has been able to get full-time work and is only employed for about five months of the year. They pay $172 per month for rent, $72 per month for heat, and $20 per month hydro. All these charges will increase in the next year. There are two children aged seven and four. They eat chicken and hamburger and cannot remember when they had steak or a roast. Of course they cannot afford to go on holidays, and with their income they do not qualify for day-care. They do not go out to eat and only occasionally go to the movies. Fortunately some of their relatives are better off than they and the children get hand-me-down clothes.

Another woman who is a single parent with one son works as a bilingual secretary. Her take home pay is $1,100 per month. She pays $365 per month rent, has no car and takes a bus to work. She has cut back on the kind of food they eat. For them, eating out means going to McDonald's. Her son has finished

high school and would like to go to university but will not be able to unless they get assistance.

These are people who are just getting by, not living high off the hog. This bill means a reduction of 4 to 5 per cent in their real standard of living. I have other examples but I do not want to take the time of the House with them now, Mr. Speaker.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the time allotted to him has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

• (2150)

[*Translation*]

Mr. Louis R. Desmarais (Dollard): Mr. Speaker, I am particularly pleased to take part in the debate on Bill C-124, concerning compensation in the Canadian public sector, because with the member for Winnipeg North (Mr. Orlikow), I believe this is probably the most important bill the House will be considering this session. Mr. Speaker, for forty years we have been working on income redistribution. This has been our principal concern. Our Department of National Health and Welfare, Employment and Immigration, Small Businesses, International Trade, Consumer and Corporate Affairs, Public Works, Agriculture, Energy, Mines and Resources and so on, Mr. Speaker, have been true to this specific concept. Mackenzie King started redistribution for the benefit of senior citizens and children, namely, the old age security pension and family allowances. St. Laurent redistributed income to students through subsidies to the universities. Pearson did the same for sick people when medicare or health insurance was introduced to pay for both medical and hospital expenses. Our Prime Minister (Mr. Trudeau) is concerned with redistributing our national wealth in the energy field by trying to Canadianize the industry gradually.

We have done an excellent job of redistribution. In fact, today, we are redistributing $2 billion per month through all these programs. To illustrate what $1 billion represents: If a man gives his wife $1 million and asks her to spend $1,000 a day and to come back when she has spent all the money, she would not come back until three years later. If the husband gives his wife $1 billion and asks her to do the same, she would not be heard from for three hundred years. However, Mr. Speaker, with all our concern for redistributing our national wealth, we have tended to neglect the production sector. People forget that in order to spend money, someone has to make it. So, today we have a situation where 1,300,000 Canadians are looking for a job. We have an inflation rate of 12 per cent and our interest rates are absolutely horrendous.

[*English*]

We have to realize, Mr. Speaker, that inflation is at the root of our problems. Inflation is draining the savings of all Canadians, and if we let it go on as it is going today, our so-called middle class will be no more. It is making destitute those Canadians who are on fixed incomes. It is chasing away investors from this country. It is producing high interest rates and pricing Canadian manufacturers and their products out of both local and export markets.

We must defeat inflation, we have no other choice. How do we do this? Our economists have as many solutions as there are economists, but they do have a number of solutions for us. The government has to start somewhere. We know that there are 1.3 million unemployed today, but we sometimes forget there are also nine million Canadians who are employed and worried about their jobs. What we are doing in this bill is asking those nine million Canadians first to help themselves by protecting their own jobs, and second, to help their fellow Canadians who are seeking to regain their jobs. This is what Bill C-124 does. It sets an example, it leads the way.

One of the things mentioned today by the hon. member for Mission-Port Moody (Mr. Rose) was that there would be no possibility to rectify alleged discriminatory employment practices given the way in which the provisions of Bill C-124 have been formulated. I would like to remind the hon. member that the President of the Treasury Board (Mr. Johnston) has already stated in the House that it is not his intention to have the bill override the equal pay for work of equal value provisions of the Human Rights Act. The enactment of Bill C-124 will not prevent federal public service employees, or any other employee falling under the jurisdiction of the Human Rights Act, from filing "equal pay for work of equal value" complaints with the Canadian Human Rights Commission. It is quite obviously the intention of the government that alleged pay complaints under that act will be handled in the same way they have been since the act was proclaimed in 1978. Any inequities found to exist will be rectified.

To say that Bill C-124 consists of an attack on labour is a very shortsighted view. One cannot deny that a large wage increase would have been better received by our federal employees, but the federal government has not adopted this approach because it fully realizes, as I believe the majority of Canadians in their hearts realize, that, as Carl Beigie of the C.D. Howe Institute, put it: "short-term sacrifices are the only way to beat inflation." There will be a pay-off, he says, if Canadians accept 6 per cent wage increases. He says that "it will provide the necessary adjustments so that inflation will come down, interest rates will fall, and the Canadian dollar will strengthen."

Everyone has to co-operate, Mr. Speaker, and I am confident that everyone will. There is no other choice. Clearly this is not a public relations ploy, as is suggested by the hon. member for Winnipeg North (Mr. Orlikow). In response to CLC

President Dennis McDermott, who said that he cannot understand how wage cuts are going to help get our economy moving again, I would like to quote portions of a recent article in the *Financial Post* entitled "Wage Restraint does Matter."

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

• (2200)

[*English*]

FISHERIES—BAY OF FUNDY HERRING FISHERY

Miss Coline Campbell (South West Nova): Mr. Speaker, I posed my question to the Minister of Fisheries and Oceans (Mr. LeBlanc) last Thursday, at which time I asked that an independent person be appointed by the minister to look at all aspects of the herring fishery in the Bay of Fundy. It is kind of odd that at this late date, when the fishery should be well under way, both fishermen and processors have not reached a negotiated price. I say this knowing full well that the parties have been negotiating. I also know that the size of the fish and the red feed in the fish have meant that perhaps it has not been worth while for the plants to be processing them.

We have a quota and we have fishermen to catch it. We have capacity within the plants to process all the quota, yet at this late date we do not have a price for which fishermen feel they can go out and fish. I say this because I know that this same group of fishermen went to the Fisheries Prices Support Board last year in order to obtain assistance for last year's herring fishery. They were told to wait and see until the end of this season and until the Kirby commission made its report. We are entering a second year, and at the price of $143 per metric ton, the price to which fishermen have come down from $165, they do not feel they can meet their expenses. The processors are at $120 per metric ton. Plant workers are not working. Fishermen, the captains and their crews, are not working. The owners of the plants say that they have markets which they can fill.

What is the solution? I indicated to the minister that I feel very strongly that somewhere in the system all parties in the fishing industry should know what the prices are on world markets. There should be a system whereby we know what our fish will bring as a return. I have pressed this, and I feel very strongly that the marketing system within the Department of Fisheries and at the provincial level—and I speak mainly as far as Nova Scotia goes—are not being realistic and are not taking an active part.

We had a good example of a plant which opened last year to process herring sardines. It was an A-1 product; there were no complaints about it, but market conditions forced the plant to close a year later, after having spent $6 million to open and to acquire a good work force. Here we are without that plant working. No one would have expected that product to have found a place on the market shelf within one season of operation, yet when it came time for finding the money to operate the plant and to keep the 100 or more people employed in the area, there was no assistance for the plant and it had to go into bankruptcy. There does not appear to be anyone in the system who wants to open it and operate it at the height of the herring season which is upon us.

This just strengthens my position here tonight. We have both fishermen and processors in the Bay of Fundy who are not able to sit down and say that so many tonnes of herring will bring a return on the market and therefore fishermen should get "X" amount. The plants are saying one thing, the fishermen are saying another, but there is no system whereby one can verify against the other. It necessitates an over-the-side sales to help alleviate the problem.

There are many criticisms about over-the-side sales. This year in particular big companies in Nova Scotia are using them to send groundfish into the Portuguese market. We had these in herring in the Bay of Fundy last year. We have them in mackerel in some areas and we have them in Newfoundland with the oversupply of fish being caught there.

• (2205)

We are not directing ourselves to the importance of establishing a market for that 200-mile limit.

I have repeated the fact for many years that we must direct our marketing system to the capacity that exists, the capacity of the fishermen to catch all that is in the 200-mile limit, and the capacity of our plants to process it. We need an effective marketing strategy which requires the processors and the fishermen to know where that market is and what the returns will be in order to make an operation viable. Without that knowledge, we have the situation which presently exists, where fishermen cannot operate without incurring a direct loss at $120 a metric ton, or about $30,000 per boat for this year. It does not pay them to go out and fish. This relates to individual boats and there are many captains who are in that position. There are plant workers as well who would normally be working but are not.

What is the solution? Can we get an extra quota? The biologists say there is no surplus, and they have promised the fishermen that they would go down to verify if that is not the case. Everyone in the area knows that there is a mixed class of fish, of herring, which shows the strength of those stocks, but there are no biologists on those boats. We are entering the height of the season.

Perhaps the solution is to give them an extra quota. Perhaps another solution could be found through the Fisheries Prices Support Board. If this is the solution I believe the companies must open their books to show what they receive on the market for their fish.

I realize that my time is up. I appreciate being allowed to speak as this is a very critical situation which repeats itself every year.

Mr. Deputy Speaker: I am sorry but the hon. member's time has expired.

Mr. Brian Tobin (Parliamentary Secretary to the Minister of Fisheries and Oceans): Mr. Speaker, I first want to say to the hon. member for South West Nova (Miss Campbell) that I appreciate her concern in this matter, because I also represent a fishing constituency. I share some of the trauma of seeing plants not working that otherwise would be working at this time of year.

I want to point out that as of today the two parties involved are still engaged in negotiations. In fact, it is my understanding that there is a meeting scheduled for the next day or two to attempt to come to an agreement. It should be pointed out that the processors' and fishermen's representatives in this particular set of negotiations are about one cent per pound apart in the price being offered and the price that the fishermen are demanding at this point in time. Therefore, the Minister of Fisheries and Oceans (Mr. LeBlanc) is obviously hesitant at this stage of negotiations to intervene by appointing a third party.

I want to tell the hon. member for South West Nova that I appreciate, and I know that the minister appreciates, her comments on the marketing system presently being employed in the east coast fishery. There is no question that a more consistent and co-ordinated approach to the market place, so far as quality and price is concerned, is a matter that is receiving very serious attention by the department, in the fisheries committee where the hon. member does a very admirable job as chairman of that committee and, of course, I would assume and hope, in the Kirby task force as well. I simply want to say that while the Minister of Fisheries and Oceans sympathizes with both parties involved, it is the minister's hope that in fact an agreement can be reached in time for the total quota involved to be caught before the first week, approximately, of September.

PUBLIC SERVICE—AUTHORITY FOR CAPPING INDEXATION OF PENSIONS. (B) FUNDING OF INDEXING

Mr. Gordon Taylor (Bow River): Mr. Speaker, the national energy policy of this government started the economy of Canada on a tailspin. The November 12, 1981, budget accentuated the downward whirl. The June 28, 1982, budget braked the fall a little. But the $20 billion deficit and other items aimed this ailing Canada right at the rocks of disaster.

One of the other items that accentuated the spin was the announcement that the government intended to cap the indexation of the pensions of retired civil servants, retired army personnel and retired RCMP. It is to this doublecross policy which I address my remarks tonight.

During service to the public, these men and women were required to contribute 6.5 per cent of their salaries and wages to the basic pension fund, plus 1 per cent for the purpose of indexing their pensions in periods of inflation.

• (2210)

The minister, in a weak attempt to justify this confiscation of part of the whole pension, said, "the pension of most retired persons from the private sector are not indexed at all". The minister should know that in the private sector, where there is no indexing, the employees were not required to pay into an indexation fund to provide for indexing. If they did pay into a fund for indexing, the company would not dare to cap the indexation after the employee retired, but such honour is foreign to the government. When asked what authority the government had to cap the indexing of these pensions, the minister said, "Authority will be sought from Parliament by way of legislation." Authority will be sought, indeed, when he knows that the trained seals of Mr. Trudeau, the Liberal backbenchers, will vote as they are told.

When I mentioned cutting off part of the pension of the retired, the minister misled the people by saying, "There is no intention to affect the pension rights of the retired." Who does the minister think he is kidding with such misleading predacity? It is certainly not the retired RCMP who have risked their lives many times during their years of service to earn their pension. It is certainly not the handicapped who need every cent of indexing to exist, let alone live, and not the Armed Forces personnel who left part of their lives in the battlefields. The minister well knows that the retired depend on the basic pension plus the indexation which is, in fact, part and parcel of the pension when inflation exists.

When the Progressive Conservative member for Vancouver-Quadra (Mr. Clarke) spoke feelingly on behalf of needy working mothers, the Hon. Mr. MacEachen inferred that incomes of less than $30,000 were "fully protected". Is that not interesting? Let us look at the incomes of these retired army personnel, RCMP and civil servants. Are they in the $30,000 bracket or higher? The average pension of the 119,670 superannuated civil servants, the 30,000 retired soldiers, sailors and air personnel, and the 5,000 RCMP, is $7,915, and their spouses average only $2,100 per year, averages which indicate that many average incomes are under $7,900. The poverty line is generally below $8,000 per year. Here the government is capping indexations on persons living under the poverty line.

Another point is that the moneys contributed to the retirement funds do not belong to the government. They belong to the contributors. All these items did not deter the federal government from capping the indexing of pensions of this group. In effect, the government said, "They are retired; they have no unions; their working days are over. We do not need them any more. To hell with them!" So, in spite of their contributions, in spite of the work they have done, the retirement index of their pension is capped.

"I weep for Canada", one of the superannuates cried. "Do not weep for Canada", I said, "weep for Mr. Trudeau, Mr. Lalonde, Mr. MacEachen and the Liberal government"—

Mr. Deputy Speaker: Order. The hon. member knows that he should refer to hon. members of this House by their constituencies.

Mr. Taylor: Weep for the Right Hon. Mr. Trudeau, the Hon. Mr. Lalonde, the Hon. Mr. MacEachen"—

Mr. Deputy Speaker: The hon. member persists. He knows that the reference should be to the functions or to the constituencies.

Mr. Taylor: "Do not weep for Canada", I said, "weep for the Prime Minister, (Mr. Trudeau), for the Minister of Energy, Mines and Resources (Mr. Lalonde), and the Minister of Finance (Mr. MacEachen), for the government, the government of the three destroyers, the government that, in spite of its promises, is capping the indexing of superannuates today." What will the government do next? Will it remove all indexing and confiscate some of the basic pension, as well?

The Liberal government wants every cent it can get, irrespective of who it hurts. But Canada will survive. The policy and the principles of the Right Hon. Louis St. Laurent and the Right Hon. Sir Wilfrid Laurier have been betrayed by the government, but Canada will survive. Once the people vote out the government so overwhelmingly that no government of the future will ever again do such a dastardly thing as cutting the income of the aged, of the retired, including the handicapped and the crippled, it will be evident to all. The Prime Minister, the Minister of Energy, the Minister of Finance and the government are with us for just a little while. Then, if there is any Canada left, the tailspin will be arrested and slowly but surely we will stabilize the economy and start building confidence, trust and honour into the federal administration once again.

• (2215)

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, it is a real pleasure for me to have stayed tonight until this late hour to listen to the hon. member for Bow River (Mr. Taylor), who is one of my favourite Members of Parliament. I find on many occasions that even if his facts are thin, his rhetoric is great and fascinating. Tonight is one of those nights.

I find, for example, he is playing the old divide and conquer game again. He tells people that the government's attack against inflation is not going to work and, therefore, they will suffer. That is what he has done tonight, he thinks, on behalf of retired public servants. Fortunately, those people do not accept the line of thought which the hon. member has put forward. For evidence, I refer him to the Ottawa *Citizen* of June 3, page 71, where that newspaper diligently sought out the opinions of quite a few senior public servants, retired people here in Ottawa. They told that reporter they did not agree with the line of thought being put forward by the hon. member.

I ask the hon. member to remember a simple set of facts, namely that indexed pensions for public servants have only been in effect since 1970 at a rate of one half per cent of salary and since 1977 at the rate of 1 per cent of salary. Therefore, we are not talking here about contributions that have been made throughout some 40 or 50 years of service, as the hon. member implies.

Finally, I ask him to remember the basic principle that if everyone shoots for 6 per cent, there will be no sacrifice for anyone. However, if everyone shoots for 12 per cent, the hon. member will be right and there will be some people who will suffer. That is why the government is suggesting that 6 per cent is a reasonable target and that the leadership being shown by the government and its employees and retired employees is vital for the whole economy so that we can all prosper. At 6 per cent we prosper; at 12 per cent we weaken. Therefore, we cannot follow the line of thought implied by my dear friend from Bow River who has been charming but, I hate to say, wrong tonight.

AUTOMOTIVE INDUSTRY—CANADIAN CONTENT IN IMPORTED VEHICLES. (B) CONSEQUENCES OF GOVERNMENT POLICY

Mr. Joe Reid (St. Catharines): Mr. Speaker, my comments tonight arise out of questions I posed to the Minister of Industry, Trade and Commerce (Mr. Gray) on June 22 last. At that time I was asking for information dealing with the progress that this government was making with respect to the Canadian value added in the automobile industry and with respect to quotas that might be affixed to imported automobiles coming into this country, which now hold 25 per cent of the market. The minister's reply was the standard, usual, eloquent one; please be patient and, if you are patient, good deeds will follow. That answer is no longer adequate or acceptable. Not only have we been patient, but we have watched the automobile industry go into a serious decline to the point where it is now just about beyond recovery.

It might interest hon. members that over two years ago, on April 17, 1980, as recorded at page 94 of *Hansard*, the Minister of Industry, Trade and Commerce said, "our priority is to preserve Canadian jobs and to create more Canadian jobs". The minister went on to say that he was going to have formal consultations with the United States of America dealing with the relevant clauses in the Canada-U.S. trade pact. Those consultations were to include as well the matter of imported automobiles. What a track record that minister has. What a priority he set for himself.

Since then he has presided over the highest period of unemployment in the history of the automobile industry. The minister responds, better than two years after claiming auto industry jobs to be a priority, by telling the House, "I look forward to progress and hope to have announcements in the coming months". In other words, Mr. Speaker, he is giving us exactly the same kind of answer he gave us two years ago. In other words, no progress has been made with respect to changes in that trade pact, or quotas for imports, and we have no comments with respect to Canadian value added.

• (2220)

I would like to spell out one or two of the problems that exist. The first is the long-standing problem with respect to the Canada-U.S. trade pact. The auto pact, now in existence for 17 years, has been a disaster for the Canadian auto parts industry. For the last three years there has been an auto parts deficit with the United States in excess of $4 billion each year.

For example, just today I received a letter from the president of an auto parts manufacturer in St. Catharines. He pointed out that one of the big three auto manufacturers has served notice on that company that it was going to shift its parts sourcing of a major item from St. Catharines to Detroit. The St. Catharines business offered a 30 per cent price discount. That same manufacturer in St. Catharines had a merit award, called a preferred supplier award. That award was given because of the quality control in that company. Clearly then, the issue of price, the issue of quality, the issue of historical relationship, meant nothing. That car assembler in Detroit was determined to shift the contract to Detroit. The St. Catharines supplier now stands to lose $12 million in lost sales and this country will lose another 80 to 100 jobs. The president of the St. Catharines industry said clearly and flatly that without Canadian control legislation, without Canadian value added, the automobile industry in this country will go down the drain just as badly and just as quickly as the economics of this country is now going down the drain.

That brings me, then, Mr. Speaker, to the question of Canadian value added. The Minister of Industry, Trade and Commerce has said that the Volkswagen agreement was the "harbinger of things to come." He also indicated that public pressure would bring about swift action in this matter. Since that time, there has been much evidence of public pressure on Canadians, who now appreciate that at least one in six jobs in Canada is automobile related.

The Minister of Industry, Trade and Commerce has taken the position that it is vital to Canada's economic well being that we have an automobile industry. I want to emphasize, Mr. Speaker, that this is an industry that can take a leading part in getting us out of the doldrums we are in now; getting us out of the recession or the depression we are in. If the minister and this government allow the automobile industry to die on a sea of platitudes, promises and empty rhetoric, then we are in a period of sad decline and depression.

It is time for action in the Canada-U.S. auto parts pact amendments and the Canadian context of Canadian value added to every automobile sold within this country. That time for government action, is now. I leave it to the minister or to his parliamentary secretary to give us a more positive response than that which we have had.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I must say that when I made my comments earlier about the hon. member for Bow River (Mr. Taylor) being one of my favourite people in the Conservative Party, I had forgotten about the member for St. Catharines (Mr. Reid). It is a real pleasure to hear a Conservative talk about building up Canadian industry instead of trying to tear apart some of the nationalization programs, or some of the Canadianization programs, or the support programs that we normally are developing for industries across the country.

The hon. member referred to the arrangement with Volkswagen. It is a very good model for Canadians and for other countries wishing to sell cars in Canada. Undoubtedly, as foreign vehicle producers reach decisions about their investment in Canada, they will be consulting with us on the terms available to them to achieve relief from duty in the same way as Volkswagen has. There currently are cases of this type under discussion, and we hope they can be brought to a successful completion in the months ahead.

Volkswagen operated for some years under a duty remission scheme whereby the duty paid on its imported vehicles was reduced in relation to the value of automotive parts purchased by Volkswagen in Canada for use in its assembly facilities in other countries. Once Volkswagen established an assembly plant in the United States, the company substantially increased its purchases of parts from Canadian independent parts producers, but under the formula of the duty remission program Volkswagen was still paying duty on vehicles it was importing into Canada.

• (2225)

The new arrangement involved the establishment of a parts production facility in Canada to employ almost 500 Canadians and to create increased parts purchases in Canada. These extra purchases will in turn create a further 1,000 new jobs. This will permit Volkswagen to import its vehicles duty free provided it obtains the established levels of Canadian content.

The duty remission program which, it seems, was particularly attractive to Volkswagen, is being used by other offshore vehicle producers. In the highly competitive automotive market in Canada today any savings on costs to an automotive producer must be attractive. The duty remission program reduces the level of duty the importer must pay. In the process it creates activity in the automotive manufacturing sector in Canada. It is not, however, possible to have 100 per cent of the duty payable remitted under this program. If a company, for competitive reasons, wants to reduce the amount of duty to zero, then the Volkswagen model should show it how some arrangement can be worked out to give it a similar opportunity. As I mentioned at the beginning, we hope other companies can be encouraged to bring such deals to successful completion within a few months.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow afternoon at two o'clock.

At 10.26 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, July 13, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

LAW OF THE SEA

REFUSAL OF UNITED STATES TO SIGN UNITED NATIONS TREATY—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the importance of the United Nations Law of the Sea Treaty for North-South relations and the securing of the world's oceans as the common heritage of mankind, in light of the fact that the treaty has been signed by 130 countries after a decade of careful negotiations and preparation, and in light of the refusal of the United States to sign the treaty, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House express its grave disappointment and great concern that the President of the United States has refused to sign the United Nations Law of the Sea Treaty.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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STATUS OF WOMEN

RECOGNITION OF APPOINTEES TO COMMITTEE CONSIDERING BUDGET PROPOSALS—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, the Liberal government totally ignored 52 per cent of the population of Canada when it failed to appoint any women to the committee of prominent Canadians considering the budget. The embarrassed minister responsible for the status of women refused to make a formal announcement that the Liberal government has finally appointed two women to the committee, possibly because the committee held its first all-male meeting last week. I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That this House urge the Liberal government and the minister responsible for the status of women to accord the women finally appointed to this committee equal treatment by formally announcing their appointment.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Ron Stewart (Simcoe South): Madam Speaker, the views of the Prime Minister (Mr. Trudeau) on socialism are well documented. He wrote, in one of his articles under a chapter entitled "The Practice and Theory of Federalism",

Federalism must be welcomed as a valuable tool which permits dynamic parties to plant socialist governments in certain provinces, from which the seed of radicalism can slowly spread.

Some hon. Members: Oh, oh!

Mr. Stewart: *The Toronto Sun* columnist, Lubor Zink, understood this all too well, as shown by his recent columns. Therefore, as an ameliorating effect, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Prime Minister hire Mr. Lubor Zink as an executive assistant and guiding light to show the Prime Minister that left is not right, and ne'er the twain shall meet.

Some hon. Members: Hear, hear!

Madam Speaker: The hon. member for Crowfoot.

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FINANCE

CALL FOR ELIMINATION OF FARM FUEL TAX—MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, one of the major objectives of the government's economic policy is to decrease the inflation rate in Canada. Since all parties in the House of Commons hold the view that it is desirable that we manage our nation's economy with a lower rate of inflation, although there is disagreement on method, and since the cost of food is a major factor in determining our nation's inflation rate and it has been noted that food prices in Canada have

already increased 8 per cent this year over last, and are projected to increase another 2 per cent, or 10 per cent over the full year, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That this Parliament encourage the Minister of Finance to commence a set of actions so as to cause the decrease or elimination of the federal farm fuel tax which presently constitutes 60 cents of the price of every gallon of farm fuel, or 40 per cent of the fuel costs, and therefore its existence has a retrograde effect on inflation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

TRANSPORT

REQUEST THAT GOVERNMENT GIVE NECESSARY FUNDS TO DAVIE SHIPBUILDING OF LAUZON FOR CONSTRUCTION OF FERRY—MOTION UNDER S.O. 43

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Whereas the fate of 1,500 employees at Davie Shipbuilding in Lauzon depends on the federal government allocating $40 million for the construction of a ferry for CN Marine, I move, seconded by the hon. member for Beaches (Mr. Young):

That this House demand that the Minister of Transport immediately release the necessary funds for this project instead of leaving this responsibility up to other ministers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*English*]

THE MINISTRY

THE MINISTER OF PUBLIC WORKS—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, over the weekend the minister responsible for housing was quoted as saying that there is no question but that the government's proposed mortgage reduction plan will be implemented and that the government's commitment to this plan is total. Yesterday, however, the Prime Minister (Mr. Trudeau) said here in the House that he could not give any guarantees about this necessary and desirable program which, indeed, would have already been in place for over two years under the former Conservative government. I therefore move, seconded by the hon. member for North Vancouver-Burnaby (Mr. Cook):

That, as the minister responsible for housing seems determined to plunge every budget brought in by this government into ever-increasing chaos, this House inform the home owners of Canada that in the case of the minister responsible for housing, the lights may be on but no one is home.

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

THE MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, December last the Minister of Indian Affairs and Northern Development (Mr. Munro) burned his Ottawa office. As an encore, he is responsible for a conflagration raging throughout the Northwest Territories. A fire which was deliberately set by his officials was an experimental burn before getting completely out of control. Therefore I move, seconded by the hon. member for Richmond-South Delta (Mr. Siddon):

That this House warns its pyromaniac Minister of Indian Affairs and Northern Development not to play with matches.

Some hon. Members: Oh, oh!

Madam Speaker: The hon. member for Esquimalt-Saanich.

* * *

LAW OF THE SEA

SUGGESTION MINISTER MAKE STATEMENT ON MOTIONS—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, in view of recent developments in the area of the Law of the Sea, I move, seconded by the hon. member for Richmond-South Delta (Mr. Siddon):

That the Secretary of State for External Affairs, at the earliest possible opportunity, make a statement on motions outlining the repercussions as far as Canada is concerned of the recently announced decision by the United States to withdraw permanently from the Law of the Sea talks, and in that statement that the minister lay a special emphasis not only on the effects of that action on Canada's fishing and mining industries, but also on our coastal protection as far as pollution, immigration and smuggling are concerned.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

EMPLOYMENT

EFFECT OF MICROTECHNOLOGY ON WOMEN OFFICE WORKERS—MOTION UNDER S.O. 43

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, I rise on a matter of urgent and pressing necessity regarding the future for female clerical workers in Canada. The recent conference, "Women and the Impact of Microtechnology", which drew together 500 participants representing community groups, concerned women, trade unions and employers from across Canada, pointed out that technological advances in the office workplace will have dramatic and adverse effects on the clerical service sector. The overwhelming majority of these workers are women, and over 40 per cent are in danger of losing their jobs to rapid microtechnological advances in the office environment. Therefore I move, seconded by the hon. member for Okanagan-Similkameen (Mr. King):

That the members of this House urge that measures be taken by employers and the government to ensure that the problem is properly defined and that appropriate training and retraining be done on a large scale to prevent massive unemployment and to ensure that these positive advancements in the office workplace do not result in adverse effects on the majority of women who work there.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MEDICAL CARE

SUGGESTED MEETING OF FEDERAL AND PROVINCIAL HEALTH MINISTERS—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I too have a motion under Standing Order 43. Since April of this year in British Columbia, over 2,300 hospital workers have been laid off and 10 per cent of the acute-care beds have been closed. Last Sunday these cutbacks led to the death of a patient who had been waiting two months for heart surgery. Considering that it is the responsibility of the Minister of National Health and Welfare (Miss Bégin) to maintain adequate standards of health care, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That the Minister of National Health and Welfare immediately convene a meeting of provincial health ministers with a view to re-establishing adequate standards of health care in Canada and that she go to the meeting prepared to offer the funds necessary to meet the federal government's responsibility for these standards so that more lives will not be in jeopardy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADA POST CORPORATION

RENOVATION OF MAIN PLANT IN VANCOUVER—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in view of the need to eliminate wasteful government spending, and whereas the Canada Post Corporation is now contemplating a further increase in the cost of a 30-cent postage stamp, I move, seconded by the hon. member for Haldimand-Norfolk (Mr. Bradley):

That the President of the Canada Post Corporation be instructed to cancel immediately the very expensive renovation and redecoration which is presently under way at the Vancouver main postal plant at a cost of more than $200,000, which will replace the customer services' department with a lavish new employment centre, complete with very expensive draperies and carpets which are totally unnecessary, and that the proposed postal increase be cancelled accordingly.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

APPLICATION OF CAPITAL COST ALLOWANCE TO AUTOMOTIVE DEALER-LEASING BUSINESSES—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the Minister of Finance (Mr. MacEachen) recently announced changes to the capital cost allowance provision contained in his November 12 budget. This altered the one half capital cost allowance in the year of purchase for the daily car rental businesses, but left out the dealer-leasing businesses. The dealer-leasing businesses should be included, as both groups operate on the same principle, one on the day basis and the other for longer periods. Therefore I move, seconded by the hon. member for Simcoe South (Mr. Stewart):

• (1415)

That this House recognizes that to leave out the dealer-leasing businesses would be discriminatory and that without this change scores of these businesses will go under; and recommends that the dealer-leasing businesses be included in the said change in capital cost allowances.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ENERGY

QUERY RESPECTING POSSIBLE ASSISTANCE FOR DOME PETROLEUM

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Minister of Energy, Mines and Resources, who only last Thursday indicated to the House that the government had been approached for a financial assistance package to be developed with respect to the Dome Petroleum Group. In view of the Southam News story today that a combined $1 billion package to ensure Dome's survival is now being actively considered by government, would the minister indicate whether he will be seeking parliamentary approval before he makes any commitment with respect to a Dome Petroleum financing bail-out; and would he indicate the size of the figures that we are being requested to cover on behalf of this group?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, there have been no further developments since the last question put by the hon. member in this House. The situation is exactly the same, and there are no proposals I can submit to my colleagues at this time.

* * *

[*English*]

EXPORT DEVELOPMENT CORPORATION

STATEMENT BY UNITED STATES OFFICIAL ON BOMBARDIER CONTRACT WITH NEW YORK CITY

Hon. Sinclair Stevens (York-Peel): Madam Speaker, could the minister indicate who, on behalf of the people of Canada is specifically negotiating this Dome Petroleum Group bail-out? I ask this in view of the fact that we are dealing with huge figures. As of June 30, Dome's total indebtedness, including payables, is $8.4 billion. The amount due by the end of September will be $1.4 billion, and of that amoung $1.3 billion is in United States dollars. Who is acting on behalf of the people of Canada as negotiators?

We must bear in mind that only this morning in Washington we were laughed at, at a press conference, where Robert Cornell, Deputy Assistant Treasurer, Secretary for Trade and Investments, suggested that Canada, with respect to the Bombardier deal, had been duped by clever New York negotiators, in that they could have got the contract at 11.25 per cent interest as opposed to the concession financing given by the Canadian public.

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am surprised that the hon. member is referring to comments made by certain American officials upon seeing a Canadian company obtain a $1 billion contract in the city of New York, a contract whose impact will be to provide tens of thousands of person-years' worth of jobs in Canada, and especially in Quebec. As a result, Bombardier, a Canadian company, will have truly established a bridgehead in the urban transportation field in the United States, making it one of the most advanced companies in the world in the urban transportation sector, which is very important for Canadian jobs and Canadian exports.

* * *

[*English*]

ENERGY

EXTENT OF NEGOTIATIONS WITH DOME PETROLEUM

Hon. Sinclair Stevens (York-Peel): Madam Speaker, in view of the fact that Dome is faced with a debt that will be due for renewal or replacement, of $1.4 billion by September of this year, what is the nature of the negotiations being undertaken on behalf of the people of Canada with respect to that type of monumental indebtedness run up by the Dome Group?

• (1420)

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, once again, representatives of the banks concerned approached the government some time ago, and government officials are having discussions with the banks and with representatives of Dome Petroleum. No clear offer has been made for submission to the government at this time. Discussions are under way, and I have no new developments to report in this respect.

[*English*]

QUERY RESPECTING SOURCE OF FUNDING

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my supplementary question is directed to the same minister, who has indicated that discussions are under way between the government and Dome Petroleum. It has also been reported that the government will be using the Canadian ownership charge to make Canadian consumers pay for the bail-out of Dome Petroleum similar to the way Canadian consumers had to pay for the purchase of Petrofina through higher prices at gas pumps and for home heating fuels. Is it the intention of the government to make Canadian consumers pay for the bail-out of Dome Petroleum?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): First of all, Madam Speaker, the government has not indicated it would participate in any bail-out. I do not know what "bail-out" means exactly.

Some hon. Members: Oh, oh!

Mr. Lalonde: If it means what I suspect the hon. member thinks it means, that is not the type of thing in which we are interested. I indicated several times in answers to previous questions that there is no proposal ready to be made and put forward to the government, and I have no report to make on this.

Miss MacDonald: Madam Speaker, I noticed that the minister very carefully evaded the question with regard to Canadian consumers. A great many people across the country are concerned.

REQUEST FOR COMMITMENT ON SOURCE OF POSSIBLE FUNDING

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, will the Minister of Energy, Mines and Resources give us what I might describe as a firm commitment—I know that is not an ironclad guarantee—that the Canadian ownership charge, which would directly increase the cost of oil and gas products to consumers, will not be used by the government or, indeed, that he will not introduce any special excise tax on these products to bail out or reimburse Dome Petroleum?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I know of no plans to increase the Canadian ownership tax or to levy an excise tax.

Mr. Epp: That is not the question.

* * *

HOUSING

MORTGAGE REDUCTION SCHEME—GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the minister responsible for housing. For months now Canadians have been understandably concerned about the extraordinarily high cost of mortgage money. In Toronto at the weekend the minister offered unequivocal guarantees that the government would be producing a scheme which would bring down mortgage interest rates by 3 per cent to 6 per cent. As reported in *The Toronto Star*, he said:

> There is no question . . . The plan will be implemented. The government is committed to doing it.

Yesterday in the House of Commons the Prime Minister said something quite different. He said the government could not guarantee such a scheme would be forthcoming.

My question is straightforward. Will the minister clarify the government's confusing policy and tell Canadians what the reality is when it comes to a 3 per cent to 6 per cent reduction in mortgage interest rates?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, on budget night, while the Leader of the New Democratic Party was out talking to the public and the press and describing the budget as a no-hope budget, the Minister of Finance announced in his budget a $400 million infusion of support for the housing industry. In that, first of all, is the immediate stimulus of a $3,000 grant which is available to people buying new homes and available to first-time buyers of resale homes.

In addition to that, and for longer-term security, the program of assistance for people renewing their mortgages was enlarged so that any Canadian family paying more than 30 per cent of their income for housing will now qualify for up to $3,000 of assistance at the time of mortgage renewal.

However, more than that, the Minister of Finance indicated a plan of indexed security instruments, a new financial plan on which he will ask the business community, the public at large, and this House, to comment. He described that plan and, if the hon. member will take the time to go back to the speech made by the minister, he will see that in talking about the proposal the minister said this:

> These proposals would introduce major innovations in our tax system as well as in financial markets.

Mr. Clark: Order.

Mr. Cosgrove: I underline the following sentence:

> The government intends to implement them quickly once their feasibility has been confirmed.

• (1425)

Mr. Broadbent: Madam Speaker, Canadians have come to tolerate a lot from this shifty government, but they will not put up with that kind of answer from the minister.

CONSEQUENCES OF MINISTER'S REPORTED STATEMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, considering that yesterday the Prime Minister unequivocally said that no guarantee could be offered until the House dealt with legislation—"until it was dealt with by the House" are the words of the Prime Minister—does the minister not see that what he did in Toronto on the weekend involved potential serious damage to thousands of Canadian families who may go out and buy a home on his advice and then, if the blue ribbon committee that looks into the proposal finds that it is not feasible, will be confronted with the fact that there is no legislation before the House of Commons, and therefore no law? They will be stuck with a house that they cannot afford.

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, on the contrary, the damage that is being done to Canadians concerned about security for their homes and home purchases is being done by the Leader of the New Democratic Party who obviously has not read the budget papers or documents that the minister tabled in the House. For example, in the preface to the document that will be the new financial instrument the minister said, "In order that this does not cause them to delay these purchases," referring to Canadians in the market, "any legislative provision limiting qualifying property by an effective date will include purchases made after the date of the issuance of this paper."

I wish the hon. member would read the budger papers. I wish he would not be so negative. I wish he had not voted

against the $350 million intended to produce jobs and rental accommodation in this country. I wish he would be more positive. I wish he would come along with the rest of Canadians who have been ringing the phones off the walls at CMHC looking for help.

Some hon. Members: Hear, hear!

Mr. Broadbent: Madam Speaker, it is unfortunate that the Prime Minister cannot be here to defend his own words today, not mine, that completely contradict what the minister has said.

REQUEST THAT MINISTER GIVE COMMITMENT TO HOME PURCHASERS

Hon. Edward Broadbent (Oshawa): As a preface to my next question I would point out that in his budget address, to which the minister has just alluded, the Minister of Finance said, "if implemented", such and such would follow. He was clearly taking the approach that the Prime Minister took in the House yesterday when the Prime Minister said that he would not support his minister responsible for housing; when he said that the minister was incorrect in contending that there would be a guarantee, if that is what he said.

Some hon. Members: Oh, oh!

Mr. Broadbent: That is what he said. Therefore I want to ask the minister if he is prepared to give unequivocal guarantees this afternoon to a family which acts on his advice and makes the most important purchase of its life and buys a home, that they will get the 3 per cent to 6 per cent reduction in their mortgage retroactively. In Toronto at the weekend that is what he said would be the case. Would he answer yes or no to that?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I have carefully reviewed the questions put by the Leader of the New Democratic Party to the Prime Minister yesterday. I have gone over them carefully. I noticed that the Leader of the New Democratic Party indicated that I used the word "guarantee". At no time did I do that, Madam Speaker. There are only three things that are guaranteed: death, taxes and the negative attitude of the Leader of the New Democratic Party.

Some hon. Members: Oh, oh!

INQUIRY RESPECTING DECISION ON MORTGAGE REDUCTION SCHEME

Hon. James A. McGrath (St. John's East): Madam Speaker, I wonder if I could put a question to the minister responsible for housing, who once again has demonstrated his ability to raise expectations in this country that he cannot seem to fulfil. Has a decision been taken to implement that provision of the budget which calls for a 3 per cent to 6 per cent reduction in mortgage interest rates? Have consultations taken place with the so-called blue ribbon committee? I want to know if that decision has been taken, because the people of Canada want to know.

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, once again I would refer the hon. member, who is the official opposition critic for housing, to undertakings given by the Minister of Finance in the budget speech itself and in the preface to the document introducing the financial instrument. I would indicate to him further that the chairman of the blue ribbon committee, so described, is meeting with a number of business sector representatives. For example, he met last evening with HUDAC in metropolitan Toronto. He has indicated that the response of the industry is positive; they are confident that the undertaking of the government, in the budget and in the document, will be fulfilled. They are confident that this new mortgage instrument is indeed the answer to long-term security for home purchasers.

• (1430)

GOVERNMENT POSITION

Hon. James A. McGrath (St. John's East): Madam Speaker, the question is: has a decision been taken? The minister said on "The Nation's Business" last Sunday night over national television, "there is no question of chance; the plan will be implemented". He then went on to say that "the government will implement a system of providing loans at 3 per cent to 6 per cent below the market rate." When the Minister of Finance introduced the budget he talked about "if implemented", and he referred to this plan as being referred to the so-called blue ribbon committee. We want to know whether a decision has been taken.

Perhaps while the minister is on his feet, Madam Speaker, he might also tell the House if the government, when it met with the labour leaders last Friday, gave an undertaking that in return for labour supporting the 6-5 wage restraint legislation now before the House, it would in fact implement this 3 per cent to 6 per cent universal reduction in mortgages?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, in my comments on Sunday evening, yes indeed I said the government "will"; I used the word. That decision has not been taken as yet or else I would have said that. As to the intention of the government, the member knows full well, if he takes the time to read the budget document, that the Minister of Finance wants that committee to report to him by September 30.

Mr. Clark: Which of your statements can we believe?

Mr. Cosgrove: I hope, Madam Speaker, that I find a note of optimism in the member's question and that he will support this provision. I hope the support comes faster than the support for rental construction which was delayed for three months, because we need the support of the opposition and of all Canadians to get jobs going in that industry today.

[*Translation*]

TRANSPORT

INQUIRY WHETHER REPRESENTATIONS HAVE BEEN MADE TO DAVIE SHIPBUILDING LTD. OF LAUZON TO MAINTAIN 1,500 WORKERS IN EMPLOYMENT

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Transport. A few months ago, CN called for tenders for the construction of a ferry, and the contract was awarded to Davie Shipbuilding Limited in Lauzon. Today, a Montreal newspaper is quoting the minister as saying that the fate of 1,500 employees of Davie Shipbuilding Limited in Lauzon is now in the hands of the Minister of Industry, Trade and Commerce. Could the Minister of Transport responsible for that department inform the House whether the ferry is still needed and, if so, has the minister taken any action to give the company that won the contract the assurance that it can keep its 1,500 employees?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, first of all, no contract was awarded, and the question was improperly phrased from that point of view. That is the situation.

Mr. Clark: There's the professor.

Mr. Pepin: Better a professor than a student forever.

Some hon. Members: Hear, hear!

Mr. Pepin: Madam Speaker, the situation is as follows. CN Marine wanted to have a ship, the *Gulf Span*, built for use in its ferry service between North Sydney and Port-aux-Basques. It called for tenders, and Davie Shipbuilding Limited answered the call with a contract worth $143 million. This was brought down to $130 million. CN Marine had $70 million in the bank to spend on that contract and could borrow $30 million more, which means that we had to find another $30 million. I put the case to my colleagues and, at the time, the Minister of Regional Economic Expansion was discussing in Quebec City the construction of other facilities and equipment for the construction of offshore drilling platforms. So, at that time the ferry boat project was set aside. However, now that the drilling platform construction project has been not cancelled but postponed, building a ship again becomes a possibility. The matter is being discussed again, and that is where I stand with the Minister of Industry, Trade and Commerce and Regional Economical Expansion.

INQUIRY WHETHER CONTRACT FOR CONSTRUCTION OF FERRY IN LAUZON REGION HAS BEEN ISSUED

Hon. Roch La Salle (Joliette): I have a supplementary. It is very important for Canadians to know what the minister wants. In his statement, the minister said that because of a drop in traffic, the need for such construction has faded. The public would like to know whether the government needs a ship, and Davie Shipbuilding Limited would like to know whether the ship is going to be built. Could the minister himself inform us, instead of referring the matter to the Minister of Industry, Trade and Commerce, whether CN needs the ship and, if so, whether the contract which seemed likely to be awarded to Davie Shipbuilding will stand? And I would ask the minister please not to shift the responsibility to the Minister of Industry, Trade and Commerce who has enough problems as it is.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I shall make myself very clear. The need for a ship is no longer as urgent as it was, partly because of a drop in traffic in that particular area. But if it would suit the plans of the Minister of Industry, Trade and Commerce and Regional Economic Expansion—

Mr. La Salle: Do we need the ship?

Mr. Pepin: —and the interests of our shipyards, I am quite willing to reopen the discussion on this possibility.

* * *

[*English*]

FISHERIES

THREATENED LOSS OF EMPLOYMENT TO NOVA SCOTIA WORKERS

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, my question is for the Minister of Employment and Immigration. With Canadian fishermen being permitted to sell some 30,000 tonnes of herring over the side to foreign vessels, only 26,000 tonnes have been left for the seafood producers of Nova Scotia. The artificial price of $305 a tonne paid by communist countries, which pay no taxes to Canada, has placed Canadian processors at an unfair disadvantage in trying to meet the competition. Since the pricing impasse will throw 2,500 people out of work in Nova Scotia, on top of the 1.3 million already unemployed in Canada, with an estimated loss of some $8 million in wages, what steps is the minister planning to take to provide suitable employment for these workers in the Canadian fishing industry?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, that question might more appropriately have been addressed to my colleague, the Minister of Fisheries and Oceans, but it is my understanding that in this case both the fishermen and the processors are negotiating that particular matter today. In addition to that, of course, we have in place a number of employment programs, and we will be making announcements in a very few days concerning the direct employment programs and how they will be utilized in provinces like Nova Scotia to provide alternative employment for those presently impacted by the downturn in the international market.

INQUIRY RESPECTING SALE OF HERRING TO JAPAN

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, my supplementary is for the Minister of State for International Trade. I realize negotiations are going on today in Yarmouth, Nova Scotia, but they have been going on since June 1 and the impasse has not been resolved. Since this has affected Nova Scotia's commitments for the sale of herring to Japan, whose representatives have indicated they may have to go elsewhere to secure their herring supplies, has the minister held any discussions with the Japanese in an effort to secure a negotiated sale price for herring which would secure these markets for our Canadian producers?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I find it very interesting that the hon. member is trying to put on the record a scenario which, unhappily, does not totally correspond to reality. What he forgets to point out to members of this House who might be interested is that for many months—sometime before Christmas—I asked the local processors what their intentions were as to the volume of herring they intended to buy, and whether they were negotiating with the fishermen. This was because the herring fishermen, through their own organization, had requested permission to sell directly over the side. In the absence of an answer, at a certain point a few months ago, I had to give the Canadian fishermen the answer to which they were entitled, as to how they would sell the fish in which obviously the processors were not interested.

I find it very strange that the hon. member should now be telling us that Canadian processors are today desperately looking for the herring which they refused to negotiate for a few months ago.

* * *

• (1440)

HOUSING

RENTS CHARGED BY CANADA MORTGAGE AND HOUSING CORPORATION—APPLICATION OF GUIDELINES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is for the minister responsible for housing. No doubt he will be aware that the Minister of Finance and the Prime Minister have indicated that each minister is required to contact government agencies in his or her jurisdiction in an effort to achieve the 6 per cent world. Has the Minister of Finance instructed Canada Mortgage and Housing Corporation to limit all rental increases in all units under its jurisdiction to 6 per cent or less in the coming year, and to 5 per cent or less in the following year?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I was asked a similar question with respect to an agency under my responsibility as Minister of Public Works, namely, a land company at Mirabel. In response to that question I indicated that the statement made by the Minister of Finance in the budget speech—and I presume in any communications we will be sending to ministers—referred to regulatory agencies. I am of the view that Canada Mortgage and Housing Corporation probably does not fall within the definition of regulatory agencies as described by the minister, as the intention of the government.

Some hon. Members: Oh, oh!

Mr. Cosgrove: Nonetheless, just as I did with the company at Mirabel, I have asked officials in Canada Mortgage and Housing Corporation, in the Department of Public Works and in the National Capital Commission to review the minister's statement, and to advise me about the implications of applying the guidelines voluntarily, that is, without being subject strictly to such a rule, to see what the cost implications are so that we can put ourselves in a position that would be in compliance with the spirit of the policy, if not the law, announced by the Minister of Finance.

Mr. Deans: Madam Speaker, without my reading it into the record, I urge the minister responsible for housing to read the Prime Minister's answer to a question I asked yesterday. It concerned the requirement of ministers to instruct those persons within the various agencies that regulate in any way matters affecting the Canadian public, to keep increases to 6 per cent and 5 per cent in the years ahead.

RENT INCREASE IN TORONTO PROJECT

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, in light of the fact that the minister has seen fit to support the imposition of 6 per cent and 5 per cent guidelines, and in light of the fact that the minister has seen fit to impose restrictions on pensions for the elderly, will he review the condition which my friend and colleague, the hon. member for Beaches, raised with me, that at 1338 Queen Street East, Toronto, Canada Mortgage and Housing Corporation has asked tenants at that address for a 25 per cent increase this year, and will he hold that increase back?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the hon. member makes reference to increases in rents by Canada Mortgage and Housing Corporation in some projects in metropolitan Toronto. Indeed, I have responded to the hon. member indicating that increase, which was some months ago—I think it was five or six months ago—was not apparent in his question. But the corporation has reviewed that increase. The objective of the corporation was to bring rents up to market rates.

An hon. Member: That is wrong.

Mr. Cosgrove: But if in so doing we found any renters who were paying a disproportionate amount of their income toward rent payments—for example, above 30 per cent—there is a provision for them to be assisted on a "rent geared to income basis."

With regard to the particular question raised by the hon. member, it is an old question that has been dealt with.

Some hon. Members: Oh, oh!

Mr. Cosgrove: My answer to the first question applies generally to any increase that would occur in the future.

Some hon. Members: Oh, oh!

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CANADA POST CORPORATION

POSSIBILITY OF POSTAL RATE INCREASE

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my question is for the minister responsible for Canada Post. Possibly in his absence another minister could answer the question for him. The minister will know that the president of Canada Post is reported to have stated recently that he will find it almost impossible to meet the deficit guideline laid down by the government. He will also know that different vice-presidents have said that, in their estimation, another postal rate increase will be necessary.

Will the minister tell this House whether Canadians can expect another postal rate increase either this year or early in 1983? At the same time, will the minister confirm for the House that any such rate increase this year or next year will follow the guideline laid down in the budget, that is, no more than 6 per cent?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Madam Speaker, I have no information for the hon. member in response to the specifics of his question. However, I will refer the matter to Canada Post and I will get back to him at the earliest opportunity.

Mr. Bradley: I am used to those types of answers. They come from the minister as well, Madam Speaker.

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CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

BELL CANADA RATE INCREASE APPLICATION

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my next question is for the Minister of Communications. The minister is reported as saying yesterday that he would not intervene to restrain rate increases for Bell Canada which could increase the costs to Canadians of making telephone calls by as much as 35 per cent.

Some hon. Members: Shame!

Mr. Bradley: This would be much in excess of the 6 per cent guideline laid down in the budget. The minister said there may be exceptional circumstances in Bell Canada's case. Could the minister tell the House just what those exceptional circumstances might be?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I quite properly said that I would not intervene now because I have no authority to intervene now. The process for Bell to obtain increases in rates is for Bell Canada to file a request for an increase in rates with the CRTC. It is then up to the CRTC to hold a hearing to determine what is a justifiable rate. The rest of my answer yesterday is the same as I gave in the House last week, that the message in the budget is crystal clear. Agencies administering price increases for federal agencies will be expected to follow that type of increase unless, as is indicated in the budget, there are exceptional circumstances.

In the case of Bell Canada, if there were an increase above the 5 per cent or 6 per cent level, there would be an appeal to the governor in council—to the federal cabinet—and under the appropriate legislation the governor in council has the authority to change a decision of the CRTC in the field of telecommunications and to set the rate itself if it feels that a rate increase is unjustified.

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INDIAN AFFAIRS

EFFECT OF SHOAL LAKE DEVELOPMENT ON WINNIPEG WATER SUPPLY

Hon. Jake Epp (Provencher): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. It relates to the Shoal Lake development. The citizens of Winnipeg have received their drinking water for many years from this lake. A cottage plan is now being developed for the Indian people. This is economic development which they would like to pursue. Has the minister given his personal guarantee that that development will not in any way affect the quality of drinking water for the residents of Winnipeg?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I do not know what the hon. member means by personal guarantee. To be specific, I do not know of any minister of any government who goes around giving personal guarantees.

Mr. Nielsen: Except for "Old Ironclad."

Mr. Nowlan: He is cast in iron.

Mr. Munro (Hamilton East): I do not know whether the hon. member, while he was Minister of Indian Affairs, was in the habit of giving personal guarantees, but I would rather assume he did not.

I can tell him that as minister I have funded the chief and the Indian band with moneys to hire the very best consultants to determine, if they went ahead with the development, whether it would in any way prejudice the water supply for the city of Winnipeg which, of course, is an event we could not countenance. Those consultants have reported and have indicated that if certain safeguards are adhered to, the

development would not seriously impact on the water supply. I am studying the reports of the consultants even further to be absolutely certain that this is the case, before taking any further action.

Mr. Epp: Madam Speaker, what I meant by personal guarantee was that the minister had, in fact, approved the project and had also approved a sewage project.

LIABILITY OF GOVERNMENT

Hon. Jake Epp (Provencher): Madam Speaker, my supplementary question is also for the Minister of Indian Affairs and Northern Development. If, in fact, there is a diminution in water quality for the residents of Winnipeg, does the Government of Canada hold itself liable for any filtration or additional costs which the residents of Winnipeg might have in view of that development and the loss in water quality?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I think the situation is quite simple. You cannot argue on the one hand that we should put needless impediments in the way of the Indian people and, on the other hand, argue that we should be doing everything for the Indian people in the way of economic development. It is a very inconsistent posture for the hon. member to be taking. What the situation is here, as he knows from being a former minister of Indian affairs, is that these Indian people were denied employment because they were prohibited from fishing in the area. They then turned to another possible venture for economic development, which was the development of their land for cottage lots as, indeed, other people have done in this area.

• (1450)

Now, all of a sudden there is this very real concern that, because of what they wish to do as opposed to other cottagers on this lake, the water supply in the city of Winnipeg will suddenly be deleteriously affected.

We are doing everything we can, prior to giving any approvals, to ensure that there be absolutely no adverse impact on the water supply. If there is, I think the Indian people would be the first to agree, as indeed would the city of Winnipeg, that it should not be done. In that case I think it is reasonable to expect, after all the expense to which the Indian people have been put to ensure that there is no adverse impact, expenses that others on this body of water have not been put to, that the city of Winnipeg consider buying the property in question. The mayor and the city council there have indicated that is an alternative, depending on how the consultants' reports turn out.

HOUSING

MINISTER'S TELEVISED STATEMENT ON MORTGAGE REDUCTION SCHEME

Hon. Erik Nielsen (Yukon): Madam Speaker, I have a very brief and simple question for the minister responsible for housing, and an equally brief and simple supplementary, which both require very brief and simple yes or no answers. I read from the transcript of "The Nation's Business" last Saturday, July 10, where the minister of housing is quoted as having said this:

> The Canadian government will implement a system for providing loans at 3 per cent to 6 per cent below the market rate to ensure your long-term security.

Was that statement the truth?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I have answered that question twice in question period. I refer the hon. member, for the sake of brevity, to those answers.

Mr. Nielsen: It would appear to me that the minister is reluctant to admit to the truth of that statement.

MINISTER'S REPORTED STATEMENT IN "TORONTO STAR"

Hon. Erik Nielsen (Yukon): Madam Speaker, my supplementary question also involves a direct quote from *The Toronto Star* of July 10, 1982, where the minister was reported as saying, "There is no question of chance. The plan will be implemented", referring to the 3 per cent to 6 per cent plan. Was that statement the truth?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, once again I refer the hon. member to the sections of the budget upon which I relied in support of that statement earlier in question period today. I would similarly draw his attention to the context of that statement and to the concluding paragraphs wherein I said that we are confident the three quarters of a billion dollars commited by this government within the last two budgets, within the last seven months, will bring short-term and long-term security to home owners and therefore will put the housing business back on its feet.

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INDIAN AFFAIRS

ROLE OF CITY OF WINNIPEG IN DETERMINING QUALITY OF WATER

Hon. John M. Reid (Kenora-Rainy River): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development and it is supplementary to the sequence of questions asked by the hon. member for Provencher. It concerns the role of the city of Winnipeg via-à-vis the Shoal Lake Indian band. Can the minister give assurances to the House that the city of Winnipeg is now prepared to cooperate with the consultants by providing them with the necessary water quality data which it had originally refused to

make available to the consultants, so that we can find out exactly what was the status of the quality of water that was moving from Shoal Lake to the aqueduct at Winnipeg?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I appreciate the question from the hon. member. According to the Indians and the consultants, there was some difficulty in getting that needed data. I met with the mayor and the city council and the Winnipeg city manager, I believe his title is, to see if we could facilitate the gathering of that data so that an accurate study could be made by the consultants for the Indian people. As I understand it, most of the data they wanted was made available, finally.

* * *

[*Translation*]

INDUSTRY

ALLEGED REFUSAL TO DESIGNATE CITY OF THETFORD MINES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion, and concerns the Industrial and Labour Adjustment Program. The minister must know the member for Frontenac says that the government is refusing to designate the town of Thetford Mines because one of the principal employers is the Société nationale de l'amiante which is controlled by the Government of Quebec. My first question: was the hon. member correct in making this accusation? My second question: are there any other reasons for the government's refusal?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the member for Frontenac has gone to a great deal of trouble for his riding, and his constituents should, and I think they do, appreciate that. Decisions on community designations are cabinet decisions, and the situation in his riding is still under consideration. I think one part has already been designated, and he was very anxious for us to review the situation in order to have decisions on the rest of the area he represents.

REASON FOR GOVERNMENT'S REFUSAL OF REQUEST BY MARINE INDUSTRIES LIMITED

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, we have had a sign of weakness from the member for Frontenac. Now I have a question about the region of Sorel-Tracy. Why did the government turn down an application by Marine Industries Limited in Sorel?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I think the Leader of the Opposition is referring to an application for a contribution to support a study by Marine Industries Limited. One of the rules of the Industrial and Labour Adjustment Program is that it must have proof that a company is unable to proceed with a project without financial support. The Enterprise Development Board looked into the case, and decided that Marine Industries Limited was able to proceed without this contribution, but I am sure the Board would be willing to examine the company's other applications.

[*English*]

WINDSOR COMPANY PRESIDENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, is the Minister of Industry, Trade and Commerce personally acquainted with Mr. W. A. Doherty who is the president of the private company involved in building the Hilton Hotel in Windsor?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Yes, I am, Madam Speaker, and so are tens of thousands of other people in the Windsor area.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

CONDITIONS GOVERNING ASSISTANCE TO WINDSOR HOTEL CONSTRUCTION PROJECT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister will know that the Government of Canada, through its insurance programs of CMHC, has already been involved in the failure of two hotels, Quai D'Orsay in Ottawa, and the Howard Johnson in Montreal. Has the minister set safeguards in place to ensure that there will not be a similar failure in the Hilton venture in Windsor, and can he give us an assurance that all of the private funding necessary for that project is now secure?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the Enterprise Development Board that made the decision on the application for loan assistance to the project has set forth various terms and conditions designed to provide security for the contribution that would be made, and there is no question that any of the loan funding would be advanced unless and until all the conditions are met, including the putting in place of the financing by the private sector entrepreneur.

Oral Questions

PUBLIC SERVICE

TICKETS ISSUED TO EMPLOYEES FOR TRAVEL ABROAD

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of Supply and Services. I am sure that he recalls a letter which he sent to me last week. Could he provide a little information to the House? As he knows, between May 3 and June 10 of this year 1,569 tickets were issued for trips for public servants going outside Canada. That specifically excludes External Affairs and the Department of National Defence, so there is no question of security if the minister is to provide the names and the purposes of the trips that were taken by public servants from Ottawa to outside Canada. If he cannot do that, I note that he has already taken two tickets from those 1,569, one for an employee of Energy, Mines and Resources and one for an employee of Communications to travel to Argentina. If he cannot give us the names and the purposes, could he give us xerox copies of those tickets?

Hon. J.-J. Blais (Minister of Supply and Services): First, Madam Speaker, I would like to indicate to the hon. gentleman that from his Standing Order 43 yesterday he seemed to have misunderstood some of the information that I provided to him in that letter. He will recall that the letter was in answer to a question that he put on the Order Paper. I recommend that he do the same with reference to his particular question now.

In the information that I provided to him, I did identify the 1,500 tickets of which he speaks, but I would like to point out to him that those tickets referred to travel from any place in Canada toward foreign countries, not only from the national capital region. In terms of the balance of the information, I would ask him to solicit it in the normal course.

• (1500)

Mr. Fulton: I have the minister's letter here in my hand and, number one, I did not put it on the Order Paper. It was a letter. Second, quoting directly from his own letter, he said it is based on "statistical data which was recently gathered on international travel out of the National Capital Region". So, he is wrong on two counts.

REQUEST THAT NON-ESSENTIAL TRAVEL BE TERMINATED

Mr. Jim Fulton (Skeena): My supplementary question is directed to the President of the Treasury Board who, I am glad to see, is reading, in both French and English, the Bell document that I gave him yesterday. Since his cherished Bill C-124 will create chaos in the lives of thousands of underpaid public servants who earn incomes in the neighbourhood of $12,000 a year, and since damned few of them are flying internationally on these flights, I wonder if the President of the Treasury Board would give a commitment to this House that he will try to get the names of those people from his colleagues and that he will issue a directive to all the cabinet that non-essential international travel be immediately terminated.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I actually appreciate very much the document on long distance telephone services which the hon. member for Skeena sent me yesterday and which I have read in both French and English, at least in a cursory manner. The issue of non-essential travel is one that I would like to address because all travel is authorized travel and, under the guidelines, it is essential travel. The numbers do seem high. I was very pleased to note a decrease between 1979 and 1980 of 6 per cent in travel. But the numbers which the hon. member has brought to our attention for a period of one month in 1982 suggest that there may have been an increase. I will indeed look into the matter.

* * *

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Monday, July 12, 1982, and that he finds that they meet the requirements of the Standing Orders as to form.

* * *

[*English*]

PRIVILEGE

MR. CROSBY—REMARKS OF MR. CHRÉTIEN RESPECTING DONALD MARSHALL CASE—RULING BY MADAM SPEAKER

Madam Speaker: Since the hon. member for Halifax West (Mr. Crosby) is in the House today, I would like to rule on the question of privilege which he raised on June 17 and which arose out of his dissatisfaction with answers given to him by the Minister of Justice (Mr. Chrétien). The Minister of Justice is not in the House today, but I feel I should rule anyway because I would not want to delay the ruling any further; it has been standing for quite some time.

I submit to the hon. member for Halifax West that, in accordance with the custom of the House, we do accept hon. members' explanations of what transpired. In the case that he raised, those explanations were obviously given in good faith as far as the House is concerned. An hon. member's word is usually taken for the statements he makes in the House.

I would like to emphasize, however, that even had the minister declined to give any explanation about the particular case of interest to the hon. member, that would not constitute the basis for a question of privilege either.

Therefore, I must rule that I do not find a prima facie case of privilege in this particular instance, since there was nothing in the exchange which could convey the impression that the

minister was in any way misleading this House, and delaying an announcement does not constitute contempt of the House.

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicted by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,289, 3,899, 3,960, 4,087 and 4,088.

[*Text*]

CANADA PENSION PLAN

Question No. 3,289—**Mr. Dantzer:**

1. At what point in the future if there is no change in premiums will (a) Canada Pension Plan contributions no longer cover payments to beneficiaries (b) Canada Pension Plan contributions plus interest no longer cover payments to beneficiaries (c) the Canada Pension Plan Fund cease to exist?

2. What are the assumptions that will have a bearing on the answer to part I, including the assumed rates of interest earned by the fund and the changes in current mortality rates?

3. (a) What changes in premiums would be necessary by (i) 1986 (ii) 1991 (iii) 2001 (iv) 2011 (v) 2021 (vi) 2031 in order to maintain the current real dollar value of the fund (b) what changes in premiums would be necessary to maintain the current real dollar value of the fund by (i) 1986 (ii) 1991 (iii) 2001 (iv) 2011 (v) 2021 if benefits from the plan were doubled?

4. What is the (a) interest rate earned by the Plan (b) lowest Bank of Canada rate (c) average Bank of Canada rate (d) amount of monies borrowed from the fund by each province for the (i) third quarter of 1979 (ii) fourth quarter of 1979 (iii) first quarter of 1980 (iv) second quarter of 1980 (v) third quarter of 1980 (vi) fourth quarter of 1980 (vii) first quarter of 1981 (viii) second quarter of 1981?

5. Is the fund invested solely in 20-year Government of Canada bonds?

6. To the knowledge of the government, are public or private pension plans invested solely in one instrument and, if not, with specific reference to the government regulations that apply to both public and private sector plans, what are the reasons?

7. If the CPP were to accept no new entrants as of September 30, 1981, but all current entrants were to continue to contribute at the current rate, what would be the deficit in the fund when it was wound up, in current as well as 1981 dollars?

8. What would be the value of the fund as of September 30, 1981, if from the beginning of the fund monies had been invested in the following alternative instrument (a) 91-day Government of Canada treasury bonds (b) 180-day Government of Canada treasury bonds (c) 1-year Government of Canada bonds (d) 10-year provincial bonds, assuming each province borrowing funds borrowed at their provincial rate (e) 10-year corporate bonds, using composite provided by the Bank of Canada's Statistical Review?

Hon. Pierre Bussières (Minister of State (Finance)): I am informed by the Departments of Insurance and Finance as follows:

1. In the last complete statutory actuarial report on the Canada Pension Plan, (Statutory Actuarial Report No. 6 tabled in the House of Commons on December 18, 1978) it

was estimated, assuming no change in the 3.6 per cent contribution rate, that (a) expenditures would exceed contributions in 1985, (b) expenditures would exceed contributions plus interest in 1993, and (c) the fund would cease to exist in 2003.

2. The answers in Part 1 are affected by many assumptions, a partial list of which is as follows:

1. rates of increase in average earnings
2. rates of increase in the Consumer Price Index
3. rates of interest on new investments
4. mortality rates
5. migration rates
6. participation rates in the plan
7. earnings distributions
8. retirement ages
9. rates of incidence and termination of disability
10. rates of emergence of spouses' pensions
11. proportions married, age distributions, and relative earnings distributions of husbands and wives
12. remarriage rates of widows and widowers.

These, as well as other assumptions, are described in considerable detail in Statutory Actuarial Report No. 6.

The combined effect of all assumptions on expenditures and contributions for the three calendar years 1978 to 1980 has been that actual expenditures have averaged about 92 per cent of estimated while actual contributions have averaged about 97 per cent of estimated. The net result shows that actual experience has been somewhat more favourable than estimated, and if this trend should persist, the actual dates of occurrence of one or more of the three contingencies considered in Part 1, assuming no change in the contribution rate, may be slightly later than those estimated.

As to some specific assumptions, the annual rate of increase in average earnings, the annual rate of increase in the Consumer Price Index, and the annual rate of interest on new investments were projected to decrease from experience levels in 1978 to ultimate levels of 5.5 per cent, 3.5 per cent and 6.5 per cent respectively for 1983 and later. While these ultimate rates appear to be definitely on the low side, at least for the short-term future, it should be emphasized that the estimates in Statutory Acturial Report No. 6 are affected much more by the assumed differentials between these rates than by their absolute levels. For example, again assuming no change in the 3.6 per cent contribution rate, if ultimate assumptions of 11.5 per cent, 9.5 per cent and 12.5 per cent had been used instead (i.e., assumptions involving the same differentials but 6 percentage points higher), (a) the year when estimated expenditures would exceed contributions would still have been 1985, (b) the year when estimated expenditures would exceed contributions plus interest would have been 1995 instead of 1993, while (c) the year when the fund would cease to exist would have been 2002 instead of 2003. Evidently, these changes would have been relatively minor.

3. (a) If the 3.6 per cent contribution rate is retained as long as the real dollar value of the fund in terms of the Consumer Price Index increases, and if it is thereafter annually increased as required to maintain the real dollar value of the fund, it is estimated that the contribution rates required would be (i) 3.6 per cent in 1986, (ii) 3.90 per cent in 1991, (iii) 5.12 per cent in 2001, (iv) 6.02 per cent in 2011, (v) 7.77 per cent in 2021, (vi) 8.90 per cent in 2031 and (vii) 8.54 per cent in 2041, based on Statutory Actuarial Report No. 6 assumptions, except that the starting fund was taken as the actual fund at December 31, 1980 instead of the actual fund at December 31, 1977, and actual experience through 1980 was substituted for estimated experience.

(b) If benefits from the plan were doubled, effective 1983, the contribution rates required to achieve the same objective, and based upon the same assumptions as for (a), would be (i) 6.68 per cent in 1986, (ii) 8.62 per cent in 1991, (iii) 10.67 per cent in 2001, (iv) 12.33 per cent in 2011, (v) 15.73 per cent in 2021, (vi) 17.93 per cent in 2031 and (vii) 17.16 per cent in 2041.

4. The information sought by the honourable member is equally accessible to him, being reported annually in the public accounts of Canada, monthly in the Bank of Canada Review, and quarterly in the Canada Pension Plan Statistical Bulletin.

5. No.

6. Public or private pension plans, to the extent that they operate invested funds, invest either directly or indirectly in a variety of instruments. Subject to statutory or regulatory restrictions, the investment policy normally aims at maximizing yields within acceptable limits of risk. Relatively smaller plans tend to be insured or to participate in investment pools. It is possible that some plans invest exclusively in government bonds or exclusively in mortgages, etc.; however, it is normal to see diversified investment. Presumably, this may be attributed to active or passive acceptance of the principle that diversification enhances the security of the investments and tends to allow acceptance of a higher level of individual risk leading to a higher expected rate of return.

7. Based on Statutory Actuarial Report No. 6 assumptions, it is estimated that assuming the fund would be wound up about the year 2088, the deficit in the fund would then be approximately $211 trillion. This would be equivalent to a deficit of about $246 billion at September 30, 1981, accumulated with interest to the year 2088.

8. The calculation of fund values as requested by the honourable member would require an inordinate amount of calculations to be conducted by the limited resources of this government; therefore, no answer is provided. The investment alternatives suggested in parts (c) and (d) do not exist for all the time periods in question and therefore any result calculated would be hypothetical. Information necessary to calculate the requested result in parts (a), (b) and (e) is equally accessible to the honourable member from the sources outlined in the response to part 4.

CANADA POST CORPORATION

Question No. 3,899—**Mr. Cossitt:**

How many items of first-class mail were mailed within the Canadian postal system (a) between January 1 and January 31, 1981 and not including items deposited prior to midnight on December 31, 1980 (b) between January 1 and January 31, 1982 and not including items deposited prior to midnight on December 31, 1981?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): The Canada Post Corporation has informed me as follows: (a) 388.4 million; (b) 350.6 million.

Question No. 3,960—**Mr. Cossitt:**

How many items of all classes of mail, other than first class, were mailed within the Canadian postal system (a) between January 1 and January 31, 1981 excluding items deposited prior to midnight on December 31, 1980 (b) between January 1 and January 31, 1982 excluding items deposited prior to midnight on December 31, 1981?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): The Canada Post Corporation has informed me as follows: (a) 203.0 million; (b) 164.1 million.

Question No. 4,087—**Mr. Cossitt:**

How many items of first-class mail were mailed within the Canadian postal system (a) between February 1 and February 28, 1981 and not including items deposited prior to midnight on January 31, 1981 (b) between February 1 and February 28, 1982 and not including items deposited prior to midnight on January 31, 1982?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): The Canada Post Corporation has informed me as follows: (a) 387.6 million; (b) 360.4 million.

Question No. 4,088—**Mr. Cossitt:**

How many items of all classes of mail, other than first class, were mailed within the Canadian postal system (a) between February 1 and February 28, 1981 excluding items deposited prior to midnight on January 31, 1981 (b) between February 1 and February 28, 1982 excluding items deposited prior to midnight on January 31, 1982?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): The Canada Post Corporation has informed me as follows: (a) 198.4 million; (b) 178.6 million.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

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QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if questions Nos. 4,343 and 4,350 could be made orders for returns, those returns would be tabled immediately.

Madam Speaker: Is that agreed?

Some hon. Members: Agreed.

[*Text*]

LAWYERS EMPLOYED BY DEPARTMENT OF JUSTICE

Question No. 4,343—**Mr. Howie:**

In the fiscal year ending March 31 (a) 1981 (b) 1982, were outside lawyers in New Brunswick employed by the Department of Justice and, if so, in each case (i) what was his/her name (ii) what amount was paid?

Return tabled.

Question No. 4,350—**Mr. Crouse:**

In the fiscal year ending March 31 (a) 1981 (b) 1982, were outside lawyers in Nova Scotia employed by the Department of Justice and, if so, in each case (i) what was his/her name (ii) what amount was paid?

Return tabled.

[*English*]

Mr. Taylor: Madam Speaker, I wonder if I could ask the Parliamentary Secretary to the President of the Privy Council when I may expect an answer to question No. 2,329, which has now been on the Order Paper for more than 15 months.

Mr. Smith: Madam Speaker, I would be happy to look into that matter on behalf of the hon. member. I would be delighted to do so.

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

POINTS OF ORDER

MR. CORBETT—DISPOSITION OF BILL C-201

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, I would like to raise a point of order in connection with the response given by the President of the Privy Council (Mr. Pinard) to the hon. member for Bow River (Mr. Taylor) yesterday in reference to the question of the passage of Bill C-201 last week.

Concerning how the matter proceeded, the President of the Privy Council stated, in part, as reported at page 19215 of *Hansard*:

—that Thursday, the day before, notice had been given to the representatives of his party, the whip and the deputy leader, in the House—

In perusing the record of proceedings of Thursday, the particular day in question, I find no reference by the President of the Privy Council that he did, indeed, give notice that Bill C-201 was coming up. I just wanted to draw to his attention and to the attention of the people of this country that that matter was not drawn to the attention of the House during the period of time allotted to him to make it known to the people of the nation, and particularly to hon. members of this side of

the House. It was just another way of duping and defrauding the people of the nation.

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I just want to repeat that proper notice was given to the Conservative Party and to the NDP of the intention of the hon. member for Vaudreuil (Mr. Herbert) to proceed with Bill C-201 on Friday. Proper notice was given on Thursday evening.

Mr. Corbett: Not in the House.

Mr. Pinard: That is what I was told and that is what is usually done with all private members' bills. The hon. member should check with people in his party and find out about the notice.

Hon. Erik Nielsen (Yukon): Madam Speaker, I am glad to hear the government House leader say what he did, on his own behalf. Obviously, he has been supplied information by someone else in his party. My deputy House leader did not receive any such notice. I received no such notice. Our whip received no such notice. I might also inform the government House leader that the provisions of Standing Order 75 with respect to notice were not complied with.

Mr. Pinard: Madam Speaker, the notice was given in writing and sent by hand to the appropriate offices. If the hon. members responsible have not seen it, it is not my responsibility.

Mr. Nielsen: That is not true.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, with reference to this point of order, I do not have the mailing list in front of me, but I do know that Mr. Beatty, who works in the office of the opposition House leader, was on that list, as was the hon. member for Bow River (Mr. Taylor).

In response to the question raised by the hon. member for Fundy-Royal (Mr. Corbett), it is not the practice of the government House leader to raise on Thursday afternoon, when he answers his weekly question, what is to be dealt with in private members' hour. He discusses what will be dealt with under government orders, but not under private members' hour. This is the fundamental distinction which I would suggest has been totally forgotten by the hon. member, or perhaps he is unaware of it.

Mr. Corbett: Madam Speaker, the fact is that the President of the Privy Council stood up in this House and stated that our whip and our deputy House leader were advised that that bill was coming before the House. That is not correct. The other fact is that the Standing Orders of the House say that unless there is an emergency, notwithstanding the fact that the House is master of its own fate, a bill will be given successive readings on different days. That could certainly not be construed as an emergency debate.

• (1510)

Mr. Pinard: Madam Speaker, I can only reiterate what I have already said. I am told that proper notice in writing was given by hand to representatives of both opposition parties. With regard to the emergency about which the hon. member speaks, I agree with him that it is the principle. I was not here but I have been told that there were representatives of all parties in the House. Unanimous consent was granted by the representative of the hon. member's own party, a representative of the New Democratic Party and, of course, representatives of the Liberal Party. Therefore, there was unanimous consent. Anything can be done in this House by unanimous consent. The representatives of all parties agreed to the process.

MR. TAYLOR—APPLICATION OF S.O. 15

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a point of order to clear up something that I think should be done. Under Standing Order 15 we are advised whether it is an A day or B day. Consequently, we can turn to our list to see whether it is an A day or a B day. However, it does not go any further than that.

There are 200 or 300 bills on the Order Paper. It has not been the practice to go through the list consecutively. If we want hon. members to know, they should be given the chance to look in the Orders of the Day, particularly on the day it is coming up, or by that time, so that they know which bill will be coming up.

Second, it has been the habit to post this information on the bulletin board in the lobby. Why is it not posted each time? It is not fair to a member to have this brought on after that member has made proper arrangements to leave for constituency business, and he then finds on his return that a bill in which he has a vital interest has been passed in ten minutes by 12 members.

Madam Speaker: I am afraid there is not much I can add to this exchange except to say that the House went through certain procedures. We cannot go back on those procedures.

Mr. Nielsen: Madam Speaker, I made an error with respect to Standing Order 75. It was not the Standing Order that I wanted to quote, so I rise simply to correct that. The Standing Order I am thinking of is the one requiring posting of a notice on the members' bulletin board. That notice applies to private members' bills.

* * *

PRIVILEGE

MR. DEANS—ALLEGED MISLEADING STATEMENT BY MR. COSGROVE

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise on a question of privilege of which I have given official notice. I would now like to follow up on it, if I may. You will be aware that at page 18880 of *Hansard* for June 28, 1982, the Minister of Finance (Mr. MacEachen) made the following statement:

> Tonight, I am tabling a consultative document containing proposals which, if implemented, would have the following major key effects:
>
> —Buyers of new homes would be able to secure mortgages at significantly reduced interest rates—3 to 6 percentage points lower than prevailing rates.

I draw that to Your Honour's attention because I claim that, inadvertently or otherwise, the minister responsible for housing has misled the public of Canada and the House of Commons. I recognize that it is a very serious matter. I want to indicate for your consideration, hopefully overnight, the reasons why I believe that happened.

Taking into account that the Minister of Finance clearly stated that the measure to which he was referring was not yet government policy and that he made it quite clear he was talking about the possibility of action being taken by the government, subject to the approval of both the cabinet and Parliament, the minister responsible for housing subsequently, I hope in error, when appearing on a television program which was copyrighted but which I would claim to be published material, said the following:

> The Canadian government will implement a system for providing loans at 3 to 6 per cent below the market rate to ensure long-term security.

He then went on to say:

> I stress again people who purchase new housing will do so with the confidence that they can renew their mortgages at lower than market interest rates.

Yesterday in the House of Commons the Prime Minister (Mr. Trudeau) was asked whether the Government of Canada had in fact come to a definitive conclusion with regard to the implementation of that policy, whether that policy was in effect and the Prime Minister could give assurance to those people who were advised by the minister of housing to proceed on the basis of that proposal contained in the budget to purchase a home, and whether the government through the Prime Minister was able to assure those people that that reduction in interest rates would be forthcoming.

The Prime Minister, again referring to *Hansard*, said quite clearly he could give no such assurance at the moment. The minister responsible for housing was subsequently asked whether he was stating government policy, whether he had been misquoted or was in error.

Mr. Nielsen: Whether he was telling the truth.

Mr. Deans: He was even asked whether he was stating the truth. The truth is something that is always difficult to determine. It is very much in the mind of the individual making the statement. The more relevant question was whether the minister responsible for housing was stating government policy.

My question of privilege is simply this. The House of Commons has the right to expect that it will be told the truth. The House of Commons has the right to expect that statements made by ministers of the Crown, affirmative, assertive statements, will in fact be a reflection of the government's policy.

As a result of the statement by the minister responsible for housing, I was asked by a number of people from across this country whether in fact it was now government policy and could they proceed. I could not give that answer. As a Member of Parliament, I could not either affirm or deny what the government policy was, given that the minister responsible for housing was making a statement that was quite contrary both to the budget statement and the statement by the Prime Minister. I therefore ask—

Madam Speaker: Order, please. I must interrupt the hon. member. He has just stated what his question of privilege is. I realize that he is dealing with two matters. The first is a statement made outside the House which in the circumstances, and taking into account the substance of the statement, cannot constitute a question of privilege. He is also speaking about the statement made in the House by the Prime Minister (Mr. Trudeau) and the statement made by the Minister of Public Works (Mr. Cosgrove). He finds that those statements are contradictory.

The hon. members recognizes the difficulty the Chair would be in if it had to determine which of those contradictory statements was correct. I suggest to the hon. member that this is obviously a matter of debate. It was debated in the course of the question period. I am afraid the hon. member is now debating it again.

The hon. member has the right to debate this matter, but certainly not under the aegis of a question of privilege. Therefore, I must interrupt the hon. member and tell him that he does not have the basis for a question of privilege. He has a matter that he would like to debate, but he must do that at another time.

Mr. Deans: Madam Speaker, I rise on a point of order. I would ask whether you could at some point deliberate and report to the House on how we in the opposition can get the truth out of this government.

Madam Speaker: I can answer that now. Question period is a time when members can question ministers of the Crown on their policies and programs. That is done daily. There are other occasions when questions may be asked of ministers. That is obviously the avenue. If the answer a member receives from a minister is not satisfactory in his view, there is nothing the Chair can do about that. The Chair can ensure only that the hon. member will have a chance on another occasion to elucidate the question that he is concerned with.

• (1520)

Mr. Paproski: Make them tell the truth.

Mr. McGrath: Madam Speaker, may I comment on this matter?

Madam Speaker: No, I have ruled on it, I am sorry. There is no basis for a question of privilege; therefore, I cannot hear a second member.

Mr. McGrath: Madam Speaker, on a point of order, I do not want to transgress the rules but it seems to me that it is incumbent on the minister to rise in his place and state that he was in error or that the Prime Minister (Mr. Trudeau) was in error. For the minister to sit there and say nothing certainly is contrary to the practices of the House. I am not questioning your Honour's ruling but surely the House is entitled to an explanation from the minister responsible for housing.

Madam Speaker: If the hon. minister had risen before I ruled, I could have heard him; but since I have ruled that this is not a question of privilege and cannot be debated at this particular time, hon. members will have to take another opportunity to elucidate the matter.

Mr. Nielsen: Tomorrow.

GOVERNMENT ORDERS

[*Translation*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House resumed, from Monday, July 12, 1982, consideration of the motion of Mr. Johnston that Bill C-124, respecting compensation in the public sector of Canada, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Mr. Louis R. Desmarais (Dollard): Madam Speaker, yesterday, in the first part of my speech, I mentioned that inflation is at the root of our problems. I also mentioned a number of disastrous effects inflation was having on our society, and I said that it was because of this high inflation rate that our economy was in its present state, and that 1,300,000 Canadians were out of work. I also said that we were asking the nine million Canadians who were employed to help us protect their jobs and to find work for those Canadians who are unemployed today. I also mentioned that the government was spending $2 billion per month on its income redistribution programs. I also tried to illustrate what $1 billion represents. I could explain it another way, namely, that one billion seconds ago, the Second World War ended. One billion minutes ago, Jesus Christ was on earth and one billion hours ago, man was living in caves.

[*English*]

I was responding, Mr. Speaker, to the president of the Canadian Labour Congress, who says he could not understand how wage cuts could help get our economy moving. In this sense, I would like to quote a portion of a *Financial Post* article entitled "Wage restraint does matter". I might add that this also answers the challenge that was put to us yesterday by

the hon. member for Brant (Mr. Blackburn). The article states as follows:

In general, evidence of the need to moderate wage demands is all around us. Look, for example, at the U.S., our biggest customer. In the first quarter of 1982, U.S. wage settlements in the industrial sector average increases of only 2.2 per cent in the first year of contract. Excluding the teamsters and the auto workers, who accepted a wage freeze, the average increase was still an extraordinarily modest 6.8 per cent. For 1981, U.S. settlements in all sectors were about four percentage points below Canadian settlements. The U.S. federal civil service has been limited to a 4.8 per cent increase. In the face of these trends—and the wage restraint in other countries with which we must trade and compete—the reaction of Canadian labour leaders to Ottawa's proposals has been disappointing. In particular, the response so far of Canadian Labour Congress President Dennis McDermott, with personally offensive references to the Finance minister, and hints of a general strike, is a perfect example of just what we don't need.

I say to Mr. McDermott: "Do you think that by pricing ourselves out of the market through wage increases about double what they are in the United States, we are going to help our economy recover?" I might add that I was encouraged by the reaction of Mr. McDermott after his meeting with the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. MacEachen) and I can only hope that this will carry through to a positive reaction on his part.

The federal government in its budget is facing reality. What the federal government has done is to show strong leadership, the kind of leadership our country needs and the kind of leadership that I am convinced Canadians will respond to in a very positive way. I would like to suggest to the members opposite, and particularly to those in the New Democratic Party, that they forget about criticizing our approach in order to try to win votes. I would say to them: "If you really want to help your constituents, you will encourage them to join the fight against inflation and to restrict their wage demands to 6 per cent."

There are countless suggestions, Mr. Speaker, as to how to solve our economic problems. The first difficult task, of course, was to select and put forth a plan of action. Strong leadership requires this and our government is providing it. It is time now for all Canadians collectively to adopt this policy and to win this battle.

It was suggested yesterday by the member for Kootenay West (Mr. Kristiansen) that this bill is unfair. I would like to remind him that it is going to be unfair only if the nine million Canadians who are working today refuse to co-operate, refuse to help us find jobs for those Canadians who are out of work. The hon. member is assuming that Canadians who are working will refuse us that help. He has adopted a negative attitude.

I might say, Mr. Speaker, that when I was head of Canada Steamship Lines and I had to hire people, I looked for four things: first, their knowledge; second, their skill; third, their habits; and fourth, their attitude. No matter how good their knowledge was, how perfect their skill, how good their habits, if their attitude was negative they were absolutely worthless. I might say to the member for Kootenay West that under that program I could not have hired him.

• (1530)

As I said at the outset of my speech last night, I think this is probably the most important piece of legislation on which this House will have to pass.

Mr. Fulton: Is that why there are four Liberals here?

Mr. Desmarais: Inflation has to be brought under control for the simple reason that the alternatives of more unemployment, higher interest rates and greater deficits are absolutely unthinkable.

Let me review some editorials which I think will help us make a few points. Under the headline "The Wrong Whipping boy" the Montreal *Gazette* of July 8 wrote the following:

There is nothing necessarily wrong with paying people a lot of money. What is wrong is to pay high wages and salaries that are not earned through increasingly efficient production. Canadian efficiency—our productivity—has been lagging dangerously behind that of competing nations.

Those hon. members who speak about our purchasing power have a tendency to forget about this principle.

On July 6 under the headline "Unemployment data should be a warning", *The Globe and Mail* stated:

The OECD, in a report on the Canadian economy last week, warned that Canada has poor prospects for restoring sustained and balanced economic growth as long as present trends continue—even if it turns out there is a recovery in export markets.

With a faster rate of inflation in Canada than in the United States and, contributing to the inflation problem, a markedly higher rate of increase in wage rates under collective agreements, this country is in a poor position to take advantage of any opportunities that may develop in export markets.

In the longer run, if pay increases under collective agreements do not soon move down to 6 or 7 per cent from a recent rate of about 12 per cent, Canada's job prospects must remain bleak. It would seem obvious that, if Western Europe lacks confidence in its ability to compete against Japan and the United States in high technology products and against Japan and the newly industrialized nations in labour intensive goods, then Canada has even more reason to worry.

Mr. Leo De Bever, who is a director for Chase Econometrics, was interviewed on the CBC as follows:

Is the 6 per cent solution in fact a solution to this sort of thing?

Mr. De Bever answered:

Well, I think so. Obviously, the key element in this budget that would make a lot of difference . . . would be if the private sector were to agree with what the finance minister is asking for. The likelihood of that happening is obviously very small. I think there are a lot of people in this economy who would be willing to do what the finance minister says if they were assured that, say, 75 or 80 per cent of the population were in the same boat.

The second question by the CBC was the following:

You mean workers would be willing to accept that sort of thing?

The following is the answer:

I think so. I don't think anybody advocating large wage gains at this point is a friend of labour because ultimately those gains are going to be eroded. It would be much better if we all throttled back, if we all decided look, enough is enough. Let's just forget about making short-term gains. Let's just take that 5 per cent cut in standard of living that we would be accepting if we were going to go to 6 per cent. And let's get it over with. Let's get back on the track that is sustainable.

An article in the Montreal *Gazette* of June 29 by Hugh Anderson entitled "After three tries. MacEachen finally rates a pass" states:

The government plans to control what it has direct power over (its own employees' pay cheques), to influence pay and prices where it can do so indirectly (telephone bills and farm-product prices, for instance) and persuade or shame the rest of us into line.

There is even the promise that the pay of cabinet ministers, members of parliament and senators will actually be cut. That might make the whole thing popular enough to succeed.

I certainly hope so. Under the headline "Six per cent or bust", *The Vancouver Sun* of June 30 stated:

The proposed 6 per cent limit on public-service pay increases (to drop to 5 per cent next year) was essential. The provinces have to go along with it as well as with similar limits on cost increases for public services. Those in greatest need will get inflation-indexed assistance but everyone else will be fairly limited to 6 per cent increases in benefits.

But Mr. MacEachen has appealed only for voluntary controls in the private sector. Will Canadians respond? They should, but the battles this summer between labour and employers will probably be fierce and costly.

If the incomes policy works it will bring down inflation. Mr. MacEachen said the government will not budge from its tight monetary policy, which will also help in reducing inflation.

The final editorial is from the Regina *Leader-Post* and is entitled "New budget offers us chance to bind rather than bicker". It states:

The pay measure is a restriction of 6 per cent on federal salaries this year and 5 per cent next year. The opposition's quick support for this move was encouraging, for it suggests that the Conservatives intend to help, rather than impede, solution of the national crisis before it can become an economic disaster. That does not mean that there is not room for the opposition parties to make suggestions to fine-tune MacEachen's budget proposals. But with Canada facing the need to mobilize economically, this is the time for what the Americans call a bipartisan approach—make that tripartisan, if the NDP agrees—to provide expeditious passage of effective economic remedies.

I think we are entering a period of our history in which we have to fight for our lives. We have to fight to save this country, which will go down the drain economically unless we do something, I think we have to forget our bipartisanship. We have to get together. We cannot afford to lose this battle. I implore all Canadians wherever they may be to do their bit to help cure our economic ailments so that Canada can remain the best country in the world, which it is today.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, it gives me a good deal of pleasure, albeit very anxious pleasure, to speak in this debate on Bill C-124 entitled the "Public Sector Compensation Restraint Act", a bill which provides legislative authority for public sector compensation restraint, the so-called six and five rule announced by the Minister of Finance (Mr. MacEachen) in his budget speech on June 28. The bill would also restrict—in fact cut—the salaries of Members of Parliament and senators for the balance of the present fiscal year. Surprisingly, the bill also includes within its framework a provision which effectively eliminates the right of public servants in Canada to strike upon the expiry of their present collective agreements.

• (1540)

I noted with interest the remarks of the hon. member for Dollard (Mr. Desmarais) who was partially correct in identifying the problem as inflation. He suggested that we must all form part of a positive initiative to reduce the toll that inflation is taking of society as a result of the devastating effects of unemployment, increasing business bankruptcies and related factors. Although the hon. member said the problem is caused by inflation, he did not point out where inflation originates. I should like to point out to him that it is not wage earners or workers or taxpayers who cause inflation; it is governments that create inflation and it is governments that have the power to reduce or eliminate it.

Mr. Kelly: Garbage!

Mr. Siddon: Mr. Speaker, the hon. member who interrupts knows very well that it is governments that overprint the money supply in advance of election campaigns in order to be able to give away various goodies and gimmicks in an effort to coerce and mislead the voter. It is governments that subsequently raise taxes in a malicious and devious way, in total violation of their election promises.

I might single out this government in particular. It said it was going to hold the increase in the excise tax on gasoline to less than 14 cents per gallon. It is governments that allow the continuation of high interest rates, that borrow heavily and incur massive deficits to the extent that the financial requirements of the private sector cannot be raised. It is governments that create more and more Crown corporations and more and more means of intervention to frustrate, restrain and ultimately eliminate the private, competitive economy.

I am sorry that the hon. member for Dollard has left the chamber, Mr. Speaker. I think he should realize that if we in opposition sometimes appear negative—after all, it is our role to provide constructive criticism—it is because we do not always agree with the initiatives the government is taking. We most particularly do not agree with the suggestion that there is only one way to solve the problems confronting our economy and that that is the way of the Prime Minister (Mr. Trudeau) and the Minister of Finance. Apparently it is to be six and five or we all go down together, and then we will be faced with controls, as the Prime Minister has threatened.

The suggestion of the hon. member for Dollard that anyone who speaks against the government's legislative program is taking a negative and pessimistic view is repulsive to members of the opposition. Some of us may feel that certain initiatives in Bill C-124 and in the budget are positive and good for the country. Yet, we are entitled to stand in this House and speak negatively or creatively to use a better word, about measures proposed by the government or about the lack of measures that we believe should be taken to deal with the current economic plight of the country. We agree that inflation is a serious problem for Canadians and that negative attitudes are bad. Incompetent leadership is worse, however, and that is what has brought this country to its economic knees.

The measures contained in Bill C-124 which would ensure that salary demands within the public service are limited to 6 per cent this year and 5 per cent next year are, I believe, a small step in the right direction. They are certainly not fair and equitable in that they show no selectivity in terms of eliminating the wasteful practices of the government; nonetheless, they are a small step in the right direction. However, they

assume that every clerk, every employee, every deputy minister who receives this 6 per cent restriction is equally important to the goals of our nation and that, rather than eliminate the waste and inefficiency that exist in government, we should all equally pay the price. Although this is a small step in the right direction, it avoids the crucial and central reasons for our economic dilemma.

It is all well and good to bring in the 6 per cent and 5 per cent limits which in the projections for the fiscal year 1982-83 will save the government some $500 million, or an average of $1,000 for every public servant. Yet, in itself, $500 million is a very small amount when compared to the gross national product of the country which, even in a state of decline, is $300 billion. Because of the policies of the government and its inability to manage the economy, a 2 per cent decline in the gross national product is predicted for the coming fiscal year. That means a $6 billion decline in our net economic output. Will that be overcome by restraining increases in public service salaries by $500 million? The serious structural problems in our economy will cost the country over $6 billion in lost potential, just to maintain the same gross national product as last year. That is 12 times the savings in salaries expected as a result of this bill.

This bill and its parent, the budget of June 28, does not come to grips with the problem of a $6 billion decline in the gross national product. Even if the bill might be seen as a small step in the right direction, the savings will amount to but a pittance. It will not help us or the health of our ailing economy, nor create the jobs that are so desperately needed. Furthermore, it will not ensure that there will be equity for public service employees. Some people may be entitled to an increase higher than 6 per cent, but there are others whose salaries could justifiably be cut, including cabinet ministers whose salaries, I submit, should be cut to $1.

The budget of June 28 is based on economic intervention and redistribution of income by actions of the federal government. Instead of creating new wealth for all and placing emphasis on productive economics and finding ways to unburden the private sector, it is based upon redistribution, upon pessimism and upon a lowering of our expectations. This is the most bountiful nation in the world but we are not realizing our potential.

Many commentators on the budget, including the well-known columnist Mr. Don McGillivray, have said that we will not solve the problems of the economy by raising taxes once again. In spite of the $20 billion deficit and the dangerous implications of this for the country, we cannot continue to expect to raise taxes as a means of pulling Canada out of this difficult dilemma. Taxes are only a measure of the production of the country. If productivity is not increased, if the gross national product is not increased, if the return on an hour's labour is not increased, then we have no hope of solving our economic problems.

If we cannot encourage people to work harder and engage in more entrepreneurial enterprises, the gross national product and the tax flow to government will not be increased. The budget of November 12 increased taxes massively by $10 billion to $12 billion through several concealed devices. Through its deindexing provisions, the budget of June 28 raised the taxes paid by an average couple with two children and an income of roughly $25,000 per year by $1,000 over and above any inflationary increment.

Once again the government, which should have realized the errors of its ways from the damage caused by the budget of November 12, has brought in another budget which raises taxes. In raising taxes by more than the inflationary increment, it has the gall to tell Canadians, particularly public servants, that their incomes have to be restrained to something less than the inflationary increment. There is something seriously wrong, Mr. Speaker, in a government which approaches the problems of this nation in that way. This program, and the budget which encompasses it, creates more work for bureaucrats, creates more programs, and expands the centre of gravity here in Ottawa. To you, Mr. Speaker, that may be a welcome initiative, but to many of us representing other parts of Canada it is at the heart of our national dilemma.

• (1550)

The budget shows no understanding of the remedies needed for the fundamental structural problems plaguing our industrial and primary resource sectors. The government is preoccupied with cutting 5 per cent or 6 per cent from government payrolls and creating a bunch of new programs which will keep a lot more bureaucrats running around like squirrels, receiving applications, judging them, weighing them and comparing them with income tax records and StatsCan statistics. Then, after a panel sits in judgment on every application, perhaps there will be a decision made. All that does is delay things, Mr. Speaker, and add to the inefficiency of this government.

There is no mention, Mr. Speaker, in these current economic initiatives of the collapse of Alsands and what might have caused it. They do not mention that we would have had 30,000 more jobs in this country today had the Minister of Finance opposite and his NDP colleagues not brought down the Clark government in December, 1979. There is no mention of the cancellation of the Cold Lake project and the Alaska gas pipeline, or the decline of our manufacturing industries and productivity as measured by every index, as has been cited over and over again in this House.

We in this party, Mr. Speaker, want to see a positive attitude restored to Canadians. We want to see confidence restored in the decisions which affect the development of our economy. But we cannot see that happening as long as the government persists in wrong-headed initiatives. These show how incompetent the government is. It is unable to understand that our economy was built and is based on, and has thrived for more than a century because of, the business and private sectors.

I for one, Mr. Speaker, would be happy to stand up in this House and commend the Prime Minister, the Minister of Finance, or anyone else who would get up and say yes, maybe we made a few mistakes. Maybe some opposition members have been saying the right things for the last two years. Maybe

they are not all just a bunch of screaming radicals from Newfoundland, western Canada or the western Arctic. Maybe they do know something about the way the people out there feel about the values, initiatives and talents which can be brought to bear in resolving our national economic dilemma. But, Mr. Speaker, we do not hear that from members opposite. We certainly do not hear it from the Prime Minister, who admonishes us for not getting on to the six and five bandwagon. Well, I for one will be part of that bandwagon inasmuch as most Members of Parliament feel they are worth every dollar they earn around this place. But I would be much happier about it if this government had the competence and the courtesy to recognize that other people know something about economics and the dilemma that faces our nation.

We should be taking positive export-oriented initiatives, Mr. Speaker, instead of finding more gimmicky programs to redistribute the existing and ever-diminishing pool of wealth. The population is not diminishing, so why are we taking a protectionist position in terms of world economics and trade? Why are we cutting ourselves off from world markets while at the same time borrowing ourselves ever further into debt and obligations to lenders in the U.S. and elsewhere? If we are to believe, as the Prime Minister tells us, that all industrialized nations are in trouble, who are these lenders who are doing so well? Who is profiting because of our ignorance, Mr. Speaker? I think many of us in this House know.

A country, just like an individual, must produce more than it consumes if it is ever to support growth, prosperity and an optimistic outlook on the future. The country must produce more than it consumes and earn more than it spends, and that means we just cannot isolate ourselves from the world, as this government will eventually lead us to do when it brings in foreign exchange controls with the support of the NDP. We cannot afford to take that kind of small-minded outlook when we have more resources per capital than any other nation in the world. We have more natural and human talents than any other country in the world, but we are frittering them away because of an incompetent understanding of the way the country works.

The deficit is of severe concern to every Canadian, Mr. Speaker. When I was home shortly after the finance minister brought in his budgetary statement and announced that next year the deficit would be up from $10 billion to $20 billion, every person who approached me said: "$20 billion! They must be out of their minds. Our kids are going to have to pay for that. If we are spending that money to stimulate growth for a successful economy, why is it not developing that way? There must be something wrong in Ottawa."

The second thing they told me, Mr. Speaker, was to go back to Ottawa and find a way, one way or another, to get rid of the government. Members opposite know that because once in a while they do go home to their ridings. They know that every one of their seats is in a very precarious position at this point, along with their indexed pensions and everything else. They know that as soon as the people get the chance they are going to throw them out. If they cannot do it by parliamentary means, Mr. Speaker—and this frightens me—they may resort to other tactics. It frightens me because of the implications for my family, my friends and my community. I see signs of violence in the initiatives reflected in Bill C-124 which, in order to avert a labour shutdown in the public service, brings in a measure which abolishes the right to strike. That is the measure of the government's lack of confidence in its ability to convince Canadians of the rightness of its policies.

If the government is so right, why can it not convince the people of Canada? The best way to do that would be to call a general election and let the people decide. Oh, hon. members laugh! They know what the consequences would be. They know that three-quarters of them would lose their seats. If the people were allowed to be the judge, they would throw them all out.

An hon. Member: So simple.

Mr. Siddon: Mr. Speaker, if the hon. member had been listening he would realize the problem is not so simple.

An hon. Member: You are so simple.

Mr. Siddon: It is not as simple as six and five. It has a lot to do with the fundamental mismanagement of our economy and a misunderstanding of the structural problems which are at the heart of our national economic dilemma.

There has been no clear-cut evidence, Mr. Speaker, in this budget, the previous budget, or in anything else this Prime Minister has done, that he cares about improving the efficiency of government or exercising restraint. It is absolutely unfair for the Government of Canada to ask people, starting with the public service, to restrain their salary expectations and then bring down a budget which has increased government spending 22 per cent over the last budget; to increase taxes far in excess of the rate of inflation, thereby contributing to inflation; or to allow interest rates to run out of control without any positive initiatives except a gimmicky program to hand back $3,000. There are no positive initiatives to eliminate waste in government or make senior public servants accountable. There is no attempt to eliminate the God-awful, foolish and extravagant throw-away programs that this government is so guilty of. I do not need to enumerate the whole list but I do want to give a few examples of why it is that in the future of this country Grit times will be known as hard times.

• (1600)

First is the metric promotion. Already over $60 million has been spent unnecessarily. If we had a healthy, buoyant, expanding economy, maybe we could afford that. But in addition to the $60 million spent on promotion, advertisement, brainwashing and brain-twisting people to accept the government's unwise initiatives, the businesses of Canada have had to incur major expenses to buy new scales and to convert their units of measurement. These businesses have had to go outside of Canada to obtain them because we do not supply the means to do that. It might be great for trade with France, Holland and West Germany, but it does not do Canada one bit of good.

That is the kind of foolish, extravagant and incompetent decision that is at the heart of our national dilemma.

Over $100 million has been spent in government advertising. Almost $1 million a day has been spent plastering our countryside with slogans like "A new Constitution for Canada"; "Working together", and so on. All of that garbage does not turn people on when they see interest rates out of sight and unemployment such that every person knows two or three friends or neighbours who are faced with that spectre.

Next is funding, and guarantees which must be purchased to buy insurance for loans to communist countries. Why are we doing that through the Export Development Corporation and other initiatives? I for one believe we should be encouraging far more trade. But if, for example, we extend an EDC guaranteed loan to build a new copper mine in Bolivia, I want to know what the benefits are to our Canadian engineering consulting community and how many dump trucks will be ordered from the United States and elsewhere to their specification in relation to the salaries generated in Canada. I want to know the impact of that on the world competitive situation. I want to know to what extent we are hamstringing our mining industry by encouraging our consultants with low-interest government guaranteed loans to go and do business and build new mining ventures in other parts of the world.

We are arguing vigorously at the United Nations through the Law of the Sea that we want to ensure adequate controls so that Canada's nickel mining industry is not adversely impacted by the drive to get on with seabed mining. We want to protect our Canadian mining industry, but while doing that, we are going about assisting and encouraging Canadian companies who want to open new mines in Bolivia, South America, Central Africa or wherever. I am in favour of that if someone would put the sums down on a piece of paper and come clean with the people of Canada, telling them how many jobs will be lost in return for the few hundreds of thousands of dollars in revenue earned by consulting firms.

There is something that has bothered me for a long time, and I am glad to see that the Minister of National Health and Welfare (Miss Bégin) is in the House because the matter concerns her jurisdiction. I have a large family. I do not need to mention how many children I have, but my wife and I need the income we enjoy and we have always benefited by the family allowance. But I cannot understand why the government has not had the political courage to streamline the program of child tax benefits and spousal taxation on income received from family allowances. My wife receives family allowance cheques every month because we have children. I pay income tax on those moneys and then I have to declare child exemptions on my income tax. My wife has to file an application for child tax credits, which means filling out an income tax return.

That involves several different offices, several different bureaucrats, several different addresses and several pieces of paper. This costs the people of Canada an unnecessarily large amount of money. It is absolutely ridiculous that this government has not had the political courage to sort that situation out. It could be done by one annual tax credit payable to one or other spouse. This would not proliferate and multiply the number of income tax returns for wives or husbands who do not work. But why did we encourage the virtual doubling—at least a 30 per cent increase—in the filling of income tax returns in the way the child tax credit was implemented?

It would have been far better if this government had had the smarts, the intelligence and the political will to rearrange the whole system so that one taxpayer could file for a tax credit for his or her children. You could get rid of the family allowance system, if necessary, which could be replaced with the equivalent or increased benefits to the parents of families. This could well be afforded because a huge amount of waste could be eliminated. We have taxpayers' money not going to the good of those who need it; it is going to support government bureaucrats who have a summer cottage in the Gatineau and a winter home in Florida. These people have indexed pensions and are anxious as heck to pass the age of 55 so they can retire early and go down to Florida in the winter and live in their cottage in the summer. That is where that money is going, instead of going to the parents, the children, the handicapped, the old age pensioners, the widows and the war veterans who are the ones who should be getting it.

This government lacks the political courage to restructure our whole social welfare system. This government should get rid of waste and inefficiency. This government does not have the courage to do that. I know members on all sides who are a little skeptical about family allowance. I do not say abolish it; I say supplement it. But let us extend it in a way that eliminates all the unnecessary waste and overlap in the present system. This government does not have the resolve to do that.

I am talking about real measures of restraint which would have a substantial impact on the budgetary deficit of this country, not about $500 million cut by restraining public servants universally to a 6 per cent salary increase. They will still be able to look forward to having homes in Florida, their winter and summer trips. But that does not solve the problem of the guys in my riding whose businesses are collapsing. Nor does it solve the problems of those people in Port Alberni who do not have jobs in the pulp mill, or those unemployed in the mining industry in Labrador, Sudbury and Trail. Their jobs are gone for the summer and probably until next winter. This does not solve their problems one iota. Where are the guts, the political courage, that could bring about a real solution to this disastrous situation in Canada?

Canada is going to build a new embassy in Washington. That might be great. It is like the desire to have a new airport terminal that many people would like to see here in Ottawa. That may be desirable, but why do we not solve our economic problems first? Why is that embassy not put on hold? Why do we not send Arthur Erickson back to Vancouver? Pay him off if we have to, but stop the embassy, Mr. Speaker.

I know what I am going to speak about next is a little sensitive here in Ottawa, but I understand the Prime Minister has promised $500 million to $800 million to build a new art gallery and a new national museum here. I like to entertain

people in Ottawa. It is the greatest city in the world other than Vancouver, and Richmond, from where I come. There are a lot of museums to see in Ottawa. People who come here have an awfully good time. Maybe they need something to look forward to in ten years' time when they come back. But right now this country cannot afford a national art gallery and a new museum when people out in my part of the country are hungry and are losing their homes.

Where is the courage to eliminate or delay those decisions? The government knows that it cannot delay these things because its members know they will not be in office for a long time after the next election. This government is playing for votes with the arts and the cultural community in this country, and that is wrong.

Next let me mention travel allowances for government employees and members. We all enjoy 52 trips a year. I think it is important that members be allowed to go home to their ridings. If you wanted to cut out some of the wasteful government spending, Mr. Speaker, maybe you could save a lot more than is being saved by restraining salaries by reducing the frequency of members' trips to their ridings. I think the Canadian people would understand that, Mr. Speaker. The Canadian people expect us to be here in Ottawa sorting out this horrendous problem. It is not just the $20 billion debt this year which means that every Canadian citizen has another $1,000 debt in their pocket. It is another $4,000 per capita because the gross public debt of the Government of Canada is $100 billion.

Why does this government not continue to sit in Ottawa? We do not have to go home quite as often. We still have our telephone privileges. We still have radio, television and newspapers. Why do we not take some of those kinds of initiatives I have mentioned? Where is the positive enthusiasm on the other side for them? I think some Liberal members would be happier staying in Ottawa these days than going home.

What about travel allowances for deputy ministers and senior bureaucrats who flit around the world? These have been mentioned by some of my colleagues. These people stay only at the best places and eat the best meals, and they travel first class if they are above a certain rank. Where are the guts to resolve that kind of waste?

• (1610)

I have another small example. The post office in Vancouver has had a customer service office for many years where people went in to get help with their mail. Gosh knows, they needed a lot of help! Now they have some ambitious young person with a cushy government position; she is friendly with the—well, I will not say more. But for some reason the customer service area in the Vancouver post office is undergoing a major transformation. Over $150,000 will be spent on new draperies and carpets to change that area into an employment centre.

People need to be employed in the country but not by the post office. We are told that the volume of mail has diminished considerably since the 30-cent stamp was introduced. We are now hearing, as we did in the House today, that the stamp price might be increased to 33 cents or 35 cents, but probably in excess of 6 per cent. This is so that they can have new draperies, and carpets to boot, in the new employment centre in the Vancouver post office. Whoever made that foolish decision ought to be fired. Canadians cannot afford such extravagance at a time when there are hungry, hurting and unemployed people across the country.

Now let me turn to the area of government printing. I am fully sympathetic to the objectives and the implementation of the Official Languages Act. I think we could print every government document in both official languages and serve the needs of all Canadians in all parts of the country by having those documents available in either English or French. For the life of me, I cannot understand why we publish everything in both official languages in one volume, as in the case of documents which members receive in their offices. Usually they are back to front and we have to flip them upside down or turn them around.

I would be happier to pick the English or French version off the rack. This wastes high quality, polished Canadian bond paper which is an export product. We are burning it. Half the pages in everything we receive are read, and I doubt whether members even read 10 per cent of what they receive. Half of those pages are wasted; they are absolutely unnecessary. I have many constituents who have now adopted the practice of sending those documents back to me to send on to the minister. These are elected officials in my own riding. They cannot stand the sight of that absolutely unnecessary waste.

When we have the printing press and the typeset to print in either English or French, we could make documents half as thick. We could print many less copies because we would need approximately half as many copies to serve the same number of people. This is just another example of the foolish extravagance which the government does not have the courage or intelligence to confront.

Turning to the area of new cars for cabinet ministers, let me indicate that they ride around pretty comfortably. I do not envy them; I know they have many pressures on them and their lives, but why do they need new cars every year? Why are we not exporting cars? If we were building cars for export, we would not become involved in the type of mess in which we became involved with Iraq. We should really build cars for export the way the Japanese do; but no, we build cars for cabinet ministers because taxpayers like to see them ride around in comfort and style! Why does the government not cut the budget for the motor car allowances of ministers? I did not see such a provision in either of the last two budgets.

When I drive around Ottawa at night I see those glorious buildings across the river in Hull all lit up. All the lights are on, and there are probably a few on Parliament Hill as well. Why? Some people will say that hydro power is cheap and that Quebec provides it, but the Government of Canada and ultimately the people pay the bill for all those lights. We have a crisis in the country but the burning of lights and the setting off of fireworks does not give a stranger visiting the country any notion that we have a serious financial problem. However,

we know we have a problem and the government ought to have the courage to rectify that situation by turning out the lights every night. Some people say that those lights are on time clocks. Well, where the heck are the people who used to pull the switches? That is the problem; everything is on a time clock and no one really puts oneself out to help the country out of its national dilemma. Ultimately and finally that charge has to be registered with hon. members opposite, because they have the power of the vote in the House and the authority to make such changes, but they do not have the political will to do so.

Why are we purchasing new Challenger jets for cabinet ministers to flit around the country with their friends? I rode in one of those a time or two and I noticed there were often quite a few ministerial aides and others riding along. They were treated pretty well. Now we will have more ministerial aides, more deputy ministers, more senators and others flying around in nice new Challenger jets. They were supposed to have been a product to make money for Canada. Let us export them, if they are any good at all, and make money for Canadians.

I was offended about a week or so after the new Constitution was proclaimed to see a man come down the hall outside my office and unload huge packages of junk; a nice fancy display kit which someone, who obtained the government contract, prepared to display all the fancy paraphernalia and printed material to proclaim the grandeur of the great constitutional coup of the Prime Minister. Why are Canadians being asked to pay for that and all other paraphernalia which we can ill afford at this particular time in our history?

Also there are flags and the pins. I like to give people little lapel pins, as we all do, at parades and on sports days, but right now we cannot afford them. It does not make a cent for Canadians. I am concerned about national pride, but I think Canadians would be more proud of their country if it were economically healthy and people were working. I do not think we need those fancy little desk flags with screw-in bases which are all packaged up in nice red and white boxes, most of which contain hot air. They are shipped out in rail cars to western Canada, for example to my constituency office. They are shipped in huge boxes which take up three-quarters of my office space. Why were those flags not neatly rolled up around little round sticks, with the bases in plastic bags, and shipped out that way? The reason is that the incompetent government has no understanding of value and value for money; it decreed that they should go out in those nice little red and white cardboard boxes. By the way, we do not need the boxes. They are manufactured from a lot of nice Canadian newsprint, pulp and paper from my province, which is being thrown away foolishly.

There are countless examples of waste in which the government could save money. We do not need bilingual games and records to encourage physical fitness, nor do we need maps issued by the Minister of State for Mines (Mrs. Erola) at a time when we are faced with a serious economic dilemma. Of course, all these things are given away free.

I know I have to support this bill because we all have to show the resolve to bring about restraint, but I have only indicated one aspect of a much more severe problem. It might save the government $500 million. It does not make a dent in the $20 billion deficit, and it does not do anything about the $6 billion decline in our gross national product year over year from last year. Fundamentally I am irritated the most when government members stand and claim with such hypocrisy in the House that anyone who does not go along with them is negative, paranoid and pessimistic. I would be prepared to accept those allegations being part of the problem if hon. members opposite would also stand up and admit that they are part of the problem.

We have had the November budget of the Minister of Finance, the National Energy Program and 500 Crown corporations. These things are all part of the national problem. Also there is the foolish, extravagant waste on many unnecessary frills at this very grave time in our national history. These are really at the heart of our national dilemma.

I expect the government to take the lead. I hear it will raise the parking fees at Vancouver International Airport by 50 per cent this year. I think that would be foolish. I expect the price at Petro-Canada pumps will rise far in excess of the rate of inflation; I think that is wrong. Government must show its commitment to restraint.

I will resume my seat momentarily, but is it fair to ask public service employees and the workers of Canada to exercise restraint while the government allows continual increases in personal income taxes which destabilize and contribute negatively to our economic growth? It allows increases in income tax, in energy taxes, in interest rates and in user charges for government services. This cannot go on.

In conclusion, I must say that if the government does not wake up and listen to the message from Canadians, if the government does not stop painting everyone else as villains but looks at itself in the mirror, the people of Canada will rise up and throw the Liberal Party out of office for so long that we will not know what was the Liberal Party.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, Bill C-124 is the most immoral and divisive bill which I have witnessed since being elected to the House in 1979. The Minister of Finance (Mr. MacEachen) presented what he called a solidarity budget. Bill C-124 is the reverse of solidarity. This bill will victimize one group of workers in Canada, those in the public service, by imposing wage controls, by prohibiting collective bargaining, by denying the right to strike as last resort, and by denying constitutional rights to women workers.

• (1620)

The misnamed solidarity budget cut back cost of living increases for pensioners, and for families receiving family allowances. Under Bill C-124, the government will bring in wage controls and cut back wage increases to 6 per cent this year and 5 per cent next year for public service employees. Of

course, as we know, the budget did nothing to control profits or to control prices. It offered no economic policies to deal with the causes of inflation or to increase consumerism, productivity and permanent jobs, not just temporary, make-work kinds of projects.

Bill C-124 mocks the very principle of solidarity as people know it in the honoured labour movement. The only solidarity that exists, as far as I can see, is the solidarity between the Tories and the Liberals, all of whom are in favour of wage controls. We will fight this bill just as long as possible. We will continue to oppose it in co-operation with the labour movement in Canada.

My colleagues have covered many of the general criticisms we have concerning Bill C-124. In the time allotted to me, I would like to summarize some of these points and then concentrate primarily on Bill C-124 as it affects women workers in the public sector and, of course, as it affects women workers across Canada.

There are a number of myths which the government and its allies in the private sector have promoted concerning workers' wages and public servants. First of all, Bill C-124 is based on the false premise that controlling wages will reduce inflation. This point was proven to be fallacious in the past. Wage controls under the Anti-Inflation Board did not reduce inflation. During the four years of wage controls, wages were reduced from 20 per cent to 7 per cent while inflation went down only about 1 per cent during that four-year period. This proves that controlling wages will not have a significant impact on inflation, yet the government for some strange reason is determined to play games on the backs of public service employees.

Second, the government introduced no policies to counteract the causes of inflation, no industrial strategy, no price controls, no controls on profits and no reduction of interest rates. This is the main inflationary policy which makes it so difficult for workers to survive. Instead, the government has once again used workers as scapegoats. As a build-up to this situation, both the Liberals and the Tories, as well as the capitalists in our society, have been promoting political propaganda. There has been a deliberate campaign to mislead the public, to encourage people to think that wage controls are a solution and that it is the civil servants who cause inflation.

The worst aspect of Bill C-124 is that it takes away collective bargaining rights, bargaining rights which we were assured by the Solicitor General (Mr. Kaplan), I might say, would be retained and guaranteed under the Constitution. Since he is here today, I would like to refer him back to the proceedings of the Special Joint Committee on the Constitution, issue 43, page 69, wherein the Solicitor General stated:

> Our position on the suggestion that there be a specific reference to freedom to organize and bargain collectively is that it is already covered in the freedom of association that is provided already in the declaration or in the charter.

The Solicitor General was apparently on weak ground since his own government is now ignoring the Charter of Rights and Freedoms and the freedom of association provision. In effect, it is taking away all collective bargaining rights from public servants for a period of at least two years.

Another myth which has been promoted is that public service wage increases are higher than those in the private sector. Here again, the facts show that public service wages have consistently been lower than those in the private sector. In 1978, private sector wages increased by 7.7 per cent while public service wages increased by only 6.7 per cent. During the first quarter of this year, private sector wages increased by 12.3 per cent and public service wages increased by 11.5 per cent. Public service wages, then, have lagged behind those in the private sector, yet this is the sector which the government has chosen for wage controls. Of course, these wage controls in the public sector are just the first target, which the government hopes will be expanded to include all Canadian workers.

The fifth myth is that wage increases have been higher than inflation. Here again, if we look at the facts we learn that not once has the percentage of wage increases in the public service been equal to the consumer price index. It is, then, apparent that wage increases, which have been won only after very hard bargaining on the part of public service unions, have been a response to inflation. They have not been the cause of it. They have been a method by which public service workers and workers throughout the country have tried to survive so that they could raise their families, pay for their groceries and live in times when the cost of living is so high. As I said earlier, the government must get at the causes rather than penalizing the victims of inflation. But of course, we know from history that it will not do it.

Finally, Bill C-124 is a bullying bill, brought in by a bullying government. The government has picked on pensioners and families in its budget, and now it is picking on workers under Bill C-124. This comes at the very time, of course, when negotiations in the public service sector are crucial, because the next two years will be the years when high technological change will be greatly increased and the impact on public employees will be very great, particularly on women employees. Instead of analysing the causes and developing positive solutions, the government again projects the blame on a scapegoat. I want to point out that psychiatrists describe this kind of sickness as a "projection mechanism", putting the blame on someone else instead of facing and trying to solve one's own problems. Therefore, it is typical of the government, a sick government, to use a sick syndrome, typical of a very sick situation which it has created itself and with which it cannot cope.

I now want to focus on Bill C-124 as it affects women workers in the public service in particular. We believe that the hardest impact will be felt by women because they are the lowest wage earners in the public service. On July 6 I questioned the President of the Treasury Board (Mr. Johnston) in the House, stating that the lowest wage earners are women and that they will therefore be the hardest hit by the government's wage controls. Many single parents need increases in order to put food on the table. As hon. members will recall, the minister

responded by saying: "Our intention is to bring inflation down to 6 per cent"—he was quoting the Prime Minister—"in which case no one will suffer."

Well, is that not a nice platitude? We all know that he is dreaming because past experience shows that wage controls will not have any appreciable impact on inflation. Therefore, workers, particularly women workers with very low rates of pay, will receive an increase of 6 per cent this year and 5 per cent next year. Women workers in the public service who are ghettoized in the lowest paid secretarial and service-type jobs will have their wage increases slashed by about 50 per cent over the next year. A Public Service Commission report entitled "Women in the Canadian Public Service, 1980", states that, compared to the total population in the public service, women are unrepresented in all occupational categories except the administrative support group, a category in which the lowest paid occupations are found. This means that 70 per cent of public service jobs paying $10,000 and under are held by women. Some of these female public servants earn under $5 an hour. Many of them are trying to raise a family on their own. Either there is no other wage earner in the household, or perhaps the other partner is unemployed. Therefore, they are living at the poverty level. These are employees of the people of Canada. These are the workers whom the government, through this bill, will cut back even further with wage increases of 6 per cent this year and 5 per cent the year after.

• (1630)

Let us look at some of the figures. Of approximately 268,000 public servants, 35.6 per cent are women. Sixty per cent of those women workers are in teaching, nursing, clerical and secretarial occupations, hardly the kind of occupation that pays a luxury salary. Women represent 54 per cent of employees earning under $18,000. Only 12.4 per cent of all employees earn over $22,000. Most women workers earn far below the average income in the public service.

I now want to talk about the clerks. There are 50,000 clerks in the public service. Most are women employees. Many face job loss as a result of technological change. The average wage for a typist last year was $11,000. Many of these are single parents trying to raise a family on their own. They face increasingly high costs.

The situation is similar in the provincial public sector. I recently read an article about a male clerk in the province of Quebec who, after calculating his income and family costs, said that he would have more take-home pay if he were on welfare compared to his wages in the provincial public service. Last night the hon. member for Winnipeg North (Mr. Orlikow) gave a number of examples of women he had talked to in skilled, service-oriented jobs who are in desperate financial straits. Let us not kid ourselves: we are not talking about high-priced executives, Members of Parliament and judges when we talk of the impact of this bill. We are talking about 50,000 female clerks who simply cannot stretch their pay cheques. It is a myth that the majority of public servants are overpaid.

I now want to deal with what has happened to clerks in recent years. In 1980 the CRs in the public service, mostly female clerks, organized and negotiated. After not having been able to negotiate wage increases that they desperately needed and deserved, for the first time in their history they went on strike for better wages. It was a first. It took a hell of a lot of guts for women workers who had no experience with that kind of activity. They picketed for several weeks, negotiated and eventually won.

That was not easy. It is not easy for workers at the low end of the pay scale, who are insecure about their jobs and have families to support, to go out on strike. That was the last thing they wanted to do. Finally, they realized it was the only way they were going to be recognized in order to negotiate for salaries that would begin to bring them up to the levels they deserved. I congratulate those public service workers and their brothers and sisters in the labour movement who supported them.

As a result of that strike action, public service clerical workers won a 16 per cent settlement, bringing some of their salaries to $10,000 or $11,000. However, that settlement was for last year. This year they are due for a 12.5 per cent settlement. It was promised to them by Treasury Board, with the President of the Treasury Board kicking and screaming all the way to the bank. The same man who is bringing in this bill has consistently opposed progressive policies that would benefit female employees.

What will happen now? Their employer, the head of the Treasury Board, has betrayed them. They bargained in good faith and won. Under Bill C-124, these rights and promises will be taken away from them. Instead of the 12.5 per cent raise which was negotiated and which they were promised for next fall, they will get only 6 per cent this year and 5 per cent the year after. They are going backward instead of forward in that category of jobs where workers are grossly underpaid.

Bill C-124 is an outright attack by the Liberal government on labour, especially low-paid women workers. It is a deliberate attack on these 50,000 clerks who fought so hard to get a decent wage. It is a union-breaking tactic that this government is bringing in designed to undermine organized labour, collective bargaining and the right to strike, which is so essential as a last resort, as I illustrated, for workers such as these female clerks. Those rights are gone for two years.

Coming back to the cost of living, we hear the argument that costs will be down to 6 per cent and everything will be rosy. Workers will get a 6 per cent increase next fall. They will be able to cover everything as though there was no change or reduction in their pay increase. I wonder how many Liberals have gone shopping lately. I wonder how many are paying off mortgages. Today we heard the minister responsible for Canada Housing and Mortgage Corporation again trying to present his wishful thinking as government policy. We know that mortgage renewals are costing many workers 65 per cent of their wages, especially those with a one-year renewal contract. The last policy brought in gives no benefit to these workers.

Rents are going up. I will be very surprised if anything is done to reduce them by next fall. When a woman goes to the grocery store, she finds that food prices are up 9 per cent. General Foods will not bring down the price of groceries by next fall. Even though the government is trying to penalize farmers and fishermen by controlling their income, transportation costs and home heating costs are going up. They have been going up continuously. Energy costs will rise by 24 per cent as a result of deliberate government policy.

There is little money left in the family cheque for child care. Of course, working parents cannot deduct the cost of child care for income tax purposes. Obviously there is little money left for clothing. There is no money left for holidays for the woman worker struggling to raise her family. Bill C-124 will reduce wages by 6 per cent, bringing the wages of women even lower. They are already the lowest paid employees in the public service, and most will remain in those ghettos.

The next concern about this bill as it affects women workers in the public service—and this is an example of workers in all sectors of the economy—is the whole question of affirmative action rights, the right to equal job oportunities in the public service for men and women. Affirmative action will not be negotiated under Bill C-124. This is a very serious aspect of this bill. At first, people may not think so. However, I hope that members will think about it very seriously. It will restrict the chance for women to have equal jobs in the public service and equal rates of pay at the very time when an increasing number of women are being, or are about to be, laid off because of technological change.

Let us not kid ourselves: there are changes in every public department in practically every office which has anything to do with government services. In those offices, of course, are the women workers who will be laid off or through attrition are not being replaced. So it is most important that there be very firm affirmative action policies in place so that the jobs that are here are equally shared and together men and women can work for protection for workers in a positive way to counteract the negative effects of technological change.

• (1640)

In my question to the minister on July 6, I accused the President of the Treasury Board of denying women workers the right to bargain for affirmative action. I do not think he really heard or chose to hear the question; certainly he avoided answering it. Undoubtedly he is embarrassed by the very disgraceful record of this government on affirmative action.

It was the Treasury Board and, of course, the President of the Treasury Board who were supposed to be providing the leadership to establish a whole new progressive policy of affirmative action. You will recall that they started in three public departments, one of them being Treasury Board. They started a study and were going to implement changes that would be a model for all of Canada. Mr. Speaker, nothing whatsoever has happened. We have studies. We have had studies before. We know what few jobs in the higher paid category there are for women, but nothing is being done about it. Under Bill C-124 there will be no collective bargaining, so workers and unions will have no chance. They will be prohibited from negotiating strongly for this very essential policy that we must have in the public service.

Let us look at all the facts concerning women in public service fields of employment. An excellent article appeared in the Ottawa *Citizen* on July 9. I recommend it to all hon. members. The article quoted the Public Service Commission Annual Report. It stated that only 4.3 per cent of public service executives, the top-ranking employees, are women. Only 4.3 per cent after all these years. Also, there are very few women in middle-management positions. Only 3.1 per cent of those earning over $50,000 are women. This represents an actual decrease over the past year, not an increase under affirmative action but a decrease. There has been almost no change in the position of women in the higher paid jobs in the public service from the 1970s, despite the many competent and experienced women who are in the public service and who should have opportunities for advancement.

According to Bonnie Carroll, who is from the Public Service Alliance, the equal opportunities program has not gone far enough. As a matter of fact, she says, it has not even gone anywhere. There is no teeth in it. There has been a rather polite program. She stated that in effect there has been no improvement in equal opportunities for women in the public service field.

This is really a very sad commentary, Mr. Speaker, on a government which has heard from so many women's groups, and from men as well, across the country who fought for equal rights in the Constitution. There were women who came back a second time to have Section 28 reinstated so that the provinces and the federal government could not override Section 15. It is a very sad commentary for ministers and leading departments who gave lip service to affirmative action and said that it must be compulsory.

Time and time again on this side of the House—at least, in this party, not in the party to our right—we have questioned those same ministers about affirmative action and asked what they were going to do to make it compulsory. The only way to ensure equal rights for women in the workplace is really to have mandatory affirmative action. At first there were three members who stood up, including the minister responsible for the status of women, and said: "We are all for mandatory affirmative action; we need it in the public service departments themselves and in government departments and we also need it in private sectors."

We pushed them on this and asked: "Every time you give out a government contract, why cannot you require affirmative action as part of the deal you have with the private sector, who are getting these jobs and getting paid by government?" However, how long did they stand up and really try to fight for mandatory affirmative action? No time at all. Very quickly after cabinet ministers had laid down the law—and the Prime Minister (Mr. Trudeau) undoubtedly—the minister responsible for the status of women was saying: "We really cannot do this right now; we cannot be too tough on the private

employees, we have to wait for this two or three-year study in the public departments, so we really cannot get on with affirmative action."

Therefore, it is not really surprising that this government, supported by the official opposition to my right, has brought in Bill C-124. It will protect the regressive status quo for women workers. It will prevent unions from bargaining aggressively for affirmative action to give women an equal place in the federal work force.

What about equal pay for work of equal value? I mentioned this in the House the other day, and the government side responded, obviously concerned about this, the day after. This is a major right which is threatened by Bill C-124. I have already documented the low wages which are paid to most women workers in the public service who work in job ghettos. However, not only do women not have an opportunity for advancement, but they are often paid lower wages than those of men working in similar types of jobs.

You will recall, Mr. Speaker, that last year a very significant battle was won when 3,000 general service workers, most of them female workers, won equal pay for work of equal value under the provisions of the Canada Human Rights Act. This was a very historic decision. The President of the Treasury Board, the instigator of this bill we are debating today, after first refusing to comply with the decision of the Human Rights Commission, was eventually forced to pay out $17 million in back pay to these service workers. Many of them were workers in cafeterias and in maintenance jobs. They had been paid some $2,000 to $3,000 less than male workers in similar categories. Female librarians also last year fought and won their case for pay equal to male librarians.

Right now, Mr. Speaker, there is a very important case before the Human Rights Commission, which we hope will rule in favour of hospital workers. Many hospital workers are female workers, of course, and are on very low rates of pay. There is very serious concern that under Bill C-124, Clause 8, this whole case before the Human Rights Commission, which is an equal pay for work of equal value case, will be endangered. Clauses 6 and 8 of this bill state that all other government acts can be overruled, so presumably Section 11(1) of the Canadian Human Rights Act itself will be overruled. The government may even override the Constitution, the Charter of Rights, which supposedly protects women against discrimination based on sex.

On July 7 the minister, attempting to clarify my question of the previous day, said that he would move on to enforce this section. Wookie-doo! In view of his past record of broken promises where women's rights are involved, we are very seriously concerned that his word is not good enough. I am sure the women of Canada are concerned, and the National Action Committee on the Status of Women I know are equally concerned.

The minister must withdraw the bill, since it is so harmful to public service workers in many respects. Legal advisers of NAC are also concerned that this bill contravenes the Human Rights Act. Even if the minister amends the bill, the question of the rights of employees in Crown corporations still remains. Crown corporations might very well appeal this measure and have the Human Rights Act provision overruled.

• (1650)

If the minister is serious in his proclamations, he will not just amend this bill but withdraw it in favour of women workers and public service workers generally.

Some hon. Members: Hear, hear!

Mrs. Mitchell: Women are becoming increasingly disenchanted with the Minister of State for Mines (Mrs. Erola), who happens also to have a secondary portfolio tacked on—her responsibility for the status of women. She is the minister of mines who undermines women. This minister is an all-talk-no-action minister. It is time she realized that charm and PR are simply not enough to advance women's rights in Canada.

I want to put on the record today at least five different incidents. This minister was appointed to work aggressively for the improvement of the status of women in Canada. She has made promises which she has either broken or on which she has refused to act in any meaningful way.

First, there was the whole Constitution debate. The minister reponsible for the status of women said to women who came to her that they should not worry. She did not say "dear," but it almost sounded like that. She told them the government would look after them and that Section 15 is all right. She told them she did not think they needed to worry that the provinces would override equal rights for women. Fortunately, the ad hoc women, who organized and were very expert on this question, realized the minister was wrong and they fought hard to get Section 28 in the Constitution.

Second is the question of pensions. This is the minister who took a very tough stand and promised action on women's pensions within one year. As we all know, this is a very urgently needed reform because pensioners are suffering. Women pensioners in particular are suffering, especially those living alone who in most cases are living below the poverty line. However, it is this particular minister who has supported this budget and this bill which would cut back cost of living indexing for pensioners. This, of course, will hit women pensioners the hardest because they are the poorest group.

Third, the minister promised to rescind Section 12(1)(b) of the Indian Act, which discriminates against Indian women. Nothing has happened in that regard and, if the minister does not start soon, nothing ever will.

Fourth, the minister came out strongly in favour of mandatory affirmative action and then backed down and said: "We can't do it."

Finally, the minister has said she supports Bill C-124. In fact, in the past she has said that women in the public sector are "doing nicely" compared with women in the private sector. However, figures tell us that women in the public sector are doing exactly the same as, or perhaps even worse than, those in

the private sector because they are still in occupationally segregated job ghettos. This is reflected in their pay scales, just as it is in the private sector. This minister has a lot of accounting to do to the women of Canada.

In the time I have left I want to refer to other changes in this bill which will be particularly hard on women workers. Many, many collective bargaining rights will be denied by Bill C-124. Women will be denied the right to negotiate health and safety matters and particularly the whole impact of VDTs and similar kinds of electronic equipment which pose very serious health risks, particularly for women workers. Women workers are faced with spending long hours working at this equipment and in environmental conditions which are quite dangerous and a risk to their health. It is essential, then, that unions on behalf of all workers, and particularly women workers, bargain collectively for safe and healthy working conditions and job security, which is threatened by technological change. This will not be allowed under Bill C-124.

Recently I attended a conference on technological change. The conference was about women and the impact of microtechnology. It was held here in Ottawa on June 25. Women came from all across Canada representing many organizations. At the end of the conference they endorsed a charter of rights to protect workers from the impacts of technological changes. I want to refer to the seven points they endorsed. I feel very strongly about them, and I know my party will feel they should be part of collective agreements with the federal government right now.

The first point is that all technological changes must be negotiated between unions and management. Bill C-124 will not allow that.

Second, employers are responsible to inform workers about all proposed technological changes. Workers and unions must have access to all information about types of change, types of equipment proposed and the likely health effects.

Third, there should be no reduction in the work force because of technological change, and the federal government has a responsibility to protect the jobs of women in particular.

Fourth, employers should be compelled to invest in retraining. The federal government must be planning and retraining workers who will be phased out of their present jobs for new skills and for non-traditional areas of work so that they will have jobs in the future.

Fifth, there must be limits on deskilling. Jobs must be broken down into smaller components.

Sixth, there must be strong health and safety protections.

Seventh—and this is very important for all federal departments—technological changes must be introduced step by step and phased in rather than being instituted all at once, allowing no chance for negotiations and planning on matters which involve workers and their unions.

I urge the federal government to adopt this charter. That is unlikely to happen because we do not believe the minister when he says his voluntary association for employees and members will work out these problems. That is ridiculous. We know the government is the employer and has control. Any employer which would introduce this kind of bill certainly does not have the interests of workers at heart.

Another thing which will not be negotiable is parental leave. Over the past couple of years two public unions have won paid maternity leave for women workers after very tough fights. We know this would not have happened if these women had not had their unions and if they had not been militant about it. Under Bill C-124 parents who want and need time off for the birth of a child and for early parenting will have no union rights to negotiate for this. It is the dark ages again under Trudeau, MacEachen and Johnston. There will be loss of benefits in all areas and there will be no chance for workers to negotiate for these.

Mr. Kelly: There will be no loss of benefits.

Mrs. Mitchell: The crucial time to ensure sound planning for technological changes is right now. We are too late even now, but over the next two years it is crucial. Civil liberties are being endangered as well. People are becoming appendages to machines. The federal government should be leading and demonstrating good work conditions and also showing other communities what kinds of things are needed to humanize our communities and to have progressive planning rather than retrogressive controls.

In conclusion, I just want to say again that Bill C-124 is a retrogressive, tyrannical piece of legislation which cuts workers' pay. Of course, there are no cuts or controls on prices and real inflation. The bill denies workers their rights to collective bargaining. It contravenes the Canadian Human Rights Act. It will further restrict women workers to low-paying job ghettos and, in fact, probably will boot many of them out into the field of unemployment. The bill would prevent positive negotiations and planning for the devastating impact which may come as a result of technological change. The bill is a typical attempt by this government to victimize workers and make them scapegoats in an economic situation the government created but for which it has no solutions. Wage controls and denial of collective bargaining rights will not reduce inflation, we know that. Only a positive economic policy for economic recovery will do this. We will never support Bill C-124. It should not be amended; it should be withdrawn.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order, please. Before I recognize the Parliamentary Secretary to the President of the Treasury Board (Mr. Kelly) on a point of order, it is my duty, pursuant to Standing Order 40, to inform the House that the

questions to be raised tonight at the time of adjournment are as follows: the hon. member for Edmonton North (Mr. Paproski)—The Press—Payment of Government Account to Ethnic Newspaper; the hon. member for Algoma (Mr. Foster)—Labour Conditions—Health and Safety of Workers under Federal Jurisdiction; the hon. member for Winnipeg-Birds Hill (Mr. Blaikie)—Social Security—Request for Increase in Benefits.

• (1700)

GOVERNMENT ORDERS

[*English*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House resumed consideration of the motion of Mr. Johnston that Bill C-124, respecting compensation in the public sector of Canada, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Mr. Kelly: Mr. Speaker, if there is time remaining in the hon. lady's speech, may I ask her if she may have unintentionally misled the House. She stated that as a result of Bill C-124, workers would lose their benefits and many female workers would lose their jobs. May I ask if I heard her make those statements and, if she did make them, if she meant them?

The Acting Speaker (Mr. Blaker): The time of the hon. member for Vancouver East (Mrs. Mitchell) expired at 4:59 p.m. It would require the unanimous consent of the House to allow her to answer. Is that agreed?

Some hon. Members: Agreed.

Mrs. Mitchell: If the hon. member was listening, I think that throughout my remarks I illustrated that women are facing a terrible situation in the public service. They are facing unemployment and will be laid off as a result of technological change. This bill prevents them from bargaining collectively.

Mr. Howard Crosby (Halifax West): Mr. Speaker, let me begin my remarks on Bill C-124, which enacts the Public Sector Compensation Restraint Act, with a consideration of the basic elements of the legislation. The purpose and effect of Bill C-124 is unfortunately all too clear; it revokes the existing bargaining rights of federal public servants and of employees of federal Crown corporations and agencies. In the case of federal management employees, the Royal Canadian Mounted Police, the Canadian Armed Forces, it repeals the rules that have governed the establishment of pay packages in the recent past. In specific terms, the bill limits pay increases to 6 per cent in the year commencing July 1, 1982, or the first year of an employment contract, and to 5 per cent in the subsequent year.

There are special provisions for Members of Parliament, senators and judges. The only real exception is contained in Clause 13(a), which permits the ordering of a higher wage increase where labour shortages exist. There are transitional provisions which permit special increases of 9 per cent in the case of negotiated contracts. Nonetheless, the substance of Bill C-124 may be easily summarized as a freeze on public employment contracts and a 6 per cent limit on wage increases.

A study of the ongoing effect and ramifications of these legislative provisions would occupy volumes. The real concern of Members of Parliament and the Canadian public ought to be whether this drastic legislative measure can be justified by the economic crisis that confronts Canadians today. That is the question I want to explore and consider in my remarks.

Let me begin by examining the budgetary considerations that prompted this legislation. The claim of the budget introduced on June 28, 1982, by the Minister of Finance (Mr. MacEachen) was that it embraced restraints; its message was that we must restrain spending and fight inflation. It was claimed that is the only way to lower interest rates and generate employment. I believe, as do most Canadians, that interest rates and unemployment are the major problems in the country today. The Minister of Finance listed the assistance programs that he had introduced, which consisted of direct aid and income tax benefits, and valued them at $2.3 billion. He immediately announced, however, that this would not affect the over-all restraint policy because he had constructed savings of $3 billion in the budgetary measures.

Those measures were to raise revenue to offset the expenditures the minister proposed. He was going to save $800 million by virtue of the restraint on public service wage increases and $360 million by limiting indexing on expenditure programs. I remind the House that those programs included such things as social services that a great many Canadians find necessary. He was going to save a further $580 million on expenditure reductions and deferrals. The most important thing was that he was going to save $1.3 billion by limiting indexing of personal income taxes. I do not have to repeat that the indexing provision affects every working Canadian. It can be said properly that the minister was going to load these incentive programs and assistance on to the backs of working Canadians to the extent of $3 billion.

Many Canadians were adversely affected by the budget, but today I want to talk about the effect of the budget on public servants. They were asked by the minister to contribute $800 million to his expenditure program so they have a right to ask whether that sacrifice is legitimate in the circumstances. Every public servant has a right to ask this Parliament and this government whether they should be asked to make this sacrifice while other Canadians are not.

This brings me to the real thrust of what the Minister of Finance said was included in his budget. He said there must be solidarity and sharing among Canadians. That was his justification for this assault on the public service—that Canadians must draw together and share the burden produced by the economic plight of the nation. He offered Canadians involved

in this sharing program the hope that inflation would be brought down. He invited them to come into the world of 6 per cent.

He made the obligation of the federal public service very clear, but he did not make the other side of the coin so clear. He did not specify what benefit would flow to all Canadians, particularly public servants, from that sacrifice. There is no guarantee that the government is serious about this program of restraint. The minister made it clear that he was going to raise $3 billion. That seems like a great deal of money, Mr. Speaker, but an examination of the last decade shows that it is not so impressive. I could raise that $3 billion very quickly, Mr. Speaker. I could talk about the $600 million debt written off on the St. Lawrence Seaway; I could talk about the $500 million debt written off for the National Harbours Board; I could talk about the $500 million that Canadian National Railways and VIA Rail are losing this year; I could talk about the $500 million lost by Canada Post and Mirabel; I could talk about the $200 million lost on the Consolidated Computer deal; I could talk about the $26 million spent on the purchase of Challenger jets.

I could go on and on because there are so many examples of government extravagance that it would be easy to find enough of them to add up to $3 billion. We could throw in the $5 million that was spent on firecrackers to celebrate July 1 across the nation. As if that is what Canada needs, Mr. Speaker. July 1 has just been renamed by the Liberal government as Canada Day. We need firecrackers to celebrate that like we need holes in the head. But that is another $5 million down the drain.

All this shows that the government is not serious in its talk about restraint. To that we could add the fact that the Secretary of State (Mr. Regan) supported the 6 per cent limit on increases in pay for public servants in this House. Then he got on a government jet and went to Halifax at taxpayers' expense, blowing $4,000 in the process on that one trip. By that one act he threw away the sacrifice made by three Members of Parliament who took a pay reduction of approximately $1,700. Do you know why he went back to Halifax? To sit with ten other Liberal Party members and cut a cake. He then flew right back to Ottawa to support restrictive measures on public service wage increases for the next two years. He flew all over this country on July 1 to celebrate what he calls Canada Day, and for every hour in the air the pay cut of another two members went down the drain. All of this sacrifice we are being asked to make in the name of restraint is just blown away.

• (1710)

That is only one example, but I think I have demonstrated very graphically that it is very easy to come up with $3 billion that the government has thrown away. So when federal civil servants come before parliamentary committees and say: "Why us? Why should we carry the burden of government overexpenditure?", they have a very legitimate question which all of us have a tremendous obligation to answer.

I do not have to remind anyone in this House, Mr. Speaker, that we face drastic unemployment in Canada. There are 1.3 million Canadians out of work and actively looking for jobs. Of course, they have the sympathy of Members of Parliament, in fact of all their fellow Canadians, but that is not the end of the line. There are also one million Canadians working part-time, 250,000 who have given up looking for work, and another 250,000 working at jobs well below their qualifications. So we are not talking just about 1.3 million Canadians; we are talking about another 1.5 million Canadians who have employment problems.

With a situation like that, with an inflation rate of 11.8 per cent and a 77-cent dollar, drastic action is required. What should the nature of that drastic action be? I want to consider that question now, particularly in light of the history of the public service.

There are a lot of strange comments in the press and other places about the public service and the attitude they have expressed in the past. I want to read very briefly from a column authored by one Ron Collister which appeared in the *Edmonton Journal* on July 7. Mr. Collister said that the civil service was imposing a kind of destructive anarchy, and he attributed that to "ego tripping public servants". He said:

> It would, indeed, be nice if Canada had such harmony, and a more visible commitment to the national interest in labour disputes.
>
> Instead, we have endless strikes which tend to bring the nation to its knees—

A columnist in a newspaper of national status says that the nation has been brought to its knees by strikes, and he attributes that to egotripping public servants. That is an expression of opinion in the extreme. I do not like to see strikes. In fact, I hope that one day we can provide a method whereby labour disputes can be resolved without recourse to the right to strike. But until we reach that point we cannot deny to the labour movement the right to strike in certain circumstances. Mr. Collister is exaggerating in a way that is unfair to organized labour when he says this nation is brought to its knees by the exercise of the right to strike. I want to condemn that kind of comment because it contributes nothing to the national welfare. There have been strikes in the postal service which ought not to have occurred, and those strikes caused misery and hardships for many Canadians; but you cannot say that the nation was brought to its knees by strikes emanating from the public service. I am sure that with the right kind of commitment and right kind of spirit many of these situations can be resolved, but not by outlandish statements like that.

I have another example of a columnist's opinion at the other extreme. Lubor J. Zink, who is not known for his small "1" liberal views, said in *The Toronto Sun* on July 7, 1982:

> The MacEachen budget, while aggravating the agony of the economy by postponing for a few months the controls PET is going to clamp on, offers an opportunity for shifting the blame and public anger on the unions.

That is what is happening here. The Government of Canada, particularly the Prime Minister (Mr. Trudeau), is trying to shift the blame for some of our economic problems from his own government, ministers and policies to the public service

unions. He does not say it directly; he just implies that those people are causing the problems to a great extent and we have to move in and control them.

It is easy to adopt the Prime Minister's attitude. It is very easy to take advantage of the backlash against the public service of Canada because in some cases wage increases have been out of line. In many cases people in the public service are receiving salaries greater than they would in the private sector. But that is not to say that the public service is the author of the economic misfortune we have in Canada. We have to be very careful when we look at legislative measures such as Bill C-124 to try to remedy this situation. We want to be very careful that the prescription is directed at the right patient. We do not want simply to assume that the public service is contributing to inflation and by crushing down on the public service we are going to limit or in any way control inflation. I do not believe that, and I do not think too many members of this House really believe that if we do that, there will be any great changes taking place in Canada.

I can say without any fear of contradiction that what we really have to establish in Canada is a spirit of voluntary restraint. We have to convince Canadians that spending by government has gone too far and has to be limited or our inflation will continue.

However, Mr. Speaker, we do have to convince Canadians first of the correctness of a course of action. We have to ask Canadians to participate voluntarily in applying a remedy, which of course involves limited wage increases. But using legislation to ram it down the throats of Canadians has very small chance of working. In fact, it will work only if Canadians in the public service and the private sector willingly co-operate in what the President of the Treasury Board (Mr. Johnston) described as a crusade. It is unfortunate that he used the terminology "a crusade". I can tell you, Mr. Speaker, from my reading of history, that no one was conscripted into a crusade. They were asked to volunteer because a crusade, by definition, appealed to those who believed in its purpose. that is what a crusade is, and I cannot point out the error of the government's ways any better than that. The government uses the word "crusade" to apply to a mandatory program of wage controls when the whole purpose of a crusade is to understand it, believe in it, endorse it, and participate voluntarily.

• (1720)

The government has sunk so low that it cannot make that kind of appeal any more. It cannot call in the leaders of the public service and say: "Will you co-operate with us in a crusade for the betterment of Canada and Canadians?" This government has sunk so low and the regard in which the government is held by the public service is at such a level that that kind of rapport cannot take place. That is a shame and that is the shame of this legislation, because Canadians, the Government of Canada and its employees cannot get together to resolve an evident problem. Instead, the problem has to be resolved by force of legislation.

I want to look very briefly at the background of the public service. I have said that there was an idea abroad in Canada that the public service, over a long period of time, has forced its salaries and benefits upward beyond those provided in the private sector. I do not know what the exact scientific comparisons are today, but I can tell you this, that the federal public service won the right to bargain collectively only in 1967. The process has been going on for only 15 years.

The Public Service Staff Relations Act was passed on February 14, 1967. The history of this process is quite recent. Not only that, the Liberal Government of Canada in 1977 through the medium of Bill C-28 and again in 1978 through the medium of Bill C-22 tried to break that collective bargaining process. In 1977 and 1978 we went through a process which was known among those concerned with the process as federal public service bashing.

The provisions of Bill C-28 in 1977 and Bill C-22 in 1978 were designed to provide another method of determining the salaries of federal public servants beyond the collective bargaining process. The device to be used was a pay research board which would determine each public servant's salary and what each class of public servant's salary ought to be. I well remember the outcry and uproar that came from the public servants and their representatives against these two bills. Many of us sat down and talked to them about these provisions and it transpired that there was a tremendous need for consultation in these areas, because the only way to resolve labour difficulties is through a consultative process.

I would have thought that the Liberal Government of Canada, through its experiences in 1977 and 1978 with its amendments to the Public Service Staff Relations Act, would have learned a lesson. I would have thought that the Liberal government would have learned that the way to get along with the Public Service of Canada is to consult with its representatives, not to present legislative measures and then try to ram them down their throats. That only invites confrontation and opposition. Apparently the Liberal government has not learned that lesson. Apparently the Liberal Government of Canada has not learned anything from its sad performance in past years and from its deteriorating relationships with the Public Service of Canada, because here we are faced with Bill C-124 at a time when all Canadians are agreeable to restraint measures.

Canadians have finally realized, and it took a $20 billion deficit to make them realize, that the federal government is spending too much money, and this is causing problems for all Canadians. It causes problems when Canadians go to the bank to borrow for a new car. It causes problems when home owners' mortgages expire and renewals must be negotiated. This situation is causing problems right across the economy for small-business men, farmers and fishermen. The Government of Canada is in the market borrowing too much money and this is driving interest rates upward. The provincial governments are right there beside the federal government at the same trough. In that situation, what chance has the consumer,

the home owner, the small-business man, the farmer or the fisherman to pay the kind of interest rates which this demand on the market creates?

As I indicated, Mr. Speaker, I think Canadians are beginning to get some grasp of these problems and are realizing that there is a solution to them. It may well be that, properly approached, not only public servants but all those in the private sector could be convinced that the way out and the solution is certainly, in part, restraint on wage increases.

I have no difficulty explaining to Canadians to whom I speak that it is much better to receive a 6 per cent increase and have an inflation rate of 6 per cent than to receive a 10 per cent increase with an inflation rate of 11 per cent. I do not think you have to take too much time to explain that because with the experience Canadians have had over the last decade, the deteriorating value of the dollar, the dramatic increases in food and services, the dramatic increases in the cost of housing and other essential things, they now realize a dollar is no longer worth a dollar. It is not even worth 40 cents any more.

I think the time has now come in Canada when you can reach out and tell Canadians what is happening and deal with them in a realistic way. The real point is, do you do that by beating their heads with a hammer, or by convincing them that the right course of action is to exercise constraint on a volunteer basis? But that kind of opportunity unfortunately was thrown away by the introduction of budgetary measures of the Minister of Finance on June 28 and by the legislation that he will introduce to implement them. Bill C-124 is only the first step.

I have to remind my colleagues to the left in the New Democratic Party that they did the Public Service of Canada and all organized labour in Canada a disservice when they objected to the inclusion in the Canadian Charter of Rights and Freedoms of a provision that would guarantee property and related rights to all Canadians. Because if the Public Service Alliance and other public service unions had a guarantee of property rights and related rights through a constitutional provision, the Government of Canada would not now be able to reverse those contracts as it intends to do.

Mr. Fulton: Mr. Speaker, I rise on a point of order. I am sure the hon. member would like to know that it was the premiers who opposed property rights being included in the charter.

Mr. Crosby: Mr. Speaker, you learn something every day. I guess that means the Leader of the New Democratic Party, the hon. member for Oshawa (Mr. Broadbent), was aspiring to be a premier in Canada. He was the one who spoke in my hearing against the inclusion of property rights in the Constitution.

Mr. Riis: But he voted in favour of it.

Mr. Crosby: Mr. Speaker, whether we blame members of the New Democratic Party or whether we blame the premiers of Canada—of course, the hon. member was probably talking about the NDP Premier of Saskatchewan, as he then was—the fact of the matter is that failure to include property and related rights in the Constitution is creating a difficulty for organized labour in Canada today.

Mr. Althouse: Mr. Speaker, I rise on a point of order. Property rights have been in the British North America Act since 1867. They are still there. They will continue to be there and they will probably always be there. They fall into the purview of the provinces. There has been no change as a result of the constitutional amendment made last year. The people of Canada should keep that clear in their minds as well.

Mr. Crosby: Mr. Speaker, you learn something every day. I leave grain growing and transportation matters to people of the west. Maybe the people of the west should leave constitutional expertise to some other people because that, simply stated, is not true. However, those people have to bear the burden, not us.

I am one of those who was in favour of the inclusion of property and related rights in the Constitution of Canada. If those rights had been included in the Constitution and if I were representing a public service union today, I could say today to the Prime Minister of Canada: "You are not imposing wage restraints on me because I have a guarantee of my rights through a contract. That guarantee, through that contract, is protected by the Canadian Charter of Rights and Freedoms; this House of Commons cannot take that right away because it does not have that right."

• (1730)

Mr. Riis: Mr. Speaker, I rise on a point of order. I do not want to interrupt the hon. member who has the floor, but I was wondering whether he would entertain a question.

Mr. Crosby: At the end of my speech, Mr. Speaker. Before I was interrupted by a series of comments by hon. members of the New Democratic Party, I had begun to talk about the Canadian Constitution and its effect on property and related rights, which include the collective bargaining process.

Mr. Fulton: You voted for it; tell the truth.

Mr. Crosby: I voted for freedom of information too.

Mr. Riis: You voted for the Constitution.

Mr. Crosby: Let me go on record as saying that I am in favour of legislation which is generally beneficial although it may have some flaws. I work to improve legislation like the freedom of information legislation and the Canadian Charter of Rights and Freedoms. I want them to be enacted, I want Canadians to have the benefit of those provisions which are beneficial. I am not like the hon. member for Burnaby (Mr. Robinson) who held up, in the House of Commons and in the committee of the House of Commons, the freedom of information legislation to the point where it was not going to be passed. Canadians have suffered for the last year and a half because the hon. member for Burnaby, a member of the New Democratic Party, stood in committee and refused to allow passage of that bill which would have given all kinds of

Canadians access to all kinds of information. This is what we call cutting off your nose to spite your face: to refuse to deal with a minor provision of a large piece of legislation. I want to make it very clear to members of the New Democratic Party that I do not believe in that approach. I believe that if it is basically good I am prepared to support it.

As the late Right Hon. John Diefenbaker said, "You don't follow rabbit tracks when you are after big game", so I will get back to Bill C-124 and deal with each provision which may be found to be onerous by a great many public servants. This bill not only affects 500,000 public servants, including those in the Royal Canadian Mounted Police, the Canadian Armed Forces and others employed by Crown corporations and agencies, but it affects public servants in provincial spheres and eventually it will affect public servants in municipal spheres. I believe that it will have an effect upon all institutional employees across Canada, whose institutions are supported by government funds. That includes hospitals, universities and a wide variety of similar institutions. When we talk about the Canadians affected by this bill, we are not talking about the 500,000 federal public servants, including members of the RCMP and the Canadian Armed Forces, we are talking about another 500,000 Canadians, 300,000 of whom are in provincial public services and 200,000 of whom are in municipal services. In addition, we are talking about probably another 500,000 persons who are employed in institutions like hospitals and post-secondary educational institutions as well as public schools.

There is a broad interest and concern with this bill. It is for that reason that it demands serious consideration by all members of the House. Also it demands us to inquire whether the provisions of the bill are fair and proper in the circumstances. This is the question which I now want to address—is this bill and its provisions fair and proper in the circumstances?

Of course, and unfortunately for the Government of Canada, for the Prime Minister (Mr. Trudeau) and for the Secretary of State (Mr. Regan) who flies back and forth wasting money all the time, the bill is not fair. It is patently unfair because it takes a 6 per cent criterion and applies it to a deputy minister receiving $100,000 per year. It takes the same 6 per cent criterion and applies it to a clerk making $13,000, $14,000 or $15,000 per year, if there are any of those people in the Public Service of Canada any more. How can we support a provision which says that the government will limit Michael Pitfield to a $6,000 increase and at the same time limits a $15,000 per year clerk to the same 6 per cent increase? It is patently unfair.

I do not think anyone on the government side of the House would dare stand up and say that that kind of legislative provision is fair. How could they possibly say that it is fair? They know that lower level employees, those receiving less funds from the federal public service, the Canadian Armed Forces, the Royal Canadian Mounted Police and all federal corporations, are battling against an inflation rate which is over 12 per cent. They are battling in some places to renew their mortgages at 19 per cent, 20 per cent and 21 per cent. They are battling with increases in true prices. They are battling to pay increased transportation costs, increased costs of transportation fuels. They know the problem exists, so how can they go to these people and say that they will be giving them the same wage increase limit as they are giving Mr. Michael Pitfield who was already paid $110,000 when he left his job, whom they already sent all over the world and flew down to Boston to visit his family, and who was given all those benefits, which he has probably blown away, amounting to $100,000 or $200,000? How can they apply the same rule to these two persons?

When the Government of Canada tries to do something like that, no wonder public service unions and labour representatives of the public service rise up and complain. No wonder they send around material to Members of Parliament and form an Inter-Union Committee Against Wage Controls. No wonder they complain that Bill C-124 violates International Labour Organization conventions. No wonder they are upset. No wonder they are contemplating actions which would probably be detrimental not only to the public service itself but to all Canadians. They recognize that that kind of unfairness is patent and cannot be tolerated. If they take that kind of action and do not react to it, they know that they will be emasculating their organizations for all times.

What about the other side of the coin? Are public servants to rise up and revolt through their union representatives? Are they to join with the Canadian Labour Congress and Mr. Dennis McDermott and knock down the walls of Parliament in order to get the government to change its view? We certainly do not want that, and we certainly do not encourage any such confrontations. But they should not back someone into the corner. They should allow them some room within which to manoeuvre. That room could have been given to the public service in the form of allowing for some kind of graduated scale of increases which would take into account the large amounts received by those at the top. Also it could have taken into account the small amounts received by those at the bottom. But to force upon the public service an across-the-board 6 per cent limit is to challenge them and to say, "We will make you the scapegoats of our restraint program; we will organize public opinion against you, the public servant." It will not help them, it will not help Canadians. It will not help the private sector or even those executive officers of private corporations who think that there may be some benefit to setting an example and that they will be able to use the same guidelines. It will not work that way because, if we do not know anything else about constitutional law, we know that you can lead a horse to water but you cannot make him drink.

That is what will happen in the public service if these restrictions and restraints are forced upon its employees. They will simply cut back and will not produce. They will find methods not to comply with the commands of their superiors and at the same time to avoid loss of employment. It will set a pattern in the public service which will bring the country, if not to a standstill then something very close to it.

The government has taken a very dangerous course of action. Given the course of action which the government has

taken, one which is obviously wrong in the sense that it wipes away 15 years of effective collective bargaining and wipes away any sense of comparability or fairness in wage packages, I say to members of the public service inside or outside the House that they must realize the level to which the Government of Canada has sunk. I say to them, "Do not blame Parliament or Canadians for what is happening to the Public Service of Canada. It is the fault of the Government of Canada." As I said, it simply indicates the level to which the government, that group of persons, has sunk that it would try this kind of action.

What is the hope for the future? The hope for the future is that in two years' time—and hopefully earlier—there will be a general election and the people of Canada will no longer have to put up with the government and its errant ways. Then the public service will be able to look forward to a situation in the future in which it will be treated in a decent and fair manner by the government of the day, which will not be the Liberal government. Also I suggest to the public service and its leaders that they should not react violently without regard for the welfare of other Canadians faced with the piece of legislation contained in Bill C-124. But consider beyond the narrow and short-term future to a future in which they will perhaps see a different kind of government, a different kind of attitude on the part of government, a different respect for employees of the Government of Canada, a government that will recognize the value of consultation and recognize that the way for an employer to deal with an employee is to sit down and work out the problems which may exist between them for the benefit of all Canadians, not only for that of the employer and employee.

• (1740)

I would like to close with just one example of a relationship between an employer and his employees that came to the point of total collapse. It concerned the Canadian postal service. What did this Parliament do? We terminated the Canadian postal service and created a new corporation called Canada Post. I want to look around this House and the nation and ask everyone whether they can see any difference in the service provided by Canada Post since its creation. I see no difference in the service, and I do not mean to criticize its management, nor do I want to criticize my postman, your postman and the postal employees upon whom I must depend a great deal of the time. The fact is, there is no difference in the service.

The point I want to make is that these kinds of changes are superficial and meaningless. When one is dealing with people, it must be on a proper basis. One must respect the people with whom one is dealing. One must listen to their opinions and respect their judgments. One must deal with them on a humane basis. One cannot merely bring into the House of Commons a piece of paper saying that one will do this and that, because people will not pay any attention to pieces of paper. What people pay attention to are sensible rules and regulations. What employees pay attention to is an employer who provides sensible rules and regulations governing the terms and conditions of their employment and their remuneration. Unless the Government of Canada learns that lesson, unless it sits down with the public service and enacts sensible rules and regulations governing their employment and remuneration, there will be no peace in the Public Service of Canada. The message I want to bring to Members of Parliament is that the way to a solution is through consultation, not through arbitrary, statutory action.

Mr. Riis: Does time permit me to ask a short question of the hon. member?

Some hon. Members: Sure!

Mr. Riis: My question is twofold, really just for clarification, Mr. Speaker. I would like to ask whether or not the hon. member indicated in his remarks that during the discussions on the Constitution the provincial premiers, acting together, were one of the moving forces behind the exclusion of property rights from the Constitution? My second question is whether he did or did not vote in favour of the Constitution motion when it came before this House.

Mr. Crosby: The hon. member ought to know, in the first place, that it is a matter of record as to how one person votes in the House; but if he is too lazy to check the record, I can tell him. I voted in favour of the constitutional provisions. I am proud of that. However, if I were to explain that, I would say that I think in terms of the greater good. I do not take the position of members of the New Democratic Party, like that of the hon. member for Burnaby. I have no desire to hold up progress for days, weeks or months, or even a year and a half, and deprive Canadians who think of the Charter of Rights and Freedoms as being a benefit to them of that benefit. But with respect to the premiers, I suppose there is a difficult situation experienced by some premiers in that. Property and civil rights have traditionally been within provincial jurisdiction. The provinces of Canada regulate property and civil rights. The inclusion in the Charter of a provision guaranteeing property and related rights might have been seen by someone, probably the Premier of Saskatchewan at the time, who embraced the New Democratic Party philosophy—

An hon. Member: Prince Edward Island.

Mr. Crosby: —as an intrusion on the civil rights jurisdiction of that province.

An hon. Member: Nova Scotia.

Mr. Crosby: For that reason, its inclusion was opposed. I respect the view expressed by some provincial representatives at the time. I can understand how a province might consider the inclusion of a property and related rights provision in a constitutional document as being an intrusion on their rights. But in that respect, I would personally support a greater authority which gives to all Canadians, in one document, the right to hold property and to retain whatever rights flow to them from a negotiated contract or similar document.

Mr. Jim Fulton (Skeena): Mr. Speaker, I know we will find great interest in seeing how Howard votes on this bill.

It is clear I am rising to speak against Bill C-124. I do not hide in a lot of rhetoric how I plan to vote on this piece of legislation. I make it clear from the very start because it seems to be a weapon for use against inflation, but it is certainly far from that. It is certainly no more than a vicious attack on the clerical staff, teachers, policemen, military personnel and others who provide much needed public services across Canada. They as a group are already paid below what their contemporaries receive in the private sector. There is no doubt that wage demands are a factor in the process of inflation. However, the 11 per cent inflation we find today is, at root, a social phenomenon. It results from a wide array of social problems in our economy and in society generally. It is a reflection of the competition and the process of distribution of the total goods and services produced in Canada.

Any effective solution for dealing with inflation must attack the problem at its roots in the underlying structure of our economy. The open adoption of the monetarist and neo-Keynesian solution by the Liberals and Conservatives at this time clearly defines for Canadians the fundamental difference in approach taken by the NDP on economic matters. When the Minister of Finance (Mr. MacEachen) says, "Successive reductions in money income demands will be required year by year if declining inflation is to be achieved", many Canadians are right in rejecting such rubbish. It is clear beyond any doubt that the road to economic security is predicated upon a much greater degree of democratic control over basic investment decisions which determine the timing and direction of our economic growth.

I am pleased to have an opportunity to place on the record some facts about Bill C-124, contrary to what hon. members involved in the Liberal-Tory coalition have been doing here today. It has been clear from the very start in the comments of the leaders of the Liberal and Tory parties that those parties support the smashing of collective rights. Joe says that it is a step in the right direction and Pierre says that it is necessary to show that he is serious. Well, if isolating less than 5 per cent of the work force for economic punishment is fairness and leadership, then those two parties have more serious problems of political dishonesty and senility than most Canadians have suspected to date. Why not isolate men between the ages of 40 and 45, 5'10" tall, weighing 165 pounds, with brown hair and blue eyes, to be the victims? It is in that very metaphor that the truth lies. It is in polls, used extensively by the right wing parties in this country, to support their ill-founded theories. Many Canadians believe that public servants are lazy, stupid, overpaid, overpensioned, in positions where they cannot be fired, with unlimited job security.

Mr. Crosby: It is the New Democratic Party which thinks that.

Mr. Fulton: My friend, the hon. member for Halifax West (Mr. Crosby), says that it is Tory policy. That is very interesting. But today I have had an opportunity to meet with the representatives of the trade unions of CN, and I found that the problem which has been created by Bill C-124 in relation to the collective agreement jointly shared with CP will create an incredible amount of chaos on the railroads and in the transportation sector of this country. It will do untold harm, not only to grain shipments out of Canada but also to interpersonal relationships between railroaders. It has long been held that they all bargain in terms of a private sector agreement, and some very unfortunate incidents will occur in relation to railroads as a result of Bill C-124.

Before I was interrupted by the hon. member, I was pointing out that many Canadians believe that public servants do not do a great deal of work, that they cannot be fired and have unlimited job security. Many of these same Canadians who believe that sleep a little better if they know the public servants are having to accept lower pay and suffer, even if unfairly, at the hands of government. However, let us look behind the myths. I noticed here today quite a few smirking faces among the Liberals and the Conservatives. They know how right I am that the honesty of Bill C-124 is not the issue. The politics of supporting it and collecting the public credit is all that the Liberal-Tory coalition is about.

• (1750)

Let us look for a moment at a public servant earning $12,000 a year. That is not at all uncommon either here in Ottawa or across the country. Next year, rather than getting an increase tied to inflation, he or she will get 6 per cent. If that person has a loan on a car at 20 per cent or 21 per cent, it will still be at 20 per cent or 21 per cent next year. A mortgage will likely run in the low 20 per cent range. Inflation has been introduced structurally into the Canadian economy, and that fact was accepted in all the figures put before this house by the Minister of Finance. It is for that reason we have to look very carefully at Bill C-124 and the philosophy that is behind it.

Forcing that individual to take a real loss in income for a sixth and seventh year in a row is both savage and unnecessary. The business community has somewhat reluctantly come forward again to praise Bill C-124 as a good start, much as the Conservatives have. Sure profits are generally down, and when they are down, business is very co-operative with government, looking for any handouts, loans, legislation or whatever they can get their hands on. It is a different story when the economy is flush. Business is quick to move capital out of the reach of workers and government alike.

The public and workers must help bail out Massey-Ferguson, Dome, Imperial, Consolidated Computer—a loss which alone would be able to provide the financial and wage requirements for the existing public service contracts. The list is endless. When has a corporation in this country ever given the public purse a comparable return to what they take when times are hard? It is not likely and it is not ever likely as long as the Liberal-Tory coalition is in power in this country.

How long will it be before Joe and Pierre come out of the closet, or should I say Allan and John, the friendly financiers? How long before we see the coalition of various and sundry right-wingers as we have in British Columbia? After all,

Socreds are nothing more than an unhealthy alliance of Liberals and Conservatives.

How many of those same Canadians who dislike public servants are aware of the fact that in this session alone the Tories have voted 33 times to keep the Liberals in power? The hon. member for Prince George-Peace River (Mr. Oberle) I am sure feels very guilty, being the only Tory here to carry the blame for his party for having continually supported the government, keeping it in power day after day after day. I wonder if your constituents know, Frank, how dearly you love to keep Pierre Trudeau in office.

The Acting Speaker (Mr. Blaker): Order, please. The Chair let it go by the first time, but this is the third time the hon. member has used individual names. We sometimes hear them referred to as Mr., but certainly not by their first names. I therefore ask the hon. member to refer to other hon. members by their constituencies.

Mr. Oberle: Mr. Speaker, I rise on a point of order. I simply want to remind the hon. member for Skeena (Mr. Fulton), who likes to throw around names, what happened on that crucial evening in December 1979. It was his party which helped to put this government back in power. It, in turn, is dispensing all the misery we are now suffering. It was his party which made that crucial decision.

Mr. Kaplan: Good old Bob Rae!

Mr. Fulton: I am always pleased to have an opportunity to respond to the hon. member for Prince George-Peace River. He knows it was the people of Canada who threw them out. The problem was that his House leader did not know how to count. He could not go one, two, three, four, five, and so on. The Tories do a lot of crying about why they were thrown out of power, but they do not acknowledge that it was democracy that threw them out of power. This is democracy. Many people in this country will be glad to be rid of them, and will soon be glad to get rid of that other group so that we can get the New Democrats over there.

How many of those same Canadians who dislike public servants are aware of the fact that in this session the Tories have voted 43 times to keep the government in power? I have corrected the record, Mr. Speaker. How many Canadians are aware that there is an informal agreement between the hon. member for Yukon (Mr. Nielsen) representing the Conservatives and the Liberals in this House in business and on legislation? Bill C-124 is just another example.

The Tories are playing both sides of the street. They say that to isolate the public servants is unfair, as we just heard from the hon. member for Halifax West, but that it is a step in the right direction. It is unfair and a step in the right direction. How far would they go? That is something we all need to ask ourselves. The Liberals are so deep in the swamp of intellectual and political dishonesty that to describe their integrity as a roorback is a compliment.

Let us look for a moment at the bill and see what is in it. In the application section we see under subclause (1) that it is going to apply to employees in all departments or ministries of state of the Government of Canada, boards, commissions or corporations, the Canadian Forces, the Royal Canadian Mounted Police, the Senate and the House of Commons. Subclause 2 applies to staffs of ministers of the Crown and of members of the House of Commons and the Senate. The third subclause applies to persons appointed by the governor in council. Clause 4, the extension section, reads:

> Every compensation plan that is in effect on June 28, 1982 for employees to whom this part applies, including every compensation plan extended under Section 5, shall be extended for the period of twenty-four months.

Then we get to a couple of interesting sections. Clause 6(2) is called an exception. It reads:

> The Treasury Board may, where it deems it appropriate, authorize any change to any terms and conditions, other than wage rates, of a compensation plan that would, but for Section 5, have expired before June 28, 1982.

Perhaps, for the learning experience of the Liberals and Tories still in the chamber, they should read that clause and get some understanding of it. It means that Treasury Board can change the actual working components of a collective agreement, not just wages alone. It is called contract busting.

Then there is Clause 13 which is when, as a result of the six and five policies, in some areas of the public service sector, we get to the point where there is no one left in some areas of the departments, special powers are given to Treasury Board. It states as follows:

> The governor in council may, on the recommendation of the Treasury Board, by order,
>
> (a) substitute, in respect of a compensation plan or a class of compensation plans, a percentage different from that set out in paragraph 9(1)(b), where he considers it in the public interest to do so on grounds of labour shortages;

Employees can be hired above the six and five, but only after those departments have been completely bilked by a rate of attrition. It is interesting, in looking back on the public record, as I have been doing in the last few days, to see what was said by all parties in this House about collective bargaining and the right to strike during the rise in popularity of Solidarity in Poland. The Liberals and Conservatives all touted themselves as the true supporters of trade unions, touted their policy that trade unions were the fundamental basis or cornerstone of freedom, particularly in the Eastern Bloc.

They have now received word that the Gallup poll reveals otherwise in Canada, and there goes their support. Their bottom line is that collective bargaining and the right to strike is good for the Soviet Union but not so good for Canada. When Commie-bashing is in, the Tories are all up on their feet and so are the Liberals. At that point human rights and collective rights are the order of the day. When profits are down and the Gallup shifts in Canada, so too goes the right-wing Liberal-Tory coalition.

Opinion polls do in fact show that two out of three Canadians believe that unions are too powerful, this opinion being a result of continued misinformation provided to the public by the media, the government and big business. When was the

last time a group of loggers, or fishermen owned *The Globe and Mail*? Liberal and Tory governments particularly like to bargain in bad faith and to introduce bills such as Bill C-124. They love to dare public service unions to strike or fight back. They know that only the public will be hurt, and the public has historically always blamed the unions, not the government. That seems to be a quick way of trying to get back into office.

Thus we start to see the reason behind Bill C-124. It is not to try to bring down inflation, not to bring down interest rates, not to show the way for the settlement of private contracts for the next two years. The reasoning is tragically dishonest. Union-busting is popular with the public, and the Liberals are clutching at anything because they have allowed our national economy to reach the stage where in fact for many it has already collapsed. I will call it six o'clock.

The Acting Speaker (Mr. Blaker): It being six o'clock I do now leave the chair until eight o'clock.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock, the hon. member for Skeena (Mr. Fulton) had the floor.

Mr. Fulton: Mr. Speaker, I am pleased to have this opportunity to continue speaking against Bill C-124, and I hope that in the days and weeks coming we will have an opportunity to hear from the Liberals and the Conservatives as to why they support this legislation. With 1.3 million unemployed officially and perhaps another 1 million out of work, there are four or five times the number out of work as there are affected by Bill C-124. Rather than argue the merits of a major plan for job creation or economic stimulation, we are here in this House debating the values of punishing public servants for the mistakes of an incompetent government.

What kind of politicians, Mr. Speaker, single out the victims to blame? This kind of action, taking purchasing power away from workers and consumers, is not even a stopgap measure. It is precisely the same kind of chiselling as in the budget, taking $1.3 billion away from low and middle-income earners by hiking the income tax. Bill C-124 is, in my view, a floater, to assess public reaction to full-blown wage controls. This is a plan that no doubt the Liberals are hurriedly preparing for the October Speech from the Throne.

The slide and the depression over the summer will simply add fuel to the false premises of the Liberals and Conservatives that the root of the problem we have in Canada is wages. It is clear beyond any doubt that the high interest rates and the fundamental structure of Canada's externally manipulated economy are the cause of our problems. Cynically to manipulate public opinion into believing that wage controls will refloat Canada's economy is reprehensible.

The Department of Finance has been actively preparing the ground to save the face of the Minister of Finance from further sand and gravel burns with such documents as "Setting the Climate for Wage Controls". That document said, in part: "A strategy of controls could only be contemplated if the country was widely recognized as facing a major emergency."

Let us head on into the seedier side of this issue. Who stands to profit from continued high interest rates, the demolition of the Foreign Investment Review Agency, and wage controls? First, let us look at who encourages support for the high interest rates. It is none other than the Minister of Finance, with his 19.5 per cent Canada Savings Bonds. What better way for a street dealer in economic misery to find the equivalent of a downtown Vancouver junkie? It is a quick "fix" for a collapsing government and a psychological introduction of acceptance and desire for higher rates to tens of thousands of Canadians. Who really benefits from the higher rate? Only about 5 per cent of Canadians who have surplus thousands or millions of dollars to put in the bank. Who pays so that they can profit? The public servants, the workers, small business, the home owners, all pay roughly 20 per cent on borrowed money. This trend, Mr. Speaker, leads to a major realignment in the economy, with a small group gaining enormous economic advantage during times of inflation, high unemployment and general recession.

Wage controls simply shift part of the burden of a floundering, poorly-planned economy onto the backs of working and unemployed Canadians. It is high time that those corporations that have been shovelling billions of dollars in profits and dividends out of Canada, brought some back and helped to revitalize the economy that they have played a major role in upsetting. In one recent five-year period, Mr. Speaker, some of the large corporations took $32 billion worth of capital gain in Canada out of the country. Surely no thinking Canadian blames the problems of Massey-Ferguson on the meagre pay packet of the worker who instals tractor engines or sets the hydraulics on farm machinery? Surely it is time management took their share of the rap, and sat down with labour leaders, workers and small business and mapped out a means of bringing this economy into the twentieth century.

Why are interest rates three times those of Japan and West Germany? They are three times the interest rates and now almost three times the percentage of unemployed. Why is nothing done when the Department of Consumer and Corporate Affairs finds that the oil companies have ripped us off for $12 billion at the gas pump in recent years? Therein lies the answer, or at least part of it.

Let us look for a moment at restraint measures in the boardroom. I am sure many members to my right and across the floor have had a look at these, but I think it is worth putting them on the record, Mr. Speaker. For example, the President of Alcan, David Culver, received $392,000 in 1980, and his vision of restraint took him to $532,000 in wages last year, a jump of $140,000 in one year.

Bell Canada, who want a 25 per cent increase, certainly found that in the boardroom. Mr. Grandpré went from $514,000 to $626,00 in one year. Canadian Pacific, Mr. Burbidge, went from $318,000 to $457,000 in the last two years. Falconbridge Nickel, Mr. Cooper, did not get quite as much, but he went from $132,000 to $252,000 in one year, a jump of almost 100 per cent in pay. Husky Oil, Mr. L. M. Rasmussen, went from $296,000 to $378,000. There is a real kind of restraint. Ranger Oil, Mr. Pierce, went from $233,000 to $398,000. Westcoast Transmission, a good British Columbia company, Mr. E. Phillips, went from $257,000 to $444,000.

If that is restraint in the boardroom I would like to meet with the Prime Minister (Mr. Trudeau) and say: "Wage controls on those Canadians earning $12,000 or less is really the way to go, to get in there and take that out of the hides of the poorly paid clerks and public service staff."

Economists have noted that, "This recession has been unique in serveral respects. An examination of the cause of the downturn rather than its effect show it to be a recession deliberately brought about and fostered by government to a degree that has not occurred before." That is a quotation from Peter Cook of *The Globe and Mail* of April 17, 1982.

The Liberals and the Conservatives both operate now, Mr. Speaker, on opinion polls—no matter if the polls reflect the basic misunderstanding of facts. The 1982 Goldfarb report said the following, and I am sure that this is the foundation stone of Bill C-124: "There is a desire to see some measure of punishment of the civil service . . . a feeling that it is some sort of elite group . . . that has insulated itself from the hard economic realities of the day."

Some examples are deserving of scrutiny so that all members of this House, when they vote for or against this bill, will know why. Here are some examples from salaries in 1981: typists in the public sector, $11,658, and in the private sector on average, $12,226; labourers in the public sector, $15,611, and in the private sector, $17,197; financial administrators, public sector, $40,458, and in the private sector, $52,002. Pay scales, Mr. Speaker, in the public sector are consistently lower than in the private sector.

The Prime Minister demonstrated his government's total insincerity in Banff on June 20 of this year by saying that he would "scare the hell out of people by creating more unemployment," if they failed to respond to his dictates. In the past week the Prime Minister has threatened mandatory controls, denied the threat, apologized for the threat, and then restated the threat. We are dealing with the same Liberal-Conservative strategy as in 1974-75, a campaign promise not to bring in controls and then swiftly bring in wage controls.

This government, hand in hand with the Tories in this House and with all the provinces except Manitoba, is deliberately bringing in policies which put people out of work. We have a staggering 1.3 million out of work officially and another 1 million unofficially out of work because they are no longer collecting unemployment insurance or are on the "active list".

• (2010)

Bill C-124 breaks existing contracts; let us not forget that, especially when the impact will be to push some federal employees, such as clerks, below the poverty line. I am sure hon. members of this House have seen recent articles respecting members of the public service who have gone to welfare offices across the country and, in fact, get more take-home pay by being on welfare than working for the public service. This happens in the military as well.

By contrast, let any Liberal or Tory rise and inform this House of a 6 per cent or 5 per cent rollback of loans, mortgages, oil prices, electricity, water, rent or anything else. And let us not forget that there are eight Tory premiers who support this kind of thinking wholeheartedly. There is silence, and perhaps for good reason. There are some interesting parallels between the Liberals and the Conservatives on economic direction and high interest rates. The hon. member for St. John's West (Mr. Crosbie), the previous minister of finance in the Tory government, said the following in a CTV interview on June 7, 1981:

> Yes I would continue to back Mr. Bouey. I agree that our interest rates have to track those in the United States.

The previous prime minister, the Leader of the Opposition (Mr. Clark), was reported by *The Toronto Star* on May 5 of this year as saying:

> We have looked for a solution other than the government's, but we couldn't come up with an alternative . . . At this moment I don't have a better solution.

No doubt the Leader of the Opposition is having trouble with his leadership.

On honesty in federal politics, on "The Watson Report" on February 4, 1979, the hon. member for St. John's West said:

> —our leaders have got to be a little less honest . . . we're not being devious and tricky enough . . . I am criticizing us for that.

What kind of political animal would say those things? The same previous minister of finance said, as recorded in *Maclean's* magazine of July 12, 1982, that the government:

> —is adrift; it has no answers. If I told you what I would do, we'd never get elected.

That is good Tory policy for you.

On controls on wages, the previous prime minister said the following on July 5 of this year:

> What is in the budget? There is one important initiative—the introduction of restraint on public sector salaries.

Day after day we have seen Tories trying to dance around the issue. They have tried to speak in their ridings on behalf of the public service, yet knowing full well that the whips will be on and they will all have to vote for this Neanderthal legislation.

The Leader of the Opposition went on to say:

> That is a field in which the government has lagged behind several Canadian provinces. We are relieved that it is beginning to accept that government spending is a major cause of current economic problems . . . it is a step in the right direction.

That is Tory policy on Bill C-124. The Tories cannot dance around that any longer.

This kind of one-sided back-alley bludgeoning of collective agreements will, in my view, introduce a new and potentially explosive ingredient in employee-employer relations in this land. In my previous employment in the courts of B.C. and as a shop steward with a public service union I came to understand and appreciate the logo I think many of us know that justice must be done and be seen to be done. Bill C-124 is a completely unfounded Neanderthal approach to economics. Slamming the hands of the public service in the doorjamb may bring cries of support from some sectors of Canadian society; however, being seen to be just is a far cry from being just.

A 6 per cent rollback of the salary of the President of the Treasury Board (Mr. Johnston), whom I am glad to see here tonight, is more money than many Canadians make in a year. Let me give an example of the impact of the June 28 budget and Bill C-124 on a relatively well-paid federal employee. A clerk with two dependants earning $20,000 by 1984 will see the controls of 6 per cent and 5 per cent cost her $2,204 in salary. A 52 per cent increase in UIC premiums will cost another $300. Loss of full indexing of family allowance will cost another $104. Increasing taxes as a result of partial deindexing will cost another $450. A slight gain is the $100 child tax credit increase. All of this means a total cut over the next two years of $2,958, or 15 per cent of the original $20,000 salary. I just wonder how many Liberals and Tories will go back to their constituencies and say that is not a scandalous chopping of the public service they say they support.

The shoe, however, is on the other foot when it comes to higher income earners. The Liberal proposal is to offer investors taxation only on that return on investment which exceeds inflation. Thus, an investment of $20,000 at 12.2 per cent when inflation is running at 11 per cent would mean $2,200 of investment income would be protected from tax. At a marginal tax rate of 50 per cent this would mean a reduction in taxes of about $1,100.

It is clear that the advice given to the Liberals and accepted by them and the Tories is to control wages in the public sector first and then across the board this fall, thus increasing available capital to government and big business. Small business, workers, the elderly and the unemployed are expected to live on what they can find. High interest rates and low levels of taxation will allow an accelerated accumulation of capital, real estate and whatever by a small economic elite. It is no small coincidence that this group is similar to the list of campaign contributors to the Liberals and Conservatives.

In conclusion, let me touch on the highlights of the Reagan-Thatcher-Trudeau-Clark proposals.

Fact: Over 11 per cent of the work force is unemployed and, despite the expenditure of more federal funds in my riding, for example, in the past year and in the coming year than in any other federal riding in Canada, we now have 25 per cent unemployment due to accompanying federal policies. Nationally, industrial production is down 10 per cent. Real income is down 10 per cent since 1976 and plant utilization is down 30 per cent, in some regions 50 per cent and in some industries, such as mining and forestry now, down 100 per cent.

The intent of the budget and Bill C-124 is to cause this income decline to accelerate, and that is based on quotes I have taken directly from the Minister of Finance.

The source of the current recession is an economic philosophy and practice, not Washington alone and not the cracked crystal ball of the Minister of Finance alone. When Canadians come to realize—and I truly hope it will not be from a dusty history book ten years from now—that this phony legislation of the Liberal-Tory coalition is designed to protect the wealthy few and some chosen business sectors, then the will and the sentiment of the country to be sovereign, secure and peaceful and to have a cornerstone of free collective bargaining will be unleashed, and most members of the Liberal-Tory coalition here today will be voted out of office.

Bill C-124 is a slice out of federal workers. Big business will demand extension of it by the Liberal-Tory coalition to all workers so that they can finance their corporate debt and liquidity problems. The question is whether workers, small business, the unemployed and the elderly will stand idly by while they lose their homes, their jobs and their dreams.

Also within Bill C-124 is the disposal of the right to strike. I think what the impact of removing this right from the public service means is important and worthy of very serious consideration. There is no doubt that the strike is the most misunderstood of social activities in Canada. Surveys historically have consistently concluded that Canadians view strikes as an abuse of union power and a restriction on their access to goods and services. There is however, no ready replacement for this tool. There is no less combative way of settling labour-management disputes. Many Canadians support removal of the right to strike from public service unions. In fact, some Canadians—as a matter of fact, some members to my right—support legislating unions out of existence completely.

Mr. Murphy: Make a distinction.

Mr. Fulton: The far right, the Tories.

The myths which have allowed such opinions to develop require close scrutiny. It is a fact of history that unions have reduced the numbers of strikes globally. Deprived of unions, what useful vehicle would there be for the peaceful settlement of disputes over health and safety, technological change or many of the issues affecting workers every day when they are at work? Strikes would proliferate at a rate previously unknown in this country. Production and co-operation in the public sector may be lost already to absenteeism, staff turnover, slow-downs, shoddy work and so forth. If we take an hour's pay away from a worker without making consistent changes to the cost of living, we must expect—in fact we are encouraging—chaos. Something Liberal members should take into consideration when blindly supporting this legislation is that it will cause a chaos we probably have not seen in the public sector in the history of this country.

Strikes have been going on on this planet for the past 8,000 years, ever since the workers constructing the pyramids in Egypt walked off the job. Those countries governed by dictatorships which tightly control unions suffer from serious production losses due to unresolved employer-employee conflicts. Removal of the right to strike from public service unions is totally unacceptable. It is an invitation to civil disobedience.

• (2020)

In closing, Mr. Speaker, I think members of the House might be interested in a couple of quotations that I should like to put on the record. The first is the words of Pope John Paul II who said:

> The justice of any socioeconomic system deserves in the final analysis to be evaluated by the way in which work is properly compensated ... The organization of workers into unions is necessary to protect the rights of workers, especially the right to a just wage ... In this connection, workers should be assured the right to strike, without being subjected to personal penal sanctions for taking part in a strike.

Another interesting quotation comes from a well known labour mediator, Dr. Noel Hall, who said:

> There's no sense in talking about banning strikes in the public sector. That will not make labour unrest disappear. All we would be doing is passing a law that otherwise good, law-abiding citizens would ignore ... Nor is the answer to impose compulsory arbitration. The real problem with both methods is that they come dangerously close to a system of compulsory employment. We would be telling people: "You must set your alarm clock. You must get up. And you must go to work." Are we really willing to issue this kind of order?

When the Liberal and Conservative members rise to vote for this legislation, as they seem intent on doing, I hope that they will keep in mind that they are encouraging many of the 500,000 people in the public service unions of this country to become involved in civil disobedience. These people are normally law-abiding Canadians. It is a shameful thing to force any Canadian into that kind of trap.

Some hon. Members: Hear, hear!

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, I have mixed feelings about speaking in this debate on second reading of Bill C-124, an act respecting compensation in the public sector of Canada. Before we can go into a study of this bill in depth we should look at some of the background to it.

I should like to address a few comments to the budget presented in this House by the Minister of Finance (Mr. MacEachen) on June 28. It was apparent from the minister's speech that evening that the budget had two objectives. The first was to bring down inflation and the second was to shore up investment and confidence in the economy.

With regard to the first objective, the government told us that it is going to point the way to recovery but that it cannot get going on its own. It told us that we must tackle this task together. I find it strange that members of the government would say that we have to work together to "beat inflation to the ground", at the same time that they are asking everyone else in the country to accept a 6 per cent wage increase in the 1982-83 fiscal year and a 5 per cent increase in the 1983-84 fiscal year. In that same period the government will increase its budget by 20 per cent. It seems to me that it is only paying lip service to these objectives in order to try to impress upon the people the dire economic crisis that the country faces. It is true that the country faces a dire economic crisis but the government only pays lip service to it. If it were serioius it would not ask the Canadian people to accept a 6 per cent increase while it increases its own budget by 20 per cent.

We also have a serious problem when the government says that we must beat inflation to the ground at the same time as it introduces a budget with a deficit for this year of $19.6 billion. That in itself is not nearly as great a problem as the deficit accumulated in the years this government has been in power, which to date is estimated at $135 billion. We cannot tell how accurate that figure is because there is no place in government where it can be checked.

If the government is serious about beating inflation to the ground why, then, do we have an accumulated deficit of $135 billion? When it was in the area of $80 billion it took $1 in every $5 of government revenue to service the interest; now, with the amount at $135 billion it takes close to $2 in every $5 that the government raises to service the debt. I do not know when we will ever recover from this debt.

The former auditor general, Mr. J. J. Macdonell, and the incumbent auditor general, Mr. Ken Dye, have both said that we are on the verge of economic collapse in this country. That is not surprising when you consider the record of the government.

What happens when a federal government accumulates such a large deficit, Mr. Speaker? It can either turn up the printing presses and issue more money, but, if there is not adequate production in the country to back that up, it is inflationary, or it can take huge sums of money out of the marketplace. The effect of that is that the government is competing for the available money against small businesses, resource companies, manufacturing companies and most of the people who are sitting in our galleries tonight who may want to borrow money to buy a home or a car or even to consolidate their debts. If the federal government competes against the people of Canada for money, that forces interest rates up and in turn inflation is also forced up. It makes one wonder what the federal government is really trying to do.

I should like to address now some of the concerns that I have about some provisions in Bill C-124 which will take the public sector employees away from the negotiating table and away from collective bargaining rights. They will have no right to bargain and will not be able to exercise the right to strike. That might prove popular with some people in the country but not with New Democrats. If we examine it more closely, I think it would be unpopular with many people in Canada.

Employees will have no right to bargain or to exercise their right to strike. That is what is happening and what has happened in Poland, Mr. Speaker. We know how people in this country feel about what is happening to the common, every day, working individual in Poland today. They do not have the right to free collective bargaining or freedom of assembly. They are dominated by a dictatorship, a military junta which

is not much different from what this federal government is trying to do today, Mr. Speaker. And I maintain that it would not be any different under a Conservative government. We know that the Hon. Robert Stanfield, former leader of the Conservative Party, campaigned on a promise to bring in wage and price controls. However, they were more equitable than what we see the Liberal Party bringing in today. Like tweedledee and tweedledum, Mr. Speaker, there is not a whole lot of difference between the old line parties.

• (2030)

If we look very closely at this bill, Mr. Speaker, and members on all sides of the House come to their sanity and not pass the bill just because it is a popular thing to do among some members of our society, then I think this bill will be withdrawn from the floor of the House and not pass into law, especially the way we see it now. It contains many dangers, and I think we can find those dangers when it gets into committee. We will have to look at this bill very seriously at that stage.

I know we in the New Democratic Party will be proposing changes to make it much more equitable than it is now. For example, what happens to the equal pay for work of equal value provisions of the Human Rights Act? We think those provisions must continue to apply, but that is certainly not in the bill as such. We also wonder about the equity of the bill when you find that it paints all public sector employees in this country with the same brush. By limiting civil service employees to a 6 per cent increase in the 1982-83 fiscal year, and 5 per cent in the 1983-84 fiscal year, you are being much more generous to those who earn $100,000 a year or more, which some in the public employ do. Those at the upper end of the scale are getting increases of around $6,000, and others are getting $600. That seems to be grossly unfair, Mr. Speaker. Would it not be better to have those people at the upper end contributing more through the tax system, which is the best method we know for redistributing income?

In addition to that, Mr. Speaker, there is the inequity of lumping elected representatives in this bill. I suppose they are not all elected because senators are included as well. We all know that those in the pork barrel of the Senate do not have to answer to anyone. However, could this bill not be split so that, yes, Members of Parliament have to take a pay decrease, but they can do that by voting for it and show leadership to the rest of the country? The other part could deal with public employees, and then maybe even have a third part which abolishes the Senate. I think that would do a lot to curb inflation in this country.

Some hon. Members: Hear, hear!

Mr. Anguish: But public employees should not have to bear the brunt of this anti-inflationary practice as devised by the government. I find it very strange that wages in the public and private sector, averaged out over the last five years, have not kept up with the rate of inflation. Yet there are increasing demands on wage earners who are being fingered as the people who cause inflation. We in the New Democratic Party maintain that wages are not a significant factor in causing inflation. That is just not so. What are some of the things which cause inflation in this country? The government deficit is very inflationary. As I mentioned, a total of $135 billion accumulated over the years. Interest rates are very inflationary as well. I maintain that the government would have been much better off in its budget to address the very serious problem of high and fluctuating interest rates than it has been to carry out this public relations exercise in an attempt to place the blame for our very bad economy on the backs of wage earners in this country. It is not their fault; the government knows that, and I think all members of the opposition know that. However, if it is politically expedient to blame one sector of society, then the government will do just that because it does not want to address the very serious problems we have in this country.

When people wake up some morning and find their life savings have been cut in half by a stroke of the pen of this government, then they will finally realize that this government has lost control, Mr. Speaker. Earlier I referred to Mr. Macdonell, the former auditor general. He told the Canadian people years ago in his reports that Parliament had lost control over the purse strings. This bill is more proof of that. It is not the institution itself; it is the inept government we have which has been unable to control the public purse. Some of the things we think we could do to improve our economic outlook have to do with interest rates. Our leader, the hon. member for Oshawa (Mr. Broadbent), has consistently asked this government and the government before it to initiate a low interest rate policy. What would that policy do, Mr. Speaker? The hon. member for Dauphin (Mr. Lewycky) says it would help the farmers in his riding. The hon. member for Skeena (Mr. Fulton) says it would help the fishermen in his riding. The hon. member for Kamloops-Shuswap (Mr. Riis) says it would help the small-business men in his riding. It would help every sector of society if we could bring down those interest rates. We can do that. But it is politically distasteful for the old line parties to do so. It might affect their friends, the bankers, and some of the large holders of capital in this society who find it distasteful to have lower interest rates. With lower interest rates, if they are to become effective, you have to have the imposition of some monetary controls in this country.

• (2040)

Mr. Fulton: Nixon and Kennedy did it.

Mr. Anguish: The Leader of the New Democratic Party, the hon. member for Oshawa has asked that we lower interest rates to one per cent above inflation. In years gone by—and I hope they have not gone by forever—it was traditional that the interest rate was 2 percentage points above the rate of inflation. That is no longer so. There seems to be no connection any longer between the rate of inflation and the interest rate in Canada.

We want the interest rate lowered and pegged for a period of time. Even worse than high interest rates, if they are not bad enough, are the weekly fluctuations of the rates. Small

business people and people who are planning personal budgets cannot project a year at a time. The interest rate might be 15 per cent one day, but it could just as well be 25 per cent on another day. Who can plan in a wild economy like that?

In the New Democratic Party we have also said that we want to increase manufacturing in this country. It is much more advantageous to our economy to bolster the manufacturing industry than it is to bolster the resource sector, even though the resource sector in some areas needs help right now, helped by some firm plan, some guiding light by this government. Rules of the game should not be changed once you are involved in a game. At half time you cannot have the rules changed. The bolstering of the manufacturing industry would be most advantageous to this country. I think we should start looking at areas in Canada which can become self-sufficient so that we can make this country into what it deserves and has the potential to be.

Canadians have a high level of education. We have a well trained group of public employees who do serve us well and do not deserve to bear the brunt of inflation. Likely we have more resources than any other country in the world. Why can we not have some kind of an industrial strategy? Why can we not have some kind of manufacturing strategy? Why can we not have some kind of resource strategy? All of them could make this country self-sufficient. We have the tools to do it. But under the Conservatives and the Liberals we have never had the leadership to attain that here in Canada. Why does Canada have to have a branch plant economy for other countries of the world? We maintain that we do not have to have that.

Once we have looked at the areas where we can gain self-sufficiency in this country, we should look at the areas where we can seriously compete internationally. We should pick out the products that we can produce and manufacture so we can have a hand in the international market.

Mr. Kelly: Give us an example.

Mr. Anguish: Those are some of the things that will help us gain better control.

The government has really lost control. That fact has been pointed out by the Auditor General and by the opposition parties. In fact, in some of the secret memos in the minority reports from within the Liberal ranks of backbenchers it has been admitted that the government has lost control in Canada. Maybe the magnitude of it is too large for them to comprehend what has happened. Maybe the 24 million people that we have in this country are spread over too large an area and, because of the centralist type of government we have, its members do not know how to react or be sensitive to the needs of the country's citizens.

I think we could decentralize much of what we have here in Ottawa so that other people throughout the country can appreciate some of the luxuries that people have had in central Canada for many, many years. Out west the people refer to this place, the triangle from Toronto, to Ottawa, to Montreal, as eastern Canada. It is not really eastern Canada that we talk about in the west. If you look closely, you find that it is the golden triangle. The people in that golden triangle, even in the 1930s, never suffered from the Great Depression that we had.

Mr. Kaplan: Where were you?

Mr. Anguish: People in Newfoundland actually sent salt codfish to people in Saskatchewan to help them. There was some feeling in this country among the different regions. But this golden triangle area has, I think, lost some sensitivity because of the heavy concentration of people here, the strength of the Liberal Party and the strength which sometimes the Conservative Party has drawn from this area of Canada. However, we are going to find that this situation will change. Some indication of it is the result of the recent byelection held in Hamilton West which was won by the NDP. That seat was formerly held by the Liberal leader in Ontario, and before him the seat was held for many years by the Conservative Party.

We all agree that this inflationary cycle and mentality must be broken. It cannot be disproportionately placed on any one group in our society. But this is what Bill C-124 will do.

I think about distribution of income. If any government has a mandate, besides running the affairs of this country, it has to be to see that the income of the country is spread proportionately over the population as much as possible. There has been virtually no change in the distribution of income for the last 30 years.

In 1951, the bottom 20 per cent of families received 5.9 per cent of the income. In 1951 the top 20 per cent got about 40 per cent of the income. That situation is exactly the same in 1981 and 1982. There has been no effective redistribution of income in Canada. I blame that situation on successive Liberal and Conservative governments.

Mr. Fulton: Right on. They do not know what they are doing.

Mr. Anguish: I think we have pointed out very adequately that wages do not create inflation. High interest rates and lack of direction from government are the cause. Maybe people should not rely on governments as much as they do. But over the years politicians have built up that tendency and those expectations. Now they must honour them. As a result of their findings, their incompetent solutions and band-aid measures, they have run into very deep and serious economic problems which they are no longer able to address. I think the country is heading into bankruptcy. The country can no longer afford to keep up the expectations which they have created.

• (2050)

We cannot expect to earn more money each and every year forever. It cannot go on and on year after year, but some groups cannot afford to lose step. I am thinking about the people at the lower end of the scale who are affected by Bill C-124. They could be federal government employees living below the poverty level in the country. I think that is shameful. I am thinking about pensioners and those on fixed incomes. In fact,

in most areas of Canada today there are families earning under $25,000 per year who cannot afford to purchase their own homes. We in Canada have grown to expect to own our own homes, perhaps not when we are just starting out as young persons or young married couples, but certainly at some point in our lives. Because of the richness of the country we expect to be able to own our own homes. I do not think this is unreasonable.

What has inflation done to take-home incomes? With the rises in inflation, it now takes an income 2.7 times greater than that of 1970 to maintain our purchasing power in 1982. Some people at the upper end of the scale do not need that, but surely some of those at the lower end do. It saddens my heart that because of the inflation strategy of the government more than half the number of single people in Canada over the age of 70 live in poverty. Two thirds of the elderly women in Canada live in poverty, mostly because of the strategy of the federal government and its attitudes toward what causes inflation and what we need to do with inflation to beat it to the ground.

Bill C-124 is being touted as the primary measure to move the economy back onstream. I hope I have pointed out that this is not so and that subsequent examinations of the bill will further prove my statements this evening, that is, in committee examination and during third reading of the bill. The bill is an ill-conceived attempt to shift the blame, to take the heat off government and to make Canadians forget that the Liberal Party has no economic plans, no national strategy, and no sense of Canada's future.

The government denies the right of workers to negotiate. Is there private sector acceptance of the 6 per cent and 5 per cent mentality? No employee or group of employees will voluntarily accept wage increases of 6 per cent when inflation and the cost of living are running at 12 per cent. The Prime Minister (Mr. Trudeau) met with private sector representatives and obtained acceptance of the program. It was not total acceptance, but the government and the Prime Minister received some acceptance. But from whom? It was from presidents and chairmen of various corporations who have, some of them, earnings in excess of $500,000 per year. Someone earning $500,000 a year could quite easily accept a 6 per cent increase because it means another $30,000, which is three times what some people in the federal public service make. We think that is unfair.

This scheme only increases the problem as it applies to hospital workers who might be earning $11,055 per year. It could extend to teacher's aides working at $9,631 per year. It could extend to typists earning $11,353 per year, or to general office workers who earn approximately $11,379 per year. These are average figures across Canada from the melding of the public and private sectors. The last anti-inflation program redistributed income, but it was all done upward. This time it will be even worse.

The government admits that this is a public relations exercise. I am sure Martin Goldfarb, the renowned pollster of the Liberal Party, pointed out that it was a popular move to impose wage controls in the public sector, but I am also sure that Canadians will look deeper and will not accept the premise under which the federal government is working.

Let me look at some of the increases in wages in other countries since 1975. These countries are not placing the burden upon the backs of workers. For example, since 1975 wage increases in West Germany have risen by 91 per cent and in the United States by 56 per cent.

Mr. Riis: They are our trading partners.

Mr. Anguish: I hear the hon. member for Kamloops-Shuswap (Mr. Riis). His comments bring to mind another point, that our federal deficit per capita is twice that in the United States of America. Disgraceful! In Japan, since 1975, wages have increased by 95 per cent. In Great Britain, since that year, wages have increased by 116 per cent.

An hon. Member: And look at the situation in Great Britain!

Mr. Anguish: But since that time wages in Canada have only risen by 48 per cent. This is much lower than the increases in the other countries to which I have referred, but Liberals opposite heckle about what I have to say this evening. It is an indication of where we are going in the country. They are not willing to listen to the constructive criticism of opposition parties. It will bear testimony in the next federal election when Canadians will not be able to find many Liberals elected to Parliament.

Bill C-124 is a bad law. It is unfair, unwise and counterproductive. It places the burden of our society's ills on the shoulders of people who are least able to afford it. It is blatantly inequitable, as I have already pointed out this evening.

Today we have unemployment insurance and welfare to soften the blow of what is happening in the country. When the effects of this recession—and some people even argue that we are going into a depression—really hit us, the government might not be able to afford these programs any longer. I do not think the government has managed our resources and our people very well in this country. We will see all hell break loose when millions of people are unemployed and there is nothing for them to do, no programs to help them feed their families or even to maintain a bare existence. It will make the 1930s look like a tea party. That is exactly where we are headed in this country.

• (2100)

Mr. Kelly: Fantasy.

Mr. Anguish: In 1975 the Anti-inflation Board review tried to achieve the same thing as this government is now trying to achieve by wage controls. The Anti-inflation Board was a failure in 1975 and it tried to control prices and wages. Now that we have forgotten about prices, we will let Adam Smith's free hand in the marketplace control that. We will let the invisible hand of Parliament control people's wages in this country so that they cannot cope with it. If the government does that and things get worse economically, which I predict

they will, then we had better beware of the very dire consequences. Under that Anti-inflation Board in 1975, the target was to bring inflation down to 8 per cent. It did not work. It was supposed to be 6 per cent in 1977. It did not work. It was supposed to be 4 per cent in 1978. It did not work. If that target had been reached, we would have had a zero rate of inflation today. But now we have a 12 per cent inflation rate instead. The government is trying the same sick remedies that have never worked for us before.

Mr. Deans: It is the same sick government. That is why.

Mr. Anguish: It is because it is the same sick government, the same government which cannot change its direction. I do not know what the problem is. The federal government has been told by provincial governments, by the business community and by opposition parties that the direction in which it is going is wrong, but it will not change it. It seems destined to follow one course. Of course, it either cannot, because of outside pressures, or will not change. By the effects of this, when that demand is depressed and productivity is cut, unemployment is increased. This government cannot really understand that. One looks at the budget and at the couple of objectives that I outlined earlier—

Mr. Deputy Speaker: I regret to interrupt the hon. member but the time allotted to him has expired. He may continue only with the unanimous consent of the House.

Some hon. Members: Agreed.

Mr. Kelly: Mr. Speaker, may I make a comment on this point?

Mr. Deputy Speaker: Is there unanimous consent? Does the parliamentary secretary rise on a point of order?

Mr. Kelly: If one gives unanimous consent, does that mean that the hon. member has unlimited time? Could we give consent for him to speak until, say, 9.20 p.m.?

Mr. Deputy Speaker: Is there unanimous consent or is there not unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Anguish: Thank you very much, Mr. Speaker.

Mr. Deputy Speaker: No, there is not unanimous consent.

Mr. Anguish: What do you mean, there is not unanimous consent?

Mr. Deputy Speaker: The hon. member's allotted time has expired. I will now recognize the hon. member for London West (Mr. Burghardt).

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

Mr. Deputy Speaker: There is no unanimous consent, for the extension—

Mr. Anguish: Are you saying that this House will not extend the courtesy of allowing me to finish my speech? I have only a few more brief lines.

Mr. Deputy Speaker: The hon. member's allotted time has expired and there is not unanimous consent to the extension of his time.

Mr. Anguish: That is very typical of this government, Mr. Speaker.

Mr. Taylor: I rise on a point of order, Mr. Speaker. Throughout this debate we have given hon. members one or two minutes in which to finish their remarks. I think it only fair to let the hon. member finish the statement he was just making. I would suggest that we ought to do that, out of courtesy.

Mr. Deputy Speaker: Is there unanimous consent to allow the hon. member to extend his remarks?

Some hon. Members: Agreed.

Mr. Herbert: Mr. Speaker, I rise on the same point of order. This matter is presently under discussion in the committee considering the regulations of the House. Unfortunately, as Your Honour is aware, when unanimous consent has been given, the hon. member can continue to speak indefinitely, the rest of today, tomorrow, or for as long as he wishes. Under these circumstances, if the hon. member had said, "I need two or three minutes to finish my remarks"—

Mr. Deans: That is not true. Sit down.

Mr. Herbert: —it would be very easy for us to give the required consent.

Some hon. Members: He did say it.

Mr. Deputy Speaker: The point of the hon. member for Vaudreuil (Mr. Herbert) is perfectly well taken. Is there unanimous consent to allow the hon. member to extend his remarks?

Some hon. Members: Agreed.

Mr. Deputy Speaker: There is unanimous consent.

Mr. Anguish: Thank you very much, Mr. Speaker, for your indulgence and that of the House in allowing me to have a few moments more in which to wrap up my remarks on Bill C-124.

As I mentioned at the beginning of my speech, the two objectives that I saw in the budget were to bring inflation down and to shore up investment and confidence in our Canadian economy. In conclusion I would like to say that the indicator as to whether or not we will bring inflation down will come over the ensuing months and years. We will then see

whether or not the actual rate of inflation does decrease. I maintain that it will not. I do not think that we are looking at a 6 per cent world of recovery, as the government has said, because there are too many factors over which this government has lost control. It will certainly not bring inflation under control by imposing the very harsh demands of Bill C-124 as they apply to public employees in Canada. I would ask this government to please consider withdrawing this bill.

Mr. Kelly: Never.

Mr. Anguish: Before I conclude my remarks, I would like to refer once again to the matter of shoring up investment confidence in the Canadian economy. I think it is very obvious that what this government has done has not raised confidence in the Canadian economy because the indicator that one views must be the value of the Canadian dollar on the international market. The day after the budget was introduced, on June 29, the Canadian dollar saw its worst record in history on a post budget day. It dropped one cent during the day and recovered a bit by the end of the day, but we still have a dollar which is well under 80 cents compared with the American dollar.

Mr. Kelly: Has it gone up since the budget?

Mr. Anguish: I think that all indicators show that the budget has failed. It will be an even more dismal failure if the government insists on instituting the provisions of Bill C-124. I ask the government to withdraw this bill. If it does not, I urge all hon. members of the House of Commons to vote against Bill C-124.

Mr. Jack Burghardt (London West): Mr. Speaker, I appreciate the opportunity to speak on Bill C-124 respecting compensation to the public sector of Canada. But before getting into the meat of my remarks, which I want to put on the record tonight, I would like to say that I cannot help but take exception to some of the remarks just enunciated by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish) in the House, especially when he referred to the fact that eastern Canada and, more specifically, the golden triangle of eastern Ontario, did not feel the effects of the Great Depression. Talk about uttering words of disunity in this country! I have never heard the like. On a previous occasion in the House I stated that I personally felt the effects of the Great Depression in the early thirties. I remember, when I was a boy, my father pulling me on a sleigh in the wintertime, to the relief store, which is the equivalent of a welfare office today, to get a box of groceries, some shoes or overshoes, and that type of thing.

An hon. Member: You had a sleigh!

Mr. Burghardt: But this young hon. member for The Battlefords-Meadow Lake said that eastern Canada, specifically the golden triangle of Ontario, did not feel the effects of the Great Depression. He referred to the lack of manufacturing in the country today. That is the heart of manufacturing in Canada. The hon. member would not remember, as he was not born at that time, that during the Great Depression that was the very heart of the country that really felt it, along with the prairies, with western Canada, of course, and with all of this great country of ours. Therefore let us not hear any words of disunity such as those we have just heard tonight from the hon. member in the NDP.

I would also like to take exception to his voice of doom and gloom. We are all in this together.

Mr. Deans: Some are more in than others.

Mr. Burghardt: Exactly. Some are in more than others. The hon. member for Hamilton Mountain (Mr. Deans) has said it and I fully agree with him. However, if a member of the House says there is no hope and predicts even greater failure, what hope do we have? What hope is there if members of Parliament cannot rally to the cause of inflation and the economic ills of the day? That is what we can expect from members of the NDP. Talk about promoting disunity.

• (2110)

As we know, the budget introduced by the Minister of Finance (Mr. MacEachen) two weeks ago had as its main theme the fight against inflation—to bring inflation down to 6 per cent. This is the target for which we must strive. Federal public servants, Crown corporations, regulatory agencies as well as members of Parliament and senators are being asked to participate in this program. It is hoped that with this approach, the provinces, municipalities and the private sector as a whole will follow suit and join in this concerted effort to wrestle down inflation.

The intent of this bill, as we all know, is to limit wage increases to 6 per cent and 5 per cent. It means that some 500,000 people in government and in Crown corporations will get no more than 6 per cent.

A very significant point, something we have to underline, is that this will free some $250 million this year and $550 million next year. That money can be spent on programs to stimulate the economy and create much needed jobs.

Members of the opposition, especially the NDP, fail to bring out the point that because of this particular program, nearly $800 million will be directed into much needed job-creation programs. This is without further adding to the current deficit which is of concern to all of us. There is no doubt about it, we have to wrestle down the deficit. However, we cannot get the deficit down until we get inflation and interest rates down. Therefore, we must all work together.

Let us hope that provincial and municipal governments look hard and long at the decision of the federal government in this matter. Let us hope that the big corporations, the utilities and the labour movement will consider this idea very carefully. If all sectors of society could agree voluntarily to the 6 per cent limit, we would bring inflation down and provide far more jobs that will be needed in the future.

Would it not be an outstanding achievement if, as Richard Gwyn said in his column today, we could see the emergence of a national will to defeat inflation? That is the intent of this government, to create the atmosphere for that national will to

take place so that we can defeat inflation, getting it down to a more reasonable rate of 6 per cent and, hopefully, then to 5 per cent.

The rate of recovery must begin with a realistic assessment of what this country is all about, what this country can control and what we cannot control. Our country cannot deal with its economic problems in isolation. We can ease if not eliminate the impact of some problems, but the solutions to other difficulties depend on events beyond our borders.

We must know what we can realistically change and what is beyond our power to change by ourselves. While recognizing the force of world conditions, we must acknowledge that many of our problems originate here at home. No doubt about it, we are responsible for many of the economic problems we face today. We cannot put all the blame on outside forces or world powers. An inflation rate of 11.8 per cent is far too high. Our cost structure is becoming prohibitive. To be honest, we are pricing ourselves out of world markets. We are losing our competitive edge. All this we have done to ourselves.

Rather than accept what the previous speaker said, voicing doom and gloom, I have confidence in the Canadian people. I have confidence that what we have done we can also turn around. We can reverse this trend. If we all work together, we can bring inflation down. The government is taking the lead by asking all those associated with the federal service to join in this battle against inflation and to take the lead themselves by limiting their wage expectations.

In many ways, expectations are at the heart of our inflation problems. In recent years it seemed natural for all of us to believe that our prosperity would continue to spiral upward. We never gave much thought to or questioned the roots of our prosperity. Many believe we have grown up in a very selfish society—me first, never mind the other person. We did not look at the world situation, consequently our impending vulnerability. This is where we are affected by outside forces. Canada is a trading nation and is affected by the ups and downs of the world economy.

For some time a few Canadians, the poor, the aged, the helpless, the weak, paid the price of these inflationary demands. Today only a few groups can pursue their expectations, the powerful, the protected, the privileged. It is the many who pay the cost in unemployment, in bankruptcy, in loss of opportunity. Certainly the expectations of the over one million unemployed have been shattered. These are the people who are hurt and whom we must help. This is where people in the federal service can share what they have. They can share their job security with those who are less fortunate. While there has been some criticism from some members of the federal public service arguing against being singled out, I suggest that those employed in the federal public service can be the heroes of the day by accepting the idea of reduced compensation to help in this fight against inflation. This does not mean that all the other benefits enjoyed by members of the public federal service will be done away with.

This afternoon the hon. member for Vancouver East (Mrs. Mitchell) suggested that federal public servants would see a reduction in their benefits. That is absolutely incorrect. It is wrong. No federal public servant will lose his job because of this program, no one will see a reduction in benefits.

The hon. member for Vancouver East was quite critical of the minister responsible for the status of women. She said the minister was all talk and no action, and she expressed concern about what this bill was doing to female workers across the country. She was right about the talk as far as that minister is concerned. No other member of this House does as much as that minister in promoting the cause of trying to help women in the work force across this country. Women's rights across this country are upheld by the minister responsible for that department.

The hon. member for Rosedale (Mr. Crombie) expressed concern about the future of equal employment opportunity programs and affirmative action programs in the federal public service. It is the intention of the President of the Treasury Board (Mr. Johnston) to continue with the development of affirmative action programs in three government departments and to pursue their introduction in other departments. The introduction of affirmative action programs is not related to collective agreements or compensation plans and consequently will not be affected by Bill C-124. We must make sure that is on the public record.

• (2120)

We know too that many times the federal civil service is criticized for what some term a lack of compassion and caring for those with whom they deal in the private sector. But by taking the lead in lowering expectations as to wage increases, the federal civil service will indeed be showing that they do have the good of their fellow citizens and the country as a whole at heart.

Some people and some members of the House have irresponsibly suggested that some members of the public service and the government took advantage to the situation by settling wage negotiations in the public sector prior to the June 28 budget. For example, the hon. member of the New Democratic Party for Brant (Mr. Blackburn) indicated the other day that it was reprehensible that the government should have approved a 10 per cent wage increase for lawyers in the Department of Justice just hours before the June 28 budget. I would like to advise hon. members that the Department of Justice lawyers are excluded from the collective bargaining process. Earlier this year, the lawyers employed in other government departments and agencies negotiated an 11 per cent wage increase for 1982 with the government through the collective bargaining process. The government approved the wage increases for the Justice lawyers in order to treat them in the same way as the bargaining unit lawyers. Both groups of lawyers will receive and will be limited to an increase of 6 per cent in 1983 and 5 per cent increase in 1984.

As I earlier mentioned, Mr. Speaker, members of the federal civil service can be the heroes of the day in this program. This is a fight against inflation and members of the federal civil service are the front-runners in this battle. But having said

this, we know too, that the federal civil service cannot win this fight alone. We all have to become involved. We all have a stake in the outcome. We all must share in the effort, each according to his own ability. I believe that Canadians are willing to make sacrifices so that others can be helped. It was refreshing to read in a letter to the editor of the Ottawa *Citizen* on July 8, a letter from a federal public servant and a member of the Public Service Alliance of Canada who said:

> As a federal public servant and a member of the Public Service Alliance of Canada I wish to dissociate myself from the almost hysterical response of Alliance leaders, other public service unions and superannuates groups of public service salaries and pensions. I thank God for both the job security I enjoy and the fact I am not suffering a reduction in my salary, (many Canadians would be so lucky). My family and I will adjust to a salary increase marginally lower than the expected cost-of-living increase when the time comes.

In another letter which appeared in the same July 8 edition of the Ottawa *Citizen* there is this:

> May I also reluctantly endorse the reduction in government spending, including my own wages. The measures being taken by the all-too-many private firms with money problems are certainly by necessity more severe.

These are letters to the editor which appeared in the Ottawa *Citizen* from two federal public servants.

Let me read from another news item in the July 3 edition of the Ottawa *Citizen* comments from retired public servants who are ready to sacrifice to help the economy, comments such as, "Annual increases unless they will buy more are useless. I agree with MacEachen and his 6 per cent and am happy to bear my share." That is from a retired federal civil servant.

Another believes cutbacks:

> —might set an example for private industry. But, by the same token, anyone who is suffering should get special consideration.

Another retiree said:

> If it will help, then I'll reduce my living standard.

And so it goes, Mr. Speaker. I do believe that Canadians will accept these sacrifices so that others can be helped.

What about the private sector, the provinces, the municipalities? Before the budget of June 28 there were many groups demanding action by the federal government to cure our economic ills. Many of those same groups obviously do not like the action taken by the Minister of Finance. The trouble is that those sectors of our society have conflicting interests. For example, some union leaders want interest rates and inflation to come down but they will not agree to limit their inflation-building wage demands. Businesses want wage controls but not price controls. Provinces still demand more money from the federal government. Individuals want tax cuts but still demand more services. Unfortunately, Mr. Speaker, the country can evade the truth for only a short time. There must be a willingness on all our parts to share and share alike. There must be willingness on the part of the provinces and municipal governments, private business and the rank and file of the labour movement to lower financial expectations.

Here I might mention that members of the council of the city of London, the area which I represent, last week voted to reduce their salaries to increases of 6 and 5 per cent. I believe also that members of the council of the city of Kitchener have done likewise. I am sure there will be other municipalities across this great country of ours following the same suit. Some have said that the dollar figures involved do not really amount to much. That is it not that important. On the other hand I think it is the action taken by members of the London city council that is important. I congratulate them for following the federal government's stand in this matter of a 6 per cent and 5 per cent wage increase.

On the other hand, I was rather dismayed to learn through an editorial which appeared in the London *Free Press*, the newspaper in that city, that secondary school teachers in London, or at least their leadership, are demanding far more than the federal anti-inflation wage guideline in their current bargaining with the London Board of Education. The editorial says that elementary school teachers as opposed to the secondary school teachers in London recently settled for a 12.5 per cent increase, which is still more than double the 6 per cent and 5 per cent suggestion. The editorial asks the question: "Where is restraint in teacher bargaining?" It suggests that negotiators for the secondary school teachers take a second look at what they are demanding in this matter of salary increases.

So we can see, of course, that there is much to be done in this country of ours, in our own local areas, of course, in trying to influence members of various sections of society who have a specific interest at heart, whether in contract negotiations or just wishing to try to contribute to this over-all fight to wrestle inflation down so that we can help those who are sorely in need not only today but, more important, those in need in the future.

Again, Mr. Speaker, I emphasize that we must all be in this battle against inflation, for we all have contributed to the economic problem of the day. Some people continue to say that rising wages and salaries have nothing to do with inflation, that it is a matter of prices which have fuelled inflation. I believe that an hon. member of the New Democratic Party, the previous speaker, referred to this. But when the cost of producing goods and services, of which wages and salaries are a major factor, rise faster than our production, they do contribute to rising prices. In the July 10 *Toronto Star* David Crane wrote:

• (2130)

> In spite of sizeable pay increases over the past three or four years, few Canadians feel that they are much better off. That's not surprising. By and large, pay increases have simply led to more price increases and a more inflationary environment that has wiped out the pay gains.
>
> The missing ingredient today is productivity, our best measure of economic progress.

He went on to say:

> Education, job training, innovation, good management, research and development, sizeable investment in new machinery and equipment, government policies that encourage efficiency and the shift of resources from dying industries to growth industries all contribute to good productivity growth. And it is in these areas that Canada is lagging behind its industrial world partners.
>
> Yet here is the important point: Pay increases can only have real value when they are matched by productivity increases. If an employer grants a wage increase and has productivity growth, then he does not have to increase the price

of his product to pay for the wage increase. But if he grants a wage increase and has no productivity growth, then he must either increase his prices or accept lower or zero profits, which means the eventual collapse of his business.

But again, we cannot put all the blame for rising prices and thus increasing inflation on wage and salary increases. Governments at all levels, business and labour, individuals and almost all of us have contributed in some degree to the economic problems of the day. And it has usually been out of self-interest. Because of Bill C-124, limiting wage increases to 6 per cent and 5 per cent in the federal public service sector, there are some hopeful signs that other sectors are listening as well. The meetings which the Prime Minister and the Minister of Finance have had with provincial leaders and with business and labour leaders, at least at first glance, give some hope for the future. For example, an article in *The Globe and Mail* of July 9 says:

The federal government received pledges of support yesterday from 39 senior Canadian business leaders for its goal that private-sector wage increases be voluntarily limited to 6 per cent in 1983 and 5 per cent in 1984.

I will get to the reaction of labour leaders in just a few minutes.

Mr. Deans: I am not going to say a word.

Mr. Burghardt: The article continued:

What the business leaders appeared to promise the Government was that they would give voluntarism their best shot. Ian Sinclair, chairman of Canadian Pacific Enterprises, said there was "great support for the position adopted by the Minister of Finance."

And William Mulholland, chairman of the Bank of Montreal, said the private sector "would do its best" to emulate what the federal government was doing.

William Hamilton, president of the Employers Council of British Columbia—"the situation is far too serious for politics and I think that whatever Government is in power it is going to face some difficult times. I don't think that any government can produce a total solution at this time."

According to the Montreal *Gazette*:

In a startling reversal, Dennis McDermott, one of Canada's foremost labour leaders, said he was "encouraged" by his meeting yesterday with Prime Minister Pierre Trudeau.

The Canadian Labour Congress president went into the meeting loudly condemning Trudeau's economic policies and saying the Prime Minister never listens to labour. But, he came out saying: "The door appears open . . . (there are) avenues for an exchange of ideas, of persuasive arguments."

I suggest that other sectors of Canadian society are in fact listening to what the federal government is suggesting in this matter of trying to control wage increases and trying to bring about an attitude of restraint. We are trying to restrain not just wage increases but all areas of government spending. We are trying to do this not only at the federal government level; we are trying to encourage provincial governments, municipal governments and individuals as well to get into the act and join the force in the battle to try to wrestle inflation down to a reasonable level, perhaps 6 per cent, in the years ahead. There is some indication and some hope that other sectors are listening.

I am sure my friends in the New Democratic Party will not agree with the following quotations, but I must use them because they represent the view of business organizations across the country. If we did not have business organizations, we would have no labour force, and that is a fact we cannot overlook. Sam Hughes, the president of the Canadian Chamber of Commerce, has indicated that he intends to use his influence to urge his provincial counterparts, the chambers across the country, to get into this 6 per cent solution so that we can all be in this battle together. Mr. Hughes intends to urge provincial chambers and local boards of trade to join in this call for a 6 per cent wage ceiling, in line with the one being suggested by the federal government.

I think we can see some signs of hope. There is no question that we face extreme and enormous problems, but if we listen to some hon. members opposite, those voices of gloom and doom which have nothing positive to say but are strictly voices of negativism day in and day out, we will never get out of the economic mess in which we find ourselves. If we listened to them, the deficit would be even higher. We would be far deeper into the hole than we are now because all we hear from them is spend, spend, spend and do this and do that—

Mr. Deans: You know better than that, Jack.

Mr. Burghardt: —with financial incentives. The hon. member for Hamilton Mountain says I know better than that. I know what is fact. That is why I say that all we get from hon. members opposite are cries of spend, spend, spend. If they are at all concerned about the federal deficit, they should certainly reconsider the vocabulary they have been using throughout this debate. Individuals with whom I have spoken, as recently as this past weekend in my constituency of London West, share the belief that this bill is a step in the right direction. Indeed, federal public servants can be the heroes. I emphasize that because I feel that in the end we will see that they will be the heroes of the day for having gone along with this program and helping in the long run to reduce our inflation rate and thus ensuring that no one will continue to suffer economically, as many are doing today.

We certainly cannot go on as we have in the past. We cannot throw up our hands and say all is lost, and sit helplessly by while inflation rages and unemployment grows. If we can work together, we can do more than simply preserve our economy. We can turn it toward growth. People have been touched by economic adversity and, if we do not act together, more will be hurt. That is the seriousness of the matter. The challenge before us is to share in the sacrifices and to join in a collective effort which will turn our goals into realities. That is the message and the challenge I bring into this debate. If we all play our parts, I am confident we can overcome our difficulties and return to better times.

Let us not forget that despite the enormous economic problems we face today, Canada remains a land more blessed than most. I just wish many hon. members of this House, especially hon. members opposite, would mention that in this debate on Bill C-124. I cannot stress enough that we in this country still have a far better standard of living than those in many, many other countries in the world. Canada remains a land more blessed than most.

Mr. Deans: Mr. Speaker, I rise on a point of order. I wonder if the hon. member would be prepared to entertain a question.

Mr. Deputy Speaker: Would the hon. member for London West (Mr. Burghardt) entertain a question?

Mr. Burghardt: Sure.

Mr. Deans: I thank you, Mr. Speaker, and I thank the hon. member in advance. I will keep my question very brief. In his speech the hon. member made reference to the intention of the government not only to limit the wages of civil servants but also to take action in those areas over which it has jurisdiction, including Crown corporations and agencies of the government.

Thinking back through the proceedings this afternoon, I wonder if the hon. member would admit that it seems a trifle unfair to limit wages of someone to 6 per cent but then not to take similar action with Canada Mortgage and Housing Corporation and to require of the corporation that it keep rent increases within the same range. Does he think it reasonable that people whose wage increases would be limited, would be asked by Canada Mortgage and Housing Corporation to pay a 25 per cent increase for rental accommodation beginning in September?

• (2140)

Mr. Burghardt: Mr. Speaker, I believe that matter is being investigated at the moment.

Mr. Deans: I am just asking if the hon. member thinks it is fair.

Mr. Burghardt: No, I think it is not fair. As the minister indicated in his answer this afternoon, that increase was announced in April or May. I agree that it is not fair.

Mr. Riis: Mr. Speaker, on a point of order.

Mr. Deputy Speaker: The hon. member for Kamloops-Shuswap (Mr. Riis). I would call to the attention of the House that there is only a limited amount of time for questions.

Mr. Riis: I wonder if I too could direct a quick question to the hon. member for London West (Mr. Burghardt)?

Mr. Burghardt: Yes, Mr. Speaker.

Mr. Riis: I thank him in advance for the opportunity. He spoke about the need for co-operation and for public servants to provide the leadership and the model for other Canadians, but I do not think he referred to the fairness of the decision. Does he feel that the proposal for a 6 per cent increase for the federal public service should be applied equally to people who are earning $12,000 and those earning $102,000 per year?

Mr. Burghardt: Mr. Speaker, I think that we have to look at that wide range of salaries paid to federal civil servants. If you were to ask some members of Canadian society about this, they would feel that certain elements of the public service are being paid too much.

Mr. Deans: Like cabinet ministers!

Mr. Burghardt: No, some employees. We should take a moment to look at the position of some members of the Canada Post Corporation, for instance. Just a year ago much of Canadian society was upset by a postal strike and could not believe the exorbitant demands that were made and that the government gave in to those demands and awarded a very high salary increase to many of those workers. Many Canadians feel that that was not warranted. There is quite a gap there. I think we have to look at all sections individually and try to close that gap. The person making $12,000 or $14,000 per year does not have the same standard of living as a person making $50,000 or $60,000 per year who wants to maintain his standard of living. Everything is relative, and I think the hon. member should keep that in mind.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, before we see the clock tonight and when we resume tomorrow there are a few things that I should like to put on the record with regard to Bill C-124. This wage control package is a key element in the government's anti-inflation strategy, even though everyone knows that wages have been falling behind inflation for the last five or six years, and so tonight I should like to examine the subject in the total economic context.

The Prime Minister (Mr. Trudeau) has made it clear on a number of occasions that the public sector is to be made an example and an instrument by which wages in the private sector will be brought into this 6 and 5 per cent world which the government intends for the Canadian people.

In my riding, workers at the CN shops in Transcona will be affected by the bill, as will workers in Montreal, in Point St. Charles, in Moncton and throughout the system all across the country. It is particularly irritating to me, and it is an example of the continuing injustice done to railway workers in this country, that the people in Transcona have been told that they will be laid off for eight to ten weeks more than the normal summer lay-off—and even that was extended for a few more weeks—and then on top of that they are now told that their collective bargaining achievements for 1983 will not be respected, but instead broken through the legislative instrument of Bill C-124. The increase of 9 per cent which was scheduled for 1983 will be reduced to 5 per cent.

Apart from the obvious injustice of workers in CP shops making more than workers in CN shops by January 1983, CP Rail will be required to pay out more in wages than will the CNR. Thus, if the government does not withdraw this bill, there will be a test of its theory of economic competitiveness. If this theory is correct, the profitability of CN will soar in comparison with that of CP because CN will not have to pay its workers as high wages. According to the government, that is what affects the profitability of Canadian corporations. So we will wait with bated breath to see if that will be the case.

On a national level we are dealing with an accumulation of years and years of Liberal policies. The chickens are coming home to roost now that the United States' domination of the world economy is not what it used to be. Canada has been tied

to that economy for decades. The Liberals, with Conservative approval, openly sought the integration of the Canadian economy with the United States economy. Now we are shamefully dependent on the United States economy and on investment decisions made in that country and also in the head offices of non-American multinational corporations. Many years ago when the CCF and subsequently the NDP complained that this was not a good thing, they were regarded as the party poopers in Canada. People claimed that foreign investment was creating jobs, that there was growth, and an increase in consumer goods and services. And all that was true as long as the economy we were tied to was the dominant world economy. In a way, we regret that we were right and that the things we said about the price we might some day have to pay for this dependence on the American economy have come to pass.

I should like to share some of my views with the House on why we are in this position now. What has been going on in this country, is a strike by capital. Some would credit that to the abhorrence the private sector had for the National Energy Program. God only knows why because it was the most milquetoast Canadianization program you could imagine. But that is the extent of the pettiness and dominance of the international investment community that such a paltry move on the part of the Liberal government could cause them to take such a bruising in terms of international confidence.

• (2150)

There has been a capital strike going on in this country, not just since the NEP but accumulating over the years. What we have now is a Liberal government which has capitulated to the strikers. It is always amusing to me to see the criticism workers receive from the community at large when they say that unless they get a certain return on their labour, they are going to hold out until they do. Yet when the investment community in this country does that, it is called good business, initiative. It is called looking for more incentives. But when the working people of Canada do exactly the same thing, to all intents and purposes they are reviled and called upon to sacrifice and co-operate.

There are a number of things going on, Mr. Speaker. As I said before, for some time now the Americans have been suffering from a reduction in the predominance of American-controlled corporations in the global economy. Americans themselves have been the object of investment decisions by multinational corporations based in other countries. What is happening, it seems to me, is that President Reagan is saying, through his high interest rate policy, support of the American dollar and various other hidden protectionist measures, that they are going to re-establish the American economy as the predominant force in the western world. If that means putting the economy of all their allies and other industrialized countries on the block, so be it. Indeed, even if it means the sacrifice of farmers, small-business men or even larger corporations within the American context, then that is the price they are prepared to pay in order to re-establish that dominance.

However, another thing that is going on, Mr. Speaker, is that in the final analysis the Americans will not be able to re-establish their predominance over the global economy in the way they hope to because there is a restructuring of that economy going on which very few of us, including myself, can comprehend at this moment. What the American policy adds up to can be summed up in this way: "If there is a global restructuring going on", says President Reagan, "we are going to be the last to go down. We are going to be the last to have to face up to those North-South realities, those global realities, or face up to the need for a new economic order. We are going to be the last to face up to the need for new international co-operation". And nothing can provide more concrete evidence of that than the recent decision by the Americans not to sign the international Law of the Sea Treaty. They are saying, "No international co-operation for us; we are going to hold out and reign supreme."

I was interested, Mr. Speaker, in the comments of the hon. member for London West (Mr. Burghardt). I believe he said that we are pricing ourselves out of business. That is a very interesting argument and I want to go into it. It is an incorrect argument, but it has an element of truth in it. It is not something we did ourselves, as the hon. member tried to say in his speech. The fact of the matter is that this analysis of why we are not competitive on foreign markets, if indeed that is the case—and it is the case to some extent—does not ask the question: how are we supposed to compete with slavery? How are we supposed to compete with children working 12-hour days, seven days a week in South Korea in export plants set up by multinationals? How are we supposed to compete with the decisions made by the multinationals to invest in Third World countries which do not have labour laws, child protection laws, or environmental laws? Is that what the Liberals want us to compete with? There is only one way to compete with that, Mr. Speaker, and that is to become the kind of country those countries are. And that is what we in this party are not prepared to see Canada become in order to remain competitive.

Some hon. Members: Hear, hear!

Mr. Blaikie: That is what you are talking about, my friend, whether you realize it or not. All this rhetoric about pricing ourselves out of business and staying competitive in international markets is nonsense. We are talking about the difficult position—I quite agree—that the western industrialized economies have been put in by the decisions of a handful of very powerful global corporations to locate the manufacturing and assembly end of their businesses elsewhere.

The hon. member asks: if we do not compete, what is our future? I take that as a sad admission that what I am talking about is on the right track. What we can do, Mr. Speaker, is try to tell our people what is really going on. It will not be easy, but we have to begin here at home to get some independence from that system. It will take a long time, but we have to work in international circles for the kind of economic order in which the people of South Korea and the people of Guatemala

will not be played off against the people of Canada and West Germany. That is the long-term job, and I would not be half as angry about this particular measure if I thought you guys were working for that kind of reality. But you are not; you are just capitulating to international economic forces, just as you have done ever since the day you first took power.

Some hon. Members: Hear, hear!

Mr. Blaikie: If I could see anything else but capitulation going on over there, then I am sure I, along with the Canadian people, would be willing to respond to reasonable requests for sacrifice and co-operation that we so often hear in the rhetoric of the Liberal Party. But that is not what we get. We get short-term, ad hoc and cowardly decisions which use the Canadian people as scapegoats by telling us, like the hon. member for London West did, that we really brought this on ourselves. It is as if the Liberals had not been in power for God knows how long. It seems like an eternity. That is what is being said, Mr. Speaker.

I will have more to say about this tomorrow, Mr. Speaker, but I dare not see the clock just in case you think I have given up my right to speak. So I will keep talking until you tell me to sit down. I have learned not to trust this place.

Mr. Deputy Speaker: Order, please.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

THE PRESS—PAYMENT OF GOVERNMENT ACCOUNT TO ETHNIC NEWSPAPER

Hon. Steven E. Paproski (Edmonton North): Mr. Speaker, on June 8 I spoke in this House about the Liberal government's increasing attacks on fundamental freedoms. In particular, I warned that attacks on freedom of information are designed to enlarge Liberal power at the expense of our freedoms. For example, the Kent commission is a blatant attempt to control the press. Another attempt to control the press is through huge government purchases of advertising space. The Liberal propaganda machine, running flat out to brainwash Canadians with massive amounts of taxpayers' money, to be exact $500 million, will stop at nothing to influence the media. If you do not play the Liberals' dirty game you do not get the advertising.

I have in my hand a letter from Ira Kissin, editor of the *Toronto Jewish Press*, an independent newspaper in Toronto. Mr. Kissin complains of discrimination against his newspaper when he did not receive certain government advertising. He gives examples of dubious practices of paying commissions to Liberal "brokers". He has recoiled from the slimy touch of the Canadian Media Corporation, yet another of those shadowy bodies set up to distribute Liberal propaganda and to carry on the government campaigns of discrimination, restriction and influence peddling.

Why does this government discriminate against the ethnic communities in this country? Why does it continually brand as racism any attempt by ethnic communities to be treated fairly and equally? When the government accuses them of racism it is itself racist. I brought this kind of conduct to the attention of the House in a question to the Minister of State for Multiculturalism (Mr. Fleming). I repeated it on June 8. With typical disregard for the feelings of ethnic communities the minister's parliamentary secretary brushed off the insult to ethnic communities. He thinks I put too much pepper in my pirogis. I would like to put some pepper on his tail to make him do his job.

The attitude of this minister and his parliamentary secretary are typical of the Liberals. Ethnic peoples are taken for granted. The Liberals look on them as second-class citizens. They say there are two founding peoples and the rest are nowhere. The Official Languages Act has been extended to increase discrimination. The Liberals discriminate in favour of the so-called founding peoples in arranging job quotas in the public service. They designate more and more jobs in favour of these people. They claim they are correcting what they call "imbalances" by "affirmative action".

Affirmative action is clearly a program of discrimination. The Liberals say they have to discriminate to correct injustice. What they really do is create injustice.

Canadians should ask what is the Charter of Rights when the government openly practises discrimination, blatantly twists and restricts information and flagrantly ignores Parliament, the people's instrument of democracy.

I say that we are all Canadians and we should all be equal, whether we are Polish, French, Indian, Chinese, German, English, Ukrainian, Jewish, Italian, or whatever our racial extraction; whether we eat pirogis or pasta; whether we have funny names or speak with strange accents. What sort of equality is there when the second largest racial group in Toronto is Italian but not part of the affirmative action programs?

As a Member of Parliament, I speak for all Canadians, not just for the founding peoples, and as a true Canadian I ask for equality for all, not like those people over there, superiority for those who provide my electoral base. I recognize one Canada in which all are equal, truly equal; a Canada in which we should all be free, truly free, free from creeping government run by dishonourable men.

I look at the perverted ideology of the Kent commission and I listen to the insults of the Minister of State for Multiculturalism. I hear the smart aleck evasions of the Prime Minister (Mr. Trudeau) and his corrupt cohorts; I weep for my country, brought low, robbed, defiled by men without honour, without

dignity, without integrity. They call themselves Liberals but they are vampires and leeches, sucking the blood and draining the vitality of this country, clinging to power with the grace of the serpent and besmirching authority with the integrity of thieves.

Like many Canadians I feel the spreading plague ot totalitarianism in this country. I see it in the face of our Prime Minister. I see the terrible blight caused by the sheer incompetence of the Minister of Finance (Mr. MacEachen), a man—and I use the term loosely—who tried hard to outdo his Prime Minister in his contempt for Parliament and in his absence of integrity. The evidence of their crimes against the Canadian people is there in their own budget figures. The evidence of their character, of their utter lack of concern for Canada, is in their holding on to power when all the country wishes them to go. They are diseased parasites in the blood of Canada.

• (2205)

If I may paraphrase a former more eloquent politician, for God's sake, get out of this House! If at this late date you can pretend to be men, for God's sake go.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, last night I had the great pleasure to rise and discuss some serious issues with several serious members of the Conservative Party. I regret tonight that I have had to stay until this late hour to listen to the comments we have just heard. I understand that we are supposed to stay around and discuss government policy, but I do not know how we can possibly react to comments that are nothing but an emotional diatribe. The hon. member opposite is a former minister and I will give him credit for assuming that he has made a mistake.

Mr. Paproski: Is that all you can do? Shame!

LABOUR CONDITIONS—HEALTH AND SAFETY OF WORKERS UNDER FEDERAL JURISDICTION

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to have an opportunity tonight to address a few comments in the late show debate to the question which I put to the Prime Minister (Mr. Trudeau) on March 26, relating to the idea of the federal government moving ahead on health and safety legislation for workers under the federal jurisdiction by centralizing it in one agency in the Department of Labour and, by this action, improving the health and safety of all federal jurisdictional workers.

In responding to my question, the Prime Minister indicated that that was the preferred course of the federal government. However, he indicated that a number of discussions were taking place among various concerned departments of government, but that in the long run the government preferred to move in that direction. I was pleased with his response.

This has been a continuing problem as we become more conscious of health and safety issues, as problems relating to these issues have become more complicated over the years, and as greater regulations have resulted. The concept of the centralized agency to deal with health and safety matters has been adopted by some provinces, including the province of Ontario where it was centralized in its department of labour. During the past year the Canadian Labour Congress supported the idea of one central agency to co-ordinate all federal activities in this regard.

Last November 9 I met with representatives of the CLC, especially representatives of United Steelworkers of America from Elliot Lake who are under federal jurisdiction in the uranium mines there. We went over the CLC report which proposed the idea of a centralized agency in the federal government. For instance, they pointed out that 15 departments and agencies of the federal government are concerned with health and safety, including the Treasury Board, the Department of National Health and Welfare, the Atomic Energy Control Board, Labour Canada, the Department of Transport and many others.

In the brief which was presented at that time they also urged the upgrading of Part IV of the Canada Labour Code and the establishment of basic national health protection standards. What was true in that presentation on a national basis can be seen in microcosm in health and safety legislation and in the problems of uranium miners, about which I am very familiar because of the large mines in Elliot Lake, which is in my constituency.

Originally, conventional health and safety were under provincial jurisdiction. A ruling by the Department of Justice in 1978 put the responsibility for conventional health and safety under federal jurisdiction, and gradually the federal government has been taking over full responsibility for health and safety.

The Atomic Energy Control Board sets standards for radiation. Responsibility for conventional health and safety now comes under Part IV of the Canada Labour Code, but, because of the historic situation, the Ontario occupational health and safety act has been referenced to the Canada Labour Code. Inspection is gradually being taken over by the federal government, with the federal government paying for all the costs already incurred by the province, indicating that it wants to have the federal government ultimately take it over. A study is now being carried out.

• (2210)

But what we are looking for is a new centralized agency within the federal government where the Canada Labour (Standards) Code will not be subject to other acts of Parliament. It should be the superior act. We should start with the health and safety of the worker, and work back from there.

There are a number of areas where there should be upgrading, for instance, concerning the right to refuse to work, unsafe conditions, and health and safety committees. Much work has already taken place with consultation between the Department of Labour and the CLC as well as groups like the United Steelworkers of America.

I know that within some federal government departments there is some resistance to this concept of one centralized agency. I hope that will be overcome soon. Hopefully, the government will be able to table a bill before this session recesses, so that over the course of the summer interested groups would be able to consider and review it. Then, as we move into the new fall session of parliament, we could move right ahead, adopt it and implement the improved standards for workers under federal jurisdiction. In this way, the federal government would have a standard, a model second to none in the country, which would guarantee the health and safety of all workers under federal jurisdiction.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I want to commend the hon. member for Algoma (Mr. Foster) for saying that since the introduction of the original statutory provisions for health and safety in the Canada Labour Code in 1965, the federal government has provided outstanding leadership in the field of health and occupational safety. We have done that as the result of the hard work, conscientious effort and the proven consciences of hon. members like the one we have just heard, the hon. member for Algoma. Thanks to the pressure that he has put upon us, we have maintained our leadership and our hard work in this very important area. The government intends to respond to his concerns. We intend to ensure that all aspects of federal occupational health and safety rules and regulations provide consistent and effective protection for all workers in this country.

The hon. member has referred to our record which has come about because of his hard efforts and those of some of our outstanding ministers. He has referred to the need for consultation. I can assure him that consultation will continue, that we will ensure that labour, management, and the private and public sectors will all have an opportunity to consult. He has also suggested the need for expanded leadership on our part in this area, and he has given us several examples of how we could follow this suggestion. I thank him for his advice and I assure him that action will be forthcoming. I hope he will continue to provide us with the insights that are so important for these advances.

SOCIAL SECURITY—REQUEST FOR INCREASE IN BENEFITS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, on June 23, 1982, I asked the Prime Minister (Mr. Trudeau) whether or not the upcoming budget would involve an increase in guaranteed income supplements and Canada pension disability pensions. This question reflected the concern of the NDP caucus for those on fixed incomes who depend on the public pension system and who are seeing their standard of living seriously eroded by inflation. At that time I might have added veterans pensions, as they are also a matter of concern to us.

At that time, the Prime Minister did not answer my question, but chose instead to evade the question by referring to an earlier question by a colleague of mine in the same question period. I now understand why. We have seen the budget of June 28 and we now know that it involved a decrease in pensions for those who receive only the old age security portion, the universal portion, and no real increase for those receiving the guaranteed income supplement.

The Minister of National Health and Welfare (Miss Bégin) has been saying this will mean only a $55 sacrifice in 1983 for those receiving OAS but not GIS. Our research shows that this is a false and self-serving miscalculation. The real cost to pensioners who receive only the old age security will be closer to $300 each over the next two-year period. This will be particularly difficult for the many pensioners who, although they do not receive the income-tested GIS benefits, live at or just below the poverty line, yet they are required to make the same sacrifice as pensioners who are quite affluent.

• (2215)

The National Council on Welfare has estimated that over 100,000 poor and near-poor elderly Canadians will have their incomes reduced as a result of the indexation limitation of the OAS which was proposed in the budget of June 28. Furthermore, there is an additional cumulative loss which starts the year that full indexing is reinstated, if indeed it is reinstated. This loss is due to the fact that re-indexing, when it takes place, will be established on a reduced basis, thus creating a permanent shortfall in benefits into the indefinite future.

In doing what they have done to old age security pensions, the Liberals have made a significant social policy decision which should not go unnoticed. They have attacked a universal program. They have set a precedent which must not go unchallenged, a precedent which demonstrates that when the Liberals have to choose between the social programs and the interests of their big-money friends, it is the big money that wins and the pensioners who lose.

We in the New Democratic Party are not surprised. We have always maintained that the loyalty to big money is the fundamental loyalty of the Liberal Party, in spite of whatever naive delusions that certain Liberal backbenchers might maintain about that party. In spite of those fantasies, when it comes to a choice between big money and pensioners, the pensioners lose. We are not surprised, but we do regret the consequences for the elderly in Canada. They deserve better than to be used as scapegoats in a fight against inflation they have not caused for the benefit of those who have caused it.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, the hon. member raised a very serious topic and then treated it badly. Let me make it very clear right now that this government does not intend to abandon any of its commitments to retired Canadians—on the contrary. As public opinion grows in reaction to the June 28 budget, it is quite clear that pensioners agree with the government's actions. We have not asked Canadians to cut back at the expense of the elderly, as my hon. friend tried to claim.

My friend referred to our big-money friends, the supposed pals of the Liberal Party. No such pals exist. Those are the

people who know how to take advantage of inflation. They want to promote inflation, to continue those kinds of sick economic policies that undermine the very health of our economy because they personally make a profit from it.

We in this party say that the pensioners, the low-income earners and the veterans are the victims of inflation. That is why we must stop inflation. We have said that 12 per cent weakens our economy, that 6 per cent makes it grow and prosper. That message must be communicated.

The hon. member quite rightly brings to us, and I applaud him for it, a very sharp reminder of our duties toward vulnerable people. Let me give an equally sharp reminder to him. If he constantly panders to people's fears, constantly assures them that the government will fail, and constantly says that 12 per cent plus will be the normal, that is what will happen. People like him have an obligation to bring a message to us, but they have an equal obligation to take a message home. They must also say to people that if they demand 12 per cent, if they demand more and more out of the shrinking pie then they will rob the pie until there is no more.

• (2220)

We are not going to abandon our commitments to older people. We have the $35 monthly increase in the guaranteed income supplement; just as we have ensured that the people getting the GIS are protected and continue to get full indexing. We have met the demands of the veterans in regard to pensions, just as we have met the demands of the lower-income families in regard to the increase in child tax credits. We are now continuing our commitment to low-income Canadians.

I would let the hon. member know that cheap rhetoric about the big gap there is, does not wash. He weakens his own argument. He must bring his argument to us and match it with a reminder to Canadians to learn how to cut down just a wee bit, in order to fight this terrible disease, inflation. It is a disease which hurts the weakest, who are the most vulnerable. If the hon. member has a message for me, he must also have one for his fellow Canadians.

Some hon. Members: Hear, hear!

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

At 10.24 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, July 14, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

AGRICULTURE

SEED POTATO INSPECTION FEE—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, the Minister of Agriculture (Mr. Whelan) has proposed an 8 cents per hundredweight additional charge to the cost of seed potato inspection paid by farmers in P.E.I. and New Brunswick. This amounts to a 1,200 per cent increase in the cost. This increase is being imposed while the inspection service to the producers is being reduced. Therefore I move, seconded by the hon. member for Carleton-Charlotte (Mr. McCain):

That the Minister of Agriculture aid his government in creating a 6 per cent country by greatly reducing his potato seed inspection fee.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENVIRONMENTAL AFFAIRS

POLLUTION DANGER TO LAKE ONTARIO—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, a New York State study shows that levels of the deadly chemical dioxin in the Love Canal area during the years 1980 and 1981 were among the highest ever recorded. Just recently a United States district judge approved an environmentally unsound toxic waste agreement relating to the Hyde Park dump, one which will allow the continued seepage of deadly chemicals from the dump into the Niagara River and on into Lake Ontario. I therefore move, seconded by the hon. member for Simcoe South (Mr. Stewart):

That whereas four million Canadians use the waters of Lake Ontario for drinking and recreational purposes, the Minister of the Environment take positive action now, even to the extent of taking legal proceedings so as to protect the water quality of Lake Ontario and particularly to prevent the agreement entered into with respect to the Hyde Park dump from becoming a precedent with respect to the Love Canal.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE MINISTRY

CALL FOR REDUCTION IN SALARIES—MOTION UNDER S.O. 43

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Yesterday Agriculture Canada announced that it takes $450 more this year than last year to provide the average family with a basic healthy diet. Therefore I move, seconded by the hon. member for Churchill (Mr. Murphy):

That the Prime Minister and his cabinet show Canadians how their 6 per cent restraint program will work and agree to lower their salaries to that of the ordinary Canadian, and that they attempt to feed, clothe and shelter their families on $18,600 this year, finding a way to cope with price increases that are currently running at twice the level of their recommended 6 per cent solution.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AIR TRANSPORT

DOMESTIC CHARTER FLIGHTS—MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, bearing in mind the geography of our nation and our settlement patterns which, combined, tend to lead to more regionalism than would be desirable in our nation, and noting that you can fly more cheaply from Edmonton to Hawaii than from Edmonton to Quebec City, more cheaply from Vancouver to London, England, than from Vancouver to Toronto, or more cheaply from Toronto to Florida than Toronto to Calgary, I move, seconded by the hon. member for Malpeque (Mr. Gass):

That this Parliament encourage the Minister of Transport to set in place policies that would allow for more extensive use of internal charter air flights and that these policies be set with the objective of nation building and harmonizing each region's understanding and appreciation of this great nation, Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

THE ECONOMY

CALL FOR REDUCTION IN INTEREST RATES—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, despite attempts by the government, through measures contained in its recent budget and other hastily conceived responses, the situation with respect to the business community remains dangerously critical. In the first six months of this year business bankruptcies climbed to 5,383, that is, 37 per cent higher than during the same period last year. That is to say that 5,383 employers lost their businesses. Experts feel the number may be as much as five times higher when those who do not bother to file for bankruptcy are included in the total. The tragedy is compounded when, using estimates of 11 employees per company as an average, the number of jobs lost, because of these businesses folding, could be well over 250,000 since the first of the year. I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the government take immediate action to reduce high interest rates in Canada, rates 3 per cent higher than in the United States, and rates which are a direct, major cause of this devastation of our business community.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

INCREASE IN FOOD PRICES—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, the Department of Agriculture reports that, due mainly to Liberal high interest rates and a devalued Canadian dollar, food prices rose 1.3 per cent in the month of June alone and so far are up 10.5 per cent on a year to year basis. At the same time the government proposes to limit wage increases to 6 per cent. Therefore I move, seconded by the hon. member for Okanagan-Similkameen (Mr. King):

That the Minister of Agriculture explain to this House how he expects ordinary Canadians to feed their families under the regime imposed by the Liberal government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ENVIRONMENTAL AFFAIRS

CALL FOR COMMITTEE STUDY OF TOXIC CHEMICALS—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43 to raise a matter of urgent and pressing necessity. In May the New Democratic Party Environment Task Force released a report on the problems of toxic pollution in the Great Lakes and Niagara River. Since then there have been further reports of dioxin contamination, and further cutbacks to Great Lakes research by the Reagan administration. A task force recommendation for an all-party committee to study these and related problems was presented to this House by the NDP House leader on June 30. Since we have now learned that the Minister of the Environment is opposed to this idea, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House supports the idea of an all-party committee to study the production, use and disposal of toxic chemicals in Canada; and that the Minister of the Environment show some leadership by supporting the proposal.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

INCOME-AVERAGING ANNUITY CONTRACTS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the farmer's retirement pension is his land, and the businessman's nest egg for retirement is his business. Farmers and merchants do not get pensions from governments or Crown corporations. The November 12 budget ruined the retirement plans of hundreds and perhaps thousands of farmers and businessmen through the elimination of income-averaging annuity contracts. Therefore I move, seconded by the hon. member for Erie (Mr. Fretz):

That the IAACs be reinstated in order that our merchants and farmers, who have contributed to this country for up to fifty years or more, may have a reasonable chance to retire in some dignity.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

HUMAN RIGHTS

VIOLATIONS IN UKRAINE—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, according to the World Congress of Free Ukrainians there has been particularly severe repression taking place in the Ukraine in the last few years, and especially in the last few months. Apparently the Government of Canada has not had a single release of a Ukrainian political prisoner attributed to its efforts. I move, therefore, seconded by the hon. member for Dauphin (Mr. Lewycky):

That this House instruct the Canadian government to become more sensitive to this area of human rights violations and more forceful in demanding changes in the plight of specific Ukrainian political prisoners and repressed persons.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

INCREASE IN RATE OF GOVERNMENT REGULATED PRICES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Minister of Finance. I am sure the minister is aware that a Statistics Canada paper has recently pointed out that while inflation increased during the period April, 1981, to April, 1982, by 11 per cent, government regulated prices, that is, prices on telephones and heating, and hidden taxes such as those on the sale of stamps and gasoline prices, have increased by 18 per cent, while market prices have increased by only 9 per cent. Since this government-controlled component of inflation has clearly played a predominant role in our inflationary problem, would the minister explain why the government has done nothing more than put a wishy-washy statement in his most recent budget to try to address this problem?

• (1415)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the statement was clear and firm, and it will be implemented.

Mr. Paproski: When? 1986?

Mr. Wilson: That is the sort of response which undermines the total efforts of the government to get a restraint program working.

DIRECTIVE TO REGULATORY AGENCIES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the minister must surely be aware that regulatory bodies have to abide by legislation, by regulations, and by their past practices in carrying out the regulatory process. They are not compelled to respond to some general statement in a discredited budget.

Is the government proposing to issue a specific overriding statement to these bodies to put some teeth into the request he appears to have made and, if so, what will be the nature of such a directive?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think I indicated earlier in reply to questions that it was the specific intention of the government to direct the agencies within its jurisdiction not to exceed the 6 per cent and 5 per cent guidelines. The Prime Minister has already communicated the wishes of the government to all the ministers, who in turn will be in touch and communicate with the regulatory bodies. In adition to that, it is the intention of the government to monitor very carefully all price changes within the government structure and to limit them to 6 per cent, unless circumstances justify different treatment.

Mr. Clark: What circumstances?

Mr. MacEachen: This aspect of the 6 per cent limit will be followed very carefully by the government through the regulatory agencies and through the departments of government. If the hon. member has further suggestions as to how this particular aspect might be undertaken, I would be glad to hear from him because I expect he and his party would also be prepared to support all efforts to bring the economy from the present 12 per cent level of prices to a 6 per cent level of growth and recovery.

Mr. Wilson: Madam Speaker, let me make it quite clear that we do support a program of restraint if it means something.

Mr. Chrétien: Vote for it.

INQUIRY RESPECTING PROPOSALS TO PROVINCES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, what I am trying to find out is whether there is something in the direction the minister is taking, or the whole government is taking, with respect to regulated prices which will have some teeth, which will work, and which will bring down regulated prices from the 18 per cent level of the past year to something closer to the 6 per cent and 5 per cent in the budget. Unless there is a specific directive, a statement by the minister, a budget has no weight at all.

Let me ask a final question of the minister. Since restraint efforts can only succeed if governments can be seen to be doing everything they can to control prices under their jurisdictions, and since prices are the main problem, would the minister

advise the House whether the government has put forward any specific proposals to the provincial governments to address the problem of regulated prices?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has spoken about administered prices as if they were the single component of the restraint program. They certainly are an important component, but an even more important component is the wage restraint program which is now before the House of Commons. Wages and incomes constitute the greatest source of increases throughout the entire economy. the hon. member could help us all by getting the bill that is before the House to committee at the earliest possible date.

• (1420)

The hon. member will have to wait to see the program develop, because there will be specific instances of price increases that will be proposed in excess of 6 per cent that will have to be dealt with by the government. In cases where it is possible, it is the intention of the government to review the conclusion of regulatory agencies and to insist, if any prices recommended are above 6 per cent, that they be justified in the circumstances. I assume that the hon. member would agree that in certain circumstances it would be absolutely necessary to permit prices to rise above the 6 per cent level, but they would be exceptional circumstances and would have to be justified on a case by case basis.

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NATIONAL PARKS

BANFF—PROPOSED INCREASE IN LAND RENTS

Mr. Gordon Taylor (Bow River): Madam Speaker, may I address a question to the Minister of the Environment who is in charge of national parks. Given that restraint in increasing prices is essential if there is to be effective wage restraint; and given that this government is asking industry and business to keep down prices and wages; and given that in the Banff town site Parks Canada is holding wages to 6 per cent but is increasing rentals by from 15 to 40 per cent and perhaps more, is the government prepared to practise what it preaches and cut the proposed increases in land rents on August 1 to not more than 6 per cent?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, the hon. gentleman is referring to a decision which was taken two years ago and which was required to be taken because at that time leases had expired. He knows, or ought to know, that there are a variety of leases, whether cottage leases or commercial leases, and whether people have a need to reside in the parks or not. Other than for commercial purposes, the increase in leases is below 6 per cent and, indeed, there is considerable criticism that the rents being charged are below what should be charged, and are below what is charged in similar circumstances in the eastern part of the country. I do not think it would be appropriate for me to follow the course of action that the hon. member has suggested.

RENTS CHARGED TO PARK EMPLOYEES

Mr. Gordon Taylor (Bow River): Madam Speaker, the minister is not keeping a close tab on what is going on in Banff. Workmen in his department are now getting rental increases of 15 to 30 per cent, that is $100 per month, on August 1. Will the minister tell us how an employee who receives a 6 per cent increase in wages will be able to pay a 20 or 30 per cent increase in rent? That just does not make sense.

Will the minister also tell us why we are being asked to fight inflation when the government's policies are inducing inflation? As the minister knows, the rentals in Banff have increased by 100, 1,000, and in one case by 1,045 per cent. That is inducing inflation? Would the minister comment on that?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, I would be happy to do so. If the hon. member is referring, as his question seems to imply, to people who need to reside in Banff in order to accomplish their work, then they pay a nominal rent which is well under $500 per year.

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SMALL BUSINESS

REQUEST FOR ASSISTANCE

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is directed to the Minister of Finance who will know that today we found out that business bankruptcies have increased by 37 per cent in the first half of 1982 and that, if receiverships and walkaways are included, the figure would probably be 25,000 or 30,000 individual firms. Presumably the government is planning to assist Dome Petroleum during its financial difficulty. Does the minister plan to assist the probable 25,000 to 30,000 businesses that also will be in financial difficulty in the remaining six months of 1982?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker. A number of measures have been announced in the budget that will have the effect of assisting small businesses which may be in financial difficulty. It would be desirable if more could be done, but within the circumstances that presently face the government it is doing the maximum that is possible to assist small businesses get through this difficult period.

• (1425)

Mr. Riis: Madam Speaker, if memory serves me, it seems the budget assists small businesses expanding their operations, in that the small business bond of course is virtually no longer available to assist the survival of small businesses.

BANK OF CANADA

REQUEST THAT GOVERNOR BE DIRECTED TO LOWER INTEREST RATES

Mr. Nelson A. Riis (Kamloops-Shuswap): To go into another area, Madam Speaker, we all know that the reason businesses, large, medium or small, are having difficulty surviving is because of high interest rates. The Bank of Canada Act, in Section 14(2) says:

—the Minister may, after consultation with the Governor and with the approval of the Governor in Council, give to the Governor a written directive concerning monetary policy, in specific terms and applicable for a specified period, and the Bank shall comply with such directive.

Is the Minister of Finance prepared to provide the survival mechanism for all business in Canada and all Canadians by directing the Governor of the Bank to lower interest rates?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the simplicity with which the hon. member asks the question might lead some people to believe that it is a solution to the current problems. There is no way in which an effective reduction of interest rates can take place without first a reduction in the level of interest rates in the U.S. and a reduction in the level of inflation in Canada. A directive to the Governor of the Bank seeking an arbitrary reduction in interest rates, unrelated to the economic facts which exist in the country, would have very damaging effects on the future of the economy. What might appear as a temporary lowering of interest rates would undoubtedly lead to a considerable number of adverse consequences, including subsequently higher interest rates in the country. That is why I have not thought it wise to ask the Governor in a directive to do the impossible.

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BANKRUPTCIES

INCREASE IN NUMBER AND IN LIABILITIES

Mr. David Orlikow (Winnipeg North): Madam Speaker, we know that business bankruptcies have increased by 37 per cent in the first six months of this year. Over 5,300 businesses have gone bankrupt, with liabilities almost double last year's $1 billion. The reason they are in trouble is because of high interest rates.

Given the fact that up until now the majority of bankrupt companies have been small and medium size, but today's *Financial Times* suggests that by winter many large companies will be going bankrupt, and given the fact that the minister's budget proposals for helping business have all been referred to that blue ribbon committee of experts who will not report until September, so that it will likely be next January before the minister has any proposals to help, can we assume that he has no further ways to help business reduce interest rates, and therefore by the end of the year we will see that 11,000 or 12,000 businesses have gone bankrupt?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member states that the cause of the bankruptcies is high interest rates. Has he stopped to ask himself what is the cause of high interest rates?

Mr. Crosbie: This government is.

Some hon. Members: You.

Mr. MacEachen: My answer to that question is high prices. Until we get our rate of inflation down, do not ask for relief on the interest rate front. If the hon. member were serious in his question and in his interest, he would co-operate with the President of the Treasury Board and get the wage restraint bill through to committee, instead of taking up endless time obstructing it in the House of Commons.

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HOUSING

RENT INCREASES CHARGED BY CANADA MORTGAGE AND HOUSING CORPORATION

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is also directed to the Minister of Finance and refers to some of the comments he made earlier today when he appealed for help from the opposition in respect of instances where there can be a rollback. May I point out to him something that is well known to the minister responsible for housing, because I have had correspondence with him, as have other members, about rental increases in many of the over 9,000 rental housing units across the country owned by CMHC. When the minister talks about help with agencies within federal government jurisdiction—I have two instances here, one in my riding where rents went up on July 1 by 20 per cent, and another one in Pierrefonds, Quebec, in the riding of Vaudreuil where rents have gone up 42 per cent since the budget, did the Minister of Finance intend this rollback to 6 per cent to apply to CMHC, a federal government agency?

• (1430)

Mr. Crosbie: The minister of housing does now know.

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I answered a similar question yesterday afternoon put by an hon. member of the New Democratic Party.

Mr. Baker (Nepean-Carleton): Do it again.

Mr. Cosgrove: I indicated that the advice from my officials, and preliminary advice in looking at the definition of a regulatory body as used in the statement of the minister on the night of the budget, at first review did not include Canada Mortgage and Housing Corporation under its mandate, under the National Housing Act. More than that, I further indicated that in an attempt to meet the spirit of the government's move in its determination to get inflation down to 6 per cent, officials are looking at what the impact would be on the taxpayer

of our attempt to control the deficit and also to control the inflationary pressures, both in wages and in prices, that appears in the rental figures which the hon. member has used.

APPLICATION OF RESTRAINT PROGRAM TO CANADA MORTGAGE AND HOUSING CORPORATION

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my supplementary question is for the Minister of Finance who must be aware, as are most members of the House, that the public is fed to death with this minister of housing fiddling around with reviews and waiting to see what the impact is going to be.

Mr. Crosbie: They are fed up with the Minister of Finance and with the Prime Minister.

Mr. Lawrence: My question is a blunt one, either to the Prime Minister who has sent a letter to all of his cabinet, or to the Minister of Finance. These properties are owned by CMHC and rented by CMHC, on which there have been huge rental increases since the budget; in most cases as of July 1.

Mr. Crosbie: Dominion Day.

Mr. Lawrence: Does that 6 per cent restraint program indicated in the Minister of Finance's budget—I will not repeat his words but they certainly cover vital commodities—cover CMHC, or does it not? One way or the other, please.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have made it clear, I think many times in the House, that the restraint program will apply to all agencies and all departments of the government.

Mr. Crosbie: When?

Mr. Clark: Parks Canada?

Mr. MacEachen: It applies to increases that come into effect over the next 12-month period.

Mr. Crosbie: What about Sussex Drive? Does it apply there?

Mr. MacEachen: The hon. member will realize that with respect to roollbacks, as he used that term, the only one that has occurred is with respect to the salaries of ministers and Members of Parliament, salaries which were reduced from 11 per cent to 6 per cent—or will be reduced as of July 1. I attempted to reason earlier with the hon. member's colleague that in certain cases price increases for institutions and for public utilities might be justified. The premiers, I understand, suggested at the First Ministers' conference that in certain cases their public utilities would not be able to follow the 6 per cent guideline because they would be losing money or they would be unable to cover their cost increases. That seems to me to be a reasonable point to make.

Mr. Baker (Nepean-Carleton): What a dodge.

Mr. MacEachen: But, Madam Speaker, I want to ask the hon. member would he support keeping the justified cost increases or rental increases to 6 per cent in CMHC, and increase the deficit by a similar amount—

Some hon. Members: Oh, oh!

Mr. MacEachen: —which is a decision the government would have to take.

Some hon. Members: Oh, oh!

Mr. Andre: Zap, you're frozen.

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BANKRUPTCIES

IMPACT OF BUDGETS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is for the Minister of Finance. The minister clearly has one standard for people working for the government and another standard for government charges.

Mr. Baker (Nepean-Carleton): That is absolutely right.

Mr. Blenkarn: The government can charge whatever it feels like but, as far as what the government pays out, it is going to limit its expenses. That is another way of increasing taxes on Canadians.

Mr. Crosbie: That is right.

Mr. Blenkarn: Since June 30, 1980, bankruptcies in terms of liabilities have increased 260 per cent, and the minister has been Minister of Finance all during this period. I would ask him to tell us right now where, in his three budgets, did he do anything to reduce interest rates and to improve the inherent business conditions in the country? Or is that 260 per cent increase in business bankruptcy losses the direct evidence of the kind of management he has given the country?

Mr. Malone: Wreckonomics.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member's question is purely rhetorical and purely political.

Some hon. Members: Oh, oh!

Some hon. Members: Shame!

Mr. MacEachen: Maybe the member would like to reflect upon a period, say, in 1978, when I was not Minister of Finance, when bankruptcies were running at 42 per cent in the first six months of the year. How would he put that in his pipe and digest it?

Mr. Baker (Nepean-Carleton): You can do better than that.

Mr. Crosbie: It is Chrétien's fault.

Some hon. Members: Oh, oh!

LEVEL OF INTEREST RATES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my supplementary question is for the Minister of Finance. The minister knows that every person commenting on the matter has talked about the fact that interest rates are the principal cause of business defalcations and the problems we have. We have had a high interest rate program in the country for nearly all of the time the minister has been Minister of Finance. What programs has the minister initiated over three budgets to reduce interest rates? While he is figuring out another fast, smooth, and cute answer for that one, will he tell the House why Canadian business today pays at least 3 per cent more for borrowed money than business in the United States pays for borrowed money?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, maybe for starters the hon. member might understand that the rate of inflation in the United States is about 7 per cent.

Some hon. Members: Oh, oh!

Mr. Huntington: Why is that?

Mr. MacEachen: It is close to 12 per cent in Canada.

Some hon. Members: Oh, oh!

Mr. MacEachen: That might help the hon. member in a study of the elementary facts facing our economy.

* * *

PUBLIC WORKS

FUTURE OF DALY BUILDING IN OTTAWA

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, my question is addressed to the Minister of Public Works. It deals with the fate of the Daly Building, a federal building in my riding which has been vacant for at least three years. The press has reported today that the building in question will be demolished. I would like to know from the minister whether that decision is final, when the building will be demolished, and does the minister have any comments to make on the decision?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the issue of the Daly Building, I am sure, is of interest not only to members on this side of the House but to those on the other side of the House as well. It is an issue that is a difficult one for many people inasmuch as it attracts very heated opinion one way or the other, on both sides. It is because of that, and in light of press information on the decision of Treasury Board, that I have indicated it is my wish to appeal that decision and to put the issue in the context of a study that is under preparation, of the total accommodation within the Ottawa capital region.

Mr. Clark: Another study?

HOUSING

PROPOSED MORTGAGE REDUCTION SCHEME

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a question that I believe only the Prime Minister can answer.

Some hon. Members: Oh, oh!

Mr. Crosbie: Only your best friend will tell you.

Mr. Deans: I hope the Prime Minister can answer it. He will recall that two days ago he was asked whether or not the cabinet had finally decided on the implementation of the mortgage interest relief program which had been indicated was to be under consideration, according to the budgetary statement of the Minister of Finance.

• (1440)

I am sure the Prime Minister will recall that he said that the cabinet had not made a final decision and therefore it would not be possible for him to commit the government to a 3 to 6 per cent decrease in mortgage interest rates for people purchasing homes. He surely must know that not only did the minister of housing indicate that the program was in place but he has subsequently indicated in a press interview, carried in today's *Globe and Mail*, that only the detail remains to be worked out, and that the program is forthcoming. Who is right?

Is there such a program and will it materialize? Is it forthcoming? Can people go out and buy houses secure in the knowledge that that program will in fact yield the benefit of the 3 per cent to 6 per cent decrease in mortgage rates?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, since the program was put forward in the budget, and more particularly in the form of a white paper, it does indicate the government's commitment to carry out that program. That is what a white paper is. It is not a green paper only involving consultations on possibilities. It is a program of the government. That is stated in the white paper. It has been stated in the budget of the Minister of Finance, and the minister of CMHC responsible for housing is quite correct in indicating that it is a government policy.

Mr. Clark: It is on again.

Mr. Trudeau: But the implementation of that program will be in the nature of all policies which flow from white papers.

Mr. Crosbie: Maybe, maybe not.

Mr. Trudeau: They are put in the form of white papers—this is well known to all parliamentarians—precisely because they are made to be the objects of consultation—

Mr. Crosbie: And ridicule.

Mr. Trudeau: The ridicule that the Tory members are mentioning now generally comes from the Tory party and it is because they look at their own navels too much.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Munro (Hamilton East): Not a very attractive prospect either.

Some hon. Members: Oh, oh!

Mr. Crosbie: They do not want to have to look at yours, too.

Mr. Trudeau: Madam Speaker, I at least address my answer to the members of the NDP who are interested in this mortgage instrument and interested in seeing interest rates come down.

Mr. Stevens: One socialist to another.

Mr. Trudeau: That is the situation. I made it quite clear in the House that we had a white paper because we wanted consultation with the various institutions and people who are involved in the implementation, in the application of such a policy. Naturally, we have to wait for the results of that consultation before we can say that we are going ahead with the implementation of it. That is exactly the situation. The government has that policy. We want to see it applied, but we do want the feedback from that committee which we set up, before proceeding with the legislation.

Mr. Deans: I appreciate that answer, I must say.

IMPLEMENTATION OF GOVERNMENT POLICY

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, referring to the budget statement, the Minister of Finance said, as reported at page 18880 of *Hansard* of June 28, 1982:

> Tonight, I am tabling a consultative document containing proposals, which, if implemented, would have the following major effects: . . . Buyers of new homes would be able to secure mortgages at significantly reduced interest rates—3 to 6 percentage points lower than prevailing rates.

I ask the Prime Minister if I can then assure Canadians who come to me that they can renew mortgages today, that they can buy homes today, and that they will be able to take advantage of the 3 per cent to 6 per cent reduction that the Prime Minister has indicated is government policy and will be forthcoming, and on what date can they expect to see that policy brought to the House of Commons for deliberation and disposal?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, my answer would be just as conditional as the question is. If the blue ribbon committee, the consultative committee, is prepared to support this policy of the government in general terms and in detail, and then if the House of Commons will give expeditious approval—

Mr. Taylor: If, if, if.

Mr. Trudeau: —then he can give this assurance to his constituents. I keep getting interruptions from the Tories again about the hypothetical nature of it. As parliamentarians they should know what a white paper is. It is the intention of the government to apply and implement the policy. It is done in the form of a white paper rather than the introduction of a bill for first reading, because we want to go into consultation. It is possible, perhaps even likely, that the people whom we are consulting will suggest some form of modification which will be an improvement.

Mr. Deans: But it will happen?

Mr. Trudeau: In that case we would be happy to accept it. It is our intention to pass this legislation, to bring it into policy. But it is not our intention to pre-empt the conclusions of that committee. They agreed to sit on a committee for the purpose of improving the policy enunciated in the white paper. If their intention was to condemn it, presumably they would not be on the committee. Therefore I think that the hon. member can give that assurance as to the policy. I do not think he should give assurance as to the particular details.

Some hon. Members: Hear, hear!

QUERY RESPECTING PROVISION OF GUARANTEE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, is the Prime Minister giving us a guarantee that the Canadian government will implement a system for providing loans at 3 per cent to 6 per cent below the market rate?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would refer the Right Hon. Leader of the Opposition to my previous answer.

Mr. Clark: No, you are not going to get away quite that easily, Prime Minister.

GOVERNMENT POSITION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the new definition of a white paper is a snow job in the hands of this government.

Some hon. Members: Hear, hear!

Mr. Clark: Let me put the question very directly to the Prime Minister of Canada. Is he giving the House of Commons a guarantee that the Canadian government will implement a system for providing loans at 3 per cent to 6 per cent below the market rate? Is he giving us that guarantee?

Right Hon. P. E. Trudeau (Prime Minister): If the right hon. member refers to the question asked by his colleague in the New Democratic Party, he will see that it is, in essence, the question I was attempting to answer. I am sure that the Right Hon. Leader of the Opposition would have been able to

understand my answer if he had not been drowned out by the guffaws of people sitting behind him and next to him.

Some hon. Members: Hear, hear!

STATEMENT MADE BY MINISTER OF PUBLIC WORKS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Prime Minister may know that in a broadcast on July 11, a texted broadcast, his minister responsible for housing said, "The Canadian government will implement a system for providing loans at 3 per cent to 6 per cent below the market rate." Was the minister telling the truth?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the right hon. member refers to my answer he will see the answer to that question.

Some hon. Members: Oh, oh!

* * *

INDIAN AFFAIRS

INDIAN ECONOMIC DEVELOPMENT FUND

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. The poorest people in Canada, the Indian people, are having difficulty pinning down the Indian Economic Development Fund. This fund is essential to provide employment for those people. Can the minister say whether the $345 million set aside for the next four years will be spent, and is the deferral just for two years? The native people want to know this.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Yes, Madam Speaker, essentially that is correct. It is a deferral. It is not a cutback in the over-all amount. The shortfall for this year and next year will be added to the back end of the over-all commitment, which remains.

NATURE OF DEFERRAL

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, the native people and I are having difficulty finding this money in the estimates. We would also like to know just what the relationship is between the Indian Economic Development Fund and the Western Economic Development Fund and if this deferral is, in fact, moneys coming out of that fund, a fund in which we have not seen any money to date?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, the plans for this fund and the terms of its over-all amount, the $345 million and the number of years that it is spread over, are referred to in the Minister of Finance's budget speech or, more particularly, the papers that backed up that budget speech. If the hon. member wishes to check it, he will find all the relevant material there. If he is not able to see it, I will be more than pleased to point it out to him.

* * *

• (1450)

LAW OF THE SEA

UNITED STATES REJECTION OF TREATY—EFFECT ON MINING EMPLOYMENT

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is directed to the Secretary of State for External Affairs and relates to the Law of the Sea Treaty and the development in that particular area which was brought to the world's attention last week. By now I am sure that the minister will have had an opportunity to examine closely the statement of the U.S. administration, and to have spoken with his colleagues, particularly the Minister of State for Mines and other ministers. Recognizing that Canada is an important producer of nickel and copper, I am wondering whether he is in a position to say what effect the U.S. decision will have on Canada's employment opportunities down the road, recognizing that this matter would not apply next year but that it is coming?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the Government of Canada is very disappointed with the announcement of President Reagan that the United States will not participate in the Law of the Sea Treaty. We are presenting a note to the United Sates, I believe today, to that effect. Nevertheless, we will continue with our intention of making that treaty as universal as possible.

With respect to the kind of question that the hon. member asks, it is really far too soon to estimate the possible effects on employment. For example, the continued presence of the United States might have led to further modifications in the Law of the Sea Treaty with respect to deep seabed mining which might have been less favourable to Canada. I think it is therefore impossible for us to answer, in a precise and short fashion, the kind of question which he asks. But, generally speaking, the decision by the United States not to sign the treaty and not to continue in negotiations is a retrogressive step.

IMPACT ON OFFSHORE ECONOMIC ZONE

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, bringing the matter closer inshore, and closer to us in the matter of time, is the minister prepared to make any comments on the implications of U.S. withdrawal from the convention on Canada's exclusive economic zone, as far as fishing, exploration for petroleum resources, mining, and pollution are concerned?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I think that there will be no adverse effect to our claims under the treaty, assuming that the treaty goes into effect, and that we are signatories of it, which I fully expect we will be. The question is whether the United States would be able to make similar plans, whether it could be successfully argued that the provisions of the treaty were limited in their advantages to those who are actually participants in the treaty and are not matters of general international law, or customary international law, as a result of the treaty. I think that this is a legal argument and an international political argument concerning which there will be much controversy in the years to come.

* * *

MEDICAL CARE

PROVISION OF SERVICES IN NOVA SCOTIA

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, my question is one that I might normally address to the Minister of National Health and Welfare, but seeing it is becoming increasingly apparent that it is the Minister of Finance who is in charge of medicare, I will direct my question to him. The Minister of Finance will know that in Nova Scotia, his home province, the provincial minister of health recently announced lay-offs in the health care sector and that user charges are about to be introduced in that province. The reason given for this is the deficit of that province and the related reduction in federal transfer payments. This is exactly what I warned would happen when the federal government cut back the money attributable to compensation for the termination of the revenue guarantee. Irresponsible Tory governments have been given an excuse for attacking medicare.

Some hon. Members: Oh, oh!

Mr. Blaikie: Will the government now admit that it was wrong and that it recklessly played with the future of medicare in this country, and will it now do something about that mistake that it made earlier this year?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, it will be difficult for a province, be it Nova Scotia or any other province, to impose user fees in the health system on the grounds that moneys were reduced for health payments to the provinces, because they were not. The provinces are receiving, on the average, for every one of the coming five years, an increase of approximately 13 per cent in health payments, so I do not understand how user fees could be charged to people in Nova Scotia—

Miss MacDonald: It is 4.6 per cent.

Miss Bégin: —on the ground of a supposed reduction which never took place.

FEDERAL FUNDING

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, the Minister of National Health and Welfare knows that she, along with the Minister of Finance, created the political context for the things that are happening in medicare in the provinces. The parliamentary task force said that the federal funding of health care was adequate, but its analysis included the revenue guarantee money. Since then, federal funding has been reduced and costs have increased.

Will the government reconsider its ill-advised funding reduction and resume a posture which would make it possible for the government to bargain with integrity for clarified, toughened and enforceable national health care standards?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, last summer the provincial premiers among whom was the Premier of Nova Scotia, said themselves that they never spent the revenue guarantee on health services, so there is no way they can now pretend that their cut backs had anything to do with the federal government.

Mr. Blaikie: You always did. You changed your mind.

* * *

INDUSTRIAL AND LABOUR ADJUSTMENT PROGRAM

REQUEST FOR DESIGNATION OF GUELPH AREA IN ONTARIO

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is directed to the Acting Minister of Industry, Trade and Commerce. Over one month ago officials from the Guelph area met with the minister to request that their area be designated under the ILAP program. Since then figures have been released showing that lay-offs in the Guelph area in June of this year were higher than in June of last year by some 452 per cent. Now that the Minister of Industry, Trade and Commerce has looked after his own area through a $6 million interest-free loan, when will the people of the Guelph area be hearing from the minister?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, the Cabinet Committee responsible for the Industrial and Labour Adjustment Program will be sitting between now and the end of July to consider applications under this program.

[*English*]

CRITERIA FOR DESIGNATION

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, in the month of June the community of about 75,000 had lay-offs totalling 1,077, and the city's welfare budget was overspent by some 30 per cent at this point. What evidence is needed by the government before it is prepared to take action

to mitigate the disastrous effects in this area caused by the government's general economic policies?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, although the hon. member sounds very convincing, I did not attend the meeting with the city officials of Guelph, so it would be very difficult for me to give a satisfactory answer to his question at this time.

* * *

[*English*]

GOVERNMENT OF CANADA

DECENTRALIZATION OF PORTIONS OF DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Minister of Finance. Earlier in the question period the minister said that his restraint program would apply to all departments of government. I am concerned that his program is being undercut by some of his ministers. Is the minister aware of the fact that there was announcement yesterday by the Minister of National Health and Welfare of a massive and expensive decentralization and relocation program, involving movements of part of that department from Toronto to Peterborough, Chatham and Timmins, and from the national capital area to Peterborough, Chatham and Timmins, a very expensive program in a period of restraint? If he was aware of that, can he tell us how that will help to reduce the deficit? If he was not aware of it, would he undertake to look into it from the point of view of the reduction of the deficit?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I was aware of that announcement. Indeed, I participated in the announcement effecting the relocation from Halifax to Sydney, Nova Scotia, of a branch of the minister's department. The hon. member has not related the implementation of our decentralization policy to the price guidelines of 6 per cent and 5 per cent. I do not see the relationship between the decentralization program and these price guidelines. I was pleased that we were able to restore these projects which had been so unjustifiably cancelled by the former government during its short period in office.

Mr. Baker (Nepean-Carleton): If the Minister of Finance does not see it, most other Canadians do. Public servants and others are being asked by the government to accept a cap of 6 per cent and 5 per cent with respect to their own personal programs, but it does not apply to the government, and that is the message in this restraint program.

• (1500)

TIMING OF TRANSFERS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I want to ask the President of the Treasury Board this question. Is it true that he sent the Minister of Public Works to Peterborough to make his announcement about a change that is going to take place in 1986? Is there some motive in the fact that these agencies are moving into the Liberal ridings of Timmins, Sydney, and Chatham in 1984 and 1985, but moving into Peterborough just in time so that they can arrive after the next election and can therefore be promised by the candidate in Peterborough at the time of the next federal election?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, yesterday morning I did attend in the Conservative riding in which the city of Peterborough is located. I attended a press conference under the chairmanship of the mayor of Peterborough, who welcomed the news of some job generation activity by the federal government in that Conservative riding. I might say that I did that in co-operation with the Minister of National Health and Welfare.

Mr. Clark: What are your plans for 2003?

* * *

POINTS OF ORDER

MR. DEANS—ABSENCE OF MR. ETHIER

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise on a point of order. I have noted over the course of the last few days that the Deputy Chairman, the hon. member for Glengarry-Prescott-Russell (Mr. Ethier), has not been in the chair. I want to bring to your attention, his attention and the attention of the House that he has been missed, that he enjoys the confidence of the House and we look forward to his return.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: No, he does not enjoy the confidence of the House.

MR. DOMM—ALLEGED MISLEADING STATEMENT OF MR. COSGROVE

Mr. Bill Domm (Peterborough): Madam Speaker, I rise on a point of order with regard to a statement made by the minister responsible for housing. I know that he has either unconsciously or unintentionally misled the House.

Mr. Crosbie: He is unconscious all the time.

Mr. Domm: The minister responsible for housing said he is making this move to Peterborough with the concurrence of the mayor of the city of Peterborough, and that is not correct.

Point of Order—Mr. Nielsen

Madam Speaker: Order. The hon. member is debating a question. He is not raising a point of order.

MR. FULTON—REPLY OF MR. BLAIS RESPECTING TICKETS ISSUED TO PUBLIC SERVICE EMPLOYEES FOR TRAVEL ABROAD

Mr. Jim Fulton (Skeena): Madam Speaker, I rise on a point of order arising out of yesterday's question period. I have had an opportunity to speak to the minister. He said in his answer to me, I recall, that the letter he sent me was in answer to a question that I put on the order paper. That is not correct. I think the minister would like to clarify that. It was in relation to the 1,500 tickets for international travel during a one-month period. The minister said it was for tickets that referred to travel from any place in Canada to foreign countries. I think the minister is now aware that that statement was also incorrect and that the 1,500 were in fact from Ottawa.

Madam Speaker: Order. It is up to the minister or any member to correct a wrong statement. Members may not correct statements of other members.

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

Mr. Domm: Madam Speaker, whether it is a point of order or a question of privilege, I will leave for the Chair to decide.

Madam Speaker: Order. The Chair cannot determine under what circumstances a member is rising. The member has to indicate to the Chair why he is rising, whether it is to raise a point of order or a question of privilege. The hon. member rose on a point of order that clearly was not a point of order. He was obviously debating a question. That is his privilege, but not under a point of order. It cannot be done. I may take this occasion to tell the hon. member that the same question cannot then be brought under a question of privilege.

MR. NIELSEN—RESIGNATION OF MR. ETHIER—POSITION OF OFFICIAL OPPOSITION

Hon. Erik Nielsen (Yukon): Madam Speaker, I rise on the matter raised by the hon. member for Hamilton Mountain (Mr. Deans). In *Hansard* for July 8, as reported at page 19165, the hon. member for Glengary-Prescott-Russell (Mr. Ethier) informed the House he was submitting his resignation to the Prime Minister (Mr. Trudeau) and the members of his caucus. Further on the same page the implication was left that he was tendering that resignation to you. Perhaps a little prematurely, Madam Speaker left the impression that she has authority to accept that resignation. I would submit, of course, that you do not, and that the Prime Minister, the government, and only they, have the authority to appoint officers other than yourself to sit where you are as a result of all-party agreement.

I want, on behalf of the members of this party, to dissociate this party totally from the remarks and the endorsement of the hon. member for Hamilton Mountain (Mr. Deans). I do so because of the rather intemperate words used by the hon. member for Glengarry-Prescott-Russell at the time he was addressing the question of his resignation to the Chair. He said:

> Madam Speaker, as an official of the chair I might be breaking with long-standing tradition when I ask to be recognized, but I have to dissociate myself from what is happening now. We have long-standing practices here and rules of procedure that we all obey. This is a 15 minute bell, and I cannot continue in my responsibilities if members are not going to obey the rules and procedures.

There is a clear inference there, an accusation by an officer of the House.

Mr. de Corneille: Hear, hear!

Mr. Nielsen: Perhaps the reverend member might want to applaud when I have completed the quote.

The member for Glengarry-Prescott-Russell then went on, still serving as an officer of the House, to say:

> Therefore, I am telling my Prime Minister (Mr. Trudeau) and the members of my caucus that I cannot serve as an officer of the chair because those members not present—

Clearly referring to us.

Mr. Deans: How can you say that?

Mr. Nielsen: Because we were the only members not here. He went on to say, clearly referring to us:

> —those members not present do not comport themselves according to the rules and procedures.

That was bad enough, but he went further and made this clear accusation:

> They are not acting as true representatives of this country.

Some hon. Members: Hear, hear!

Mr. Nielsen: I see hon. members in the Liberal Party supporting the government, applauding that kind of language coming from an officer of the chair. They do not know much about this institution if they can support that kind of intemperate language. Therefore, the member in question, having made his own bed, will now have to lie in it. He certainly cannot be accepted by us after making those accusations against members of the House. Otherwise, how in the world can we have any confidence in him, knowing the feelings he has expressed in the written record of *Hansard*?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, regarding this point of order, I would like to explain our point of view, since my fellow House leaders for the two opposition parties have already had a chance to do so. I shall try to be brief and get to the point right away. The basis for the comments made by the hon. member for Glengarry-Prescott-Russell (Mr. Ethier) is an incident that, as the House is aware, occurred last week and involved the application of two of our Standing Orders. The first one is Standing Order 60(8) which determines the procedure to be followed for putting the question on the budget motion, and it stipulates

very clearly that the Speaker shall interrupt the proceedings on the sixth day and forthwith put the question on the main motion. That is as clear as can be! This Standing Order should be read in conjunction with Standing Order 9(2) which deals with the time during which the bells may be sounded, and I quote:

When, under the provisions of any Standing Order or other order of this House, Mr. Speaker has interrupted any proceeding—

That was the case, since the proceedings had to be interrupted because of Standing Order 60(8).

—for the purpose of putting forthwith the question on any business then before the House, the bells to call in the Members shall be sounded for not more than fifteen minutes.

So this is very obvious, and the Standing Order is very clear in this respect. So much so, in fact, that, as I was told some time ago, the House Leader for the Progressive Conservative Party, the hon. member for Yukon (Mr. Nielsen) had taken steps to ensure that this Standing Order would be duly applied and that the bells would not be sounded for more than fifteen minutes. In fact, on that occasion his whip entered the House alone, and ours had to follow subsequently to allow the division to take place. These rules are not new, the procedure is known to everyone and the Standing Order is extremely straightforward.

Therefore, what is the member for Yukon's case against the hon. member for Glengarry-Prescott-Russell, who from his own seat, and in his own terms, was simply referring to established practice and to a Standing Order which is extremely clear in its wording? He was merely saying what the law prescribes and acting in accordance with parliamentary procedure and the Standing Orders. What is so reprehensible about all that? What is reprehensible, Madam Speaker, is the fact that on that evening, the Progressive Conservative members ignored parliamentary practice—as they ignored their own request on an earlier and similar occasion—and ignored the Standing Orders of the House. Today, in a very underhanded manner, and this is an understatement, Madam Speaker, they are trying to discredit an hon. member who was only seeking respect for this institution.

I want to congratulate the New Democratic Party House leader for his excellent judgment in the circumstances and for his courtesy in asking that the resignation, which in any case was not tendered according to form—it was not a real resignation—by the member for Glengarry-Prescott-Russell be reconsidered. He did not resign. I am happy to see that he acknowledges that this member is extremely valuable and that he has performed his duties well, both as the Chair's representative and from his seat in the House. However, I must deplore the less than direct and less than honest attitude shown by the Progressive Conservatives, who today are refusing to gave their consent, which is not absolutely essential, but they are refusing to acknowledge, out of courtesy, that the member for Glengarry-Prescott-Russell was only performing his role of experienced and responsible parliamentarian with a concern for the respect due Canada's Parliament. I deplore this attitude on their part, and as far as we are concerned, the member for Glengarry-Prescott-Russell is experienced and responsible enough to make his own decisions. We welcome the support of the New Democratic Party, and once again, we deeply regret the lack of maturity, irresponsibility and childish attitude shown by the Progressive Conservatives and their leader.

• (1510)

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, I was involved in that the other night, as members know. After the hon. member for Glengarry-Prescott-Russell (Mr. Ethier) had said what he had said, using the words applying to the members of my party that they are not acting as true representatives of this country, you recognized me, after you had asked the member to reconsider his decision. I said this:

Madam Speaker, if I may, I would like to speak to the matter raised by the hon. member for Glengarry-Prescott-Russell. I hope that, before he gives any finality to what he has indicated to the House today—

In just that previous statement—

—he would consult very carefully with his seatmate—

And who happens to be the Deputy Speaker—

—with the officers of the Table, with Madam Speaker and with one member in particular from my party, the hon. member for York-Peel (Mr. Stevens). By doing that he will understand exactly what occurred tonight. I do not want to make any point. Others will argue about it perhaps. But I wanted to say that to my hon. friend who, in the sense of my riding, is almost a neighbour. I hope the hon. member will reconsider the matter.

The matter being the charge that he made. That was the invitation put to the hon. member, in good faith. Then the hon. member said, in part:

I appreciate the kind words of the hon. member for Nepean-Carleton—I meant what I said before; I do not speak with a forked tongue, and I stand by what I said—if members do not live by the rules and procedures that were given to them by the Chair. Therefore, I stand by what I said a while ago. Please accept my resignation, Madam Speaker.

Now, Madam Speaker, I think that casts not only a burden on the member for Glengarry-Prescott-Russell but it casts a great burden on you because you have to decide whether or not that resignation, having been tendered and not withdrawn, ought to be accepted in these circumstances.

I regret to have to say this, because of what I said the other evening. I would think it would not serve the best interests of the House if the member for Glengarry-Prescott-Russell, not having accepted the invitation, which was put forward in good faith, to withdraw, at least to reconsider, at least to check, did not do so.

I say that with some considerable regret because I was one of those who at that time wanted that kind of withdrawal and went the second mile to try to achieve it.

If we are talking about peace in the House of Commons, it would be best if the member did not occupy the chair. I say that with great regret but I believe that as a member of the House of Commons I had best say it firmly, because I was involved the other evening.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, when I rose I did not intend to create such a furore.

Point of Order—Mr. Nielsen

Some hon. Members: Ha, ha!

Mr. Deans: I hear a few little "ha, ha's" from the Tory caucus. Let me put my reasons four square. First of all, I can well appreciate the frustration and anger that was in the member for Glengarry-Prescott-Russell on that evening. I can well understand it, given that the reason for it was the fact that the members of the Conservative Party refused to come in for a vote and that there was no justification for their actions. Every other member in the House of Commons was being required to sit here and wait while they decided when and if the vote was going to be taken.

I put it quite bluntly that I resented it that evening, and I resent the unctuousness of the House leader of the official opposition when he rises and talks about people's responsibilities. It is about time he understood his responsibility.

Some hon. Members: Hear, hear!

Mr. Deans: Over the course of the last year we have had nothing but bullying bar-room tactics from the Tories. I am personally sick and tired of them.

On one evening they all rise en masse and walk out. And if I had not risen to oppose a request from the government for a House order they would have missed an opportunity to speak on a bill. On another day, they walk out of the House and refuse to come in and vote. On another day, they storm the Speaker's chair screaming and shouting like raving maniacs.

I say to you, Madam Speaker, that I seriously regret that the Conservative Party shows no generosity of spirit in this regard. I suggest to them that they should understand the duress under which the member was put and they should appreciate that he has, under normal conditions, acted fairly and impartially and that they should not take out their childish ignorance on that member.

Some hon. Members: Hear, hear!

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I will not comment at length on the most recent effort of the New Democratic Party to support the Liberal Party.

An hon. Member: Tell the truth. Tell it like it is.

Mr. Clark: I am asked by the parliamentary secretary to the government House leader to tell it like it is. The Chair will know that the situation on that Thursday evening was as follows. Information was given by the Table and by the then occupant of the chair, the Deputy Speaker, that caused members of this party to believe, on the basis of that instruction, that the 15-minute rule would not or might not be enforced rigidly. Madam Speaker knows that to be the case.

Madam Speaker: May I interrupt the Right Hon. Leader of the Opposition (Mr. Clark) before he goes any further in this kind of exposition of the facts.

• (1520)

It is true that some information was asked for as to whether this was a 15- minute bell or not. Two persons were asked. Both answered, "Yes, it is a 15-minute bell". The second question was, "Could it go beyond 15 minutes?" The answer—more or less, but meaning the same thing—given by the two people in question was, "We have seen it go beyond," and that is an absolute fact; it often goes beyond 15 minutes. It does not go much beyond 15 minutes, but it does go beyond 15 minutes. That is the answer which was given, and it could only mean that it was a 15-minute bell but that it could possibly go beyond that time.

When I was told that there would be a delay in the vote, I said to a member of the Conservative caucus: "That is fine; I might wait for a while, but not indefinitely." I sent a message by one of the officers of the House to the Conservative caucus advising them that I would be taking the vote momentarily.

Those are the facts. I did have to rise, and I apologize if I had to interrupt the Right Hon. Leader of the Opposition, a thing I do not like to do. However, as the Speaker I feel a very grave responsibility to defend the officers of the Table, who give advice privately to hon. members and to those who serve with me to the best of their knowledge.

Mr. Pinard: Half your caucus walked away anyway.

Mr. Clark: Thank you very much, Madam Speaker. You have set the record straight, exactly in the terms I would have used and, by doing so, you have also corrected the impression left by the hon. member for Hamilton Mountain (Mr. Deans).

Mr. Blaikie: She did a better job than you.

Mr. Rossi: The point is 50 per cent of your caucus was gone.

Some hon. Members: Hear, hear!

Mr. Fulton: Tell the truth.

Mr. Clark: We have heard from an hon. member from Montreal who, if he had any courage, would encourage his Prime Minister (Mr. Trudeau) to call a federal election today. If he did, he would no longer be a Member of Parliament for Montreal.

Some hon. Members: Oh, oh!

Mr. Clark: As Your Honour has just indicated, the point has to do with the capacity of this House to accept the neutrality of the Chair. Our capacity to respect the neutrality of the Chair in the case of the hon. member for Glengarry-Prescott-Russell (Mr. Ethier) has been very seriously undermined by, first, the statements of that hon. member in the House, which have recently been read into the record of the House by the House leader of the official opposition. The hon. member for Glengarry-Prescott-Russell said of Members of Parliament, whose servant he is and regarding whom he is supposed to act absolutely free of partisanship:

They are not acting as true representatives of this country.

Those were his words. He was subsequently immediately given an opportunity by the hon. member for Nepean-Carleton (Mr. Baker) to study the facts, of which Your Honour has now apprised the House and the country. He was given that opportunity and asked to reconsider. He has not taken that opportunity. He has not reconsidered. He has not withdrawn his attack upon members of the House of Commons with regard to whom he is supposed to be neutral. He cannot command our respect as someone who would carry out his responsibilities in a neutral way. That is the sum of the situation. He has had several days to repair his reputation. He has chosen not to exercise that option. We in this party can have no confidence in his neutral exercise of the functions of the Chair of the House of Commons.

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I must say that I am somewhat disturbed by the lack of generosity of spirit of the official opposition. I think it can be said of the Deputy Chairman of Committees of the Whole that he has performed his duties in an admirable way.

Some hon. Members: Oh, oh!

Mr. Cullen: He has shown no partisanship whatever, despite the guffaws from the opposition. On not one occasion did hon. members opposite have to raise that issue with this individual sitting in the chair. If hon. members opposite are somewhat disturbed and require an apology, knowing the hon. gentleman as I do I am satisfied he would do that, but I hope hon. members opposite will show some generosity of spirit for a gentleman who felt as he did.

I commend the hon. member for Nepean-Carleton (Mr. Baker), who tried to bring the facts to the attention of the hon. member for Glengarry-Prescott-Russell (Mr. Ethier), but in this case there should be some generosity of spirit on the part of the official opposition.

Mr. Clark: He has had three days.

Hon. Bryce Mackasey (Lincoln): Madam Speaker, I will only take a moment. As one who sat and listened the other evening—and listened with concern because I am, I suppose, considered by some to be a devotee of the House of Commons and the traditions and procedures which make this place function—I find it unfortunate that we have strayed from the issue to a degree. The issue is not what happened the other night and not whether 15-minute bells became 20-minute bells, 25-minute bells or 30-minute bells. I was here and had full confidence in Your Honour's judgment and assessment that evening.

The issue now is the integrity of the Deputy Chairman of Committees of the Whole. I am appalled that the opposition is questioning, even for a moment, the integrity, sincerity and non-partisanship of the hon. member for Glengarry-Prescott-Russell (Mr. Ethier).

Mr. Nielsen: Of the Chair.

Point of Order—Mr. Nielsen

Mr. Mackasey: The hon. member for Yukon (Mr. Nielsen) reminds us all the time about not speaking from our seats. I ask the House leader of the official opposition to do the same.

The rules are simple. If members of the official opposition feel they have no confidence in the integrity of the Assistant Deputy Speaker, they know what to do, and that is to propose a motion accordingly.

Mr. Clark: He has already resigned.

Mr. Mackasey: The Assistant Deputy Speaker of this House is not appointed by the Speaker. His name is put before all parties of the House of Commons at the appropriate moment, and their confidence is expressed in a vote, if they so desire.

Mr. Nielsen: That is not right.

Mr. Mackasey: When the Assistant Deputy Speaker of this House was appointed to his role, all members of the House of Commons had an opportunity at that moment to determine whether they felt he would be competent. That is traditional. He was selected by the government. If the opposition feels the hon. gentleman is not competent, they are free to move a motion accordingly.

Mr. Domm: He resigned.

Mr. Mackasey: However, I want to say that the Assistant Deputy Speaker can submit his resignation to only one person, and that is to the person who appointed him, the Prime Minister (Mr. Trudeau).

Mr. Clark: He has done that.

Mr. Mackasey: The second point which leaves me just a little concerned is the interpretation of the hon. member for Nepean-Carleton, for whom I have great respect and to whom I listened the other evening. I got the mistaken impression from listening quite attentively to the hon. member, and because of the way he phrased his remarks, that he was saying to his neighbour, the hon. member for Glengarry-Prescott-Russell, "Please reconsider your resignation". If the hon. gentleman feels differently now, I have to accept his word but I felt very proud of the hon. member for Nepean-Carleton the other evening when he expressed his friendship for the Assistant Deputy Speaker. He spoke of him in glowing terms as his neighbour, and from what I could gather from that intervention the hon. member for Nepean-Carleton suggested to the Assistant Deputy Speaker that he relax, review the situation and change his mind about resigning. There was nothing said the other night which left me with a different impression. In fact, if I am not mistaken, Your Honour expressed the same view.

I hope, before we make this a full-blown debate on the events of the other evening, that we merely remind ourselves—

Mr. Clark: That he has resigned.

Mr. Mackasey: —that the Assistant Deputy Speaker is an honourable man. He will, no doubt, make his views known to

the Prime Minister as to whether he wants to remain in that capacity. The Prime Minister may want to suggest to him that he clarify the expression "They are not acting as true representatives of this country," just as the hon. member for Nepean-Carleton clarified for me what he meant. Unfortunately he clarified it from a gesture of friendship to a review of the facts. The hon. member for Nepean-Carleton is looking at me now. I say to him directly that the impression I got, not only from what he said but also from his tone—and my knowledge of his friendship with the Assistant Deputy Speaker and his concern for the House—was that what he was really saying to the Assistant Deputy Speaker the other evening was: "You have offered your resignation in haste. Please reconsider that resignation and withdraw it."

Mr. Clark: "You made accusations which you have to withdraw."

Madam Speaker: I suppose a few words on my part in answer to the presentation made by the hon. member for Yukon (Mr. Nielsen) are in order at this point. If the hon. member reads carefully the words I spoke that evening, he will find I did not in any way accept the resignation of the Deputy Chairman of Committee of the Whole because, of course, the matter of resigning from the position he occupies is entirely between the Prime Minister (Mr. Trudeau) and himself.

• (1530)

I am perfectly aware that the hon. member was probably not well acquainted with exactly what was going on, and seeing that he was obviously quite disturbed by the fact that we might not be following the rules of the House as he understands them, he wanted to make a few remarks precisely about that matter. Knowing that he was not acquainted with the facts, hon. members will see, if they read *Hansard*, that I told him at that point that when he became acquainted with the facts, which I would be only too happy to explain to him later, he would probably want to reconsider what he was saying at that particular time.

As far as I am concerned, the hon. member is still serving the House in the capacity in which he has always enjoyed the confidence of the House until now. Unless there is a formal motion to the contrary, I cannot allow the conduct of an hon. member to be discussed further. The only way to discuss the conduct of an hon. member, of course, is by a formal motion to that effect. As far as I am concerned, the hon. member still has the confidence of the House.

I leave it entirely to him to decide whether he wants to clarify some of the statements he made on that particular evening. He may do that. The hon. member has taken a few days of rest. I think he was particularly disturbed at the events that evening, so he has taken a few days of rest—

Mr. Clark: He was here today.

Madam Speaker: But not sitting in the chair.

Mr. Clark: He was on the premises.

Mr. Cousineau: Why don't you listen? Be polite for once!

Madam Speaker: He has taken a few days of rest on my advice. I think we will leave the matter where it is, in the hands of the hon. member for Glengarry-Prescott-Russell.

Mr. Nielsen: Madam Speaker, I agree that you have no onus here with respect to the matter. The hon. member for Lincoln (Mr. Mackasey) was correct as far as he went, when he said that the only person who has the power to consider the resignation is the person who appointed the hon. member. That is the Prime Minister (Mr. Trudeau). He may or may not want to take action on the strength of the words that the hon. member used that evening.

I would point out that neither is the onus on this party to take any steps. There was a clear, repeated statement by the hon. member that evening that he was resigning. On the first occasion the statement was directed to the Prime Minister and members of his caucus. He made the second statement, in the event that it was not quite clear to whom the resignation should be submitted, to you while you were in the chair. On two occasions he stated quite clearly that he was resigning. I therefore agree that there is no onus on the Chair for the reasons stated and there is certainly no onus here. We are acting, in future, on the strength of that resignation.

* * *

POINT OF ORDER

MR. BLAIS—REMARKS OF MR. FULTON RESPECTING TICKETS ISSUED TO PUBLIC SERVICE EMPLOYEES FOR TRAVEL ABROAD

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I rise on a point of order brought to the attention of the Chair by the hon. member for Skeena (Mr. Fulton). Yesterday in the House I provided him with information that added to information I had previously provided to him in a letter. I want to confirm that the information relating to the 36,000 trips was accurate in the sense that it dealt with bookings that originated throughout the country. However, in view of his reaction I have had my officials check the second piece of information provided, relating to the 1,569 trips. I wish to confirm—

Madam Speaker: Order, please. There is a difficulty here. The hon. member can be allowed to correct his statement but he was certainly responding to a point of order which I did not accept. It is a bit difficult to rule on that. On the one hand, the hon. minister might have been allowed to correct a statement but I do not think he did it in the proper way. However, the point is made.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. DOMM—IMPOSITION OF METRIC SYSTEM—MEMBERS' DUTY TO PRESENT PETITIONS

Mr. Bill Domm (Peterborough): Madam Speaker, it is my understanding that every Member of Parliament has a responsibility and a duty to present petitions to the House on behalf of his or her constituents. It has again been brought to my attention that a government MP has denied this ancient and undoubted right to all of his constituents to present a petition to this House. Therefore, on behalf of the constituents of Niagara Falls and supported by the hon. member for Erie (Mr. Fretz) and the hon. member for Haldimand-Norfolk (Mr. Bradley), I present the following petition which says:

We believe the pace, degree, and nature of change to Systems International metric should and must be determined voluntarily in the various sectors of trade and industry by the individual firms or industries directly concerned and with minimal government interference;

MR. SHIELDS—AIRCRAFT PARKING FEES AT FORT McMURRAY AIRPORT

Mr. Jack Shields (Athabasca): Madam Speaker, I have the responsibility and the duty to present a petition on behalf of a number of my constituents in the riding of Athabasca. The purpose of the petition, signed by 46 residents of Fort McMurray, who are private pilots and aircraft owners, is to register their protest against the decision taken by the Minister of Transport (Mr. Pepin) to charge aircraft parking fees at the airport in Fort McMurray.

The nature of this petition is to request that the government immediately withdraw this parking fee until such time as the parking lot at the Fort McMurray airport is upgraded to a level deserving of a parking charge. The parking area is nothing more than a gravel pit which cost nothing to build and costs nothing to maintain. The petitioners request that Transport Canada improve the quality and safety of the parking lot at the Fort McMurray airport before the charging of parking fees is considered.

The petitioners hope, in Madam Speaker's examination of this petition, that you will find the petition is in order, sense the urgency of their plea, and that you might use the discretionary powers vested in your office to allow discussion and referral of this petition to the Standing Committee on Transport at the earliest possible moment.

MR. BRADLEY—RECONSIDERATION OF BILL C-10

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, it is my duty to present a petition signed by 18 church members from the town of Dunnville in the constituency of Haldimand-Norfolk. The purpose of this petition is to protest the government's proposed changes in Bill C-10, which will allow a court of law to interfere in the affairs of the church body. The nature of the petition is to urge the government to drop the provisions in Bill C-10 which would infringe on the rights and privileges of the church to take a moral stand on matters concerning membership of that church body.

The petitioners hope that in your examination of the petition you will find the petition in order, and that you will exercise the discretionary powers vested in the office of Speaker of the House to allow discussion and referral to committee at the earliest possible time, in order that the sanctity of the church in Canadian society can be preserved.

* * *

BUSINESS OF THE HOUSE

TIME ALLOCATION FOR SECOND READING OF BILL C-124

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I wish to inform the House that there have been consultations among representatives of the parties and that it has not been possible to reach agreement under the provisions of Standing Order 75A or 75B in respect of the proceedings at the second reading stage of Bill C-124, an act respecting compensation in the public sector of Canada.

I wish to give notice that, at the next sitting of the House, I shall propose a motion, pursuant to Standing Order 75C, to allocate one sitting day to the said stage of the said bill.

Some hon. Members: Shame!

Some hon. Members: Hear, hear!

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,061, 4,247, 4,253, 4,256, 4,264 and 4,334.

[*Text*]

NATIONAL ARTS CENTRE

Question No. 4,061—**Mr. Cossitt:**

1. Were purchases by the National Arts Centre of Almaden Wines from California made directly with the Liquor Control Board of Ontario?

2. Were salesmen, representatives or representations received directly or indirectly by the Centre from Almaden Wines and, if so, what are all the details, including the names and job designations of those concerned at the Centre and those making such representations?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications):

I am informed by the National Arts Centre Corporation as follows:

1. All wine is purchased by the Centre from the Liquor Control Board of Ontario.

2. Mr. Alex Doczi, salesman representing Melchers Inc. in Ontario, called upon Mr. Donald Marriott, Director of Restaurants, and the Almaden wine was sampled by Mr. Marriott, Mr. Ashok Dhawan, Restaurants Controller, and other restaurant staff at which time price was also discussed.

DEPARTMENT OF COMMUNICATIONS—CODE OF CONDUCT

Question No. 4,247—**Mr. Crosby:**

1. Does the Department of Communications have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the Department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows:

1. The Department of Communications has written guidelines governing the conduct and standards of behaviour for employees of the department. These are contained in the following documents:

(a) "Standards of Conduct for Public Service Employees" guidelines are distributed to every employee on appointment and these guidelines deal with conflicts of interest.

(b) The Treasury Board Personnel Management Manual and the Departmental Personnel Manual in the chapters dealing with: attendance, leave and hours of work; discharge and dismissal; discipline; union activities; political activities; discrimination.

These manuals are not distributed to employees but are available to employees on request. Such policies are not generally available for public use, since they apply specifically to public service employees.

2. Since most collective agreements in the public service require that any document relating to disciplinary action must be destroyed after two years, the list below indicates the disciplinary actions taken in the Department of Communications since April 1980. Current provisions of the Canadian Human Rights Act prevent the release of names of employees who have been subject to disciplinary action.

DISCIPLINARY CASES
APRIL TO MARCH

YEAR	MONTH	DATE	SUSPENSION	REPRIMAND	DISCHARGE
80	June	3		1	
80	June	4		1	
80	July	10	1	1	
80	September	19		1	
80	December	5		1	
81	February	23		1	
81	April	2		1	
81	April	25		1	
81	April	28		1	
81	May	1		1	
82	January	19	1	1	

DEPARTMENT OF FINANCE—CODE OF CONDUCT

Question No. 4,253—**Mr. Crosby:**

1. Does the Department of Finance have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Hon. Pierre Bussières (Minister of State (Finance)):

1. The Department of Finance Canada has written rules or regulations governing the conduct or standards of behavior for employees of the department. Standards of behavior for employees of the Department of Finance are outlined in the Conflict of Interest Guidelines and the Personnel Management Manual which are available to the public and in any other directive or policy issued by Treasury Board as the employer.

The Conflict of Interest Guidelines deal with the disclosure of matters such as business or other interests which might be in conflict with official business, and also deal with other related subjects. Directives or policies issued by Treasury Board as the employer pertain to subjects such as political partisanship, discrimination, sexual harassment, public money and property, disclosure of official information, etc.

2. In the five years preceding April 1, 1982 no employees of the department were disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behavior for departmental employees.

DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT—CODE OF CONDUCT

Question No. 4,256—**Mr. Crosby:**

1. Does the Department of Indian Affairs and Northern Development have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development):

1. Yes, DIAND has written rules governing the conduct or standards of behaviour—DPC 10 Departmental Disciplinary Guidelines; Annex A to DPC 10—Departmental Code of Ethics; Annex B to DPC 10—Disciplinary Guidelines for Employees Engaged in Fire Prevention and Suppression Operations. The DPC 10 is available to the public.

2. Based on the nature of the discipline and the procedures for the transfer, storage, and destruction of personnel records, departmental records for the five years preceding April 1, 1982, are either incomplete or unavailable. More precisely, certain disciplinary actions are withdrawn and destroyed in accordance with collective agreements and/or grievance decisions. In addition, the department is not in a position to release names as it would be in contravention to the Canadian Human Rights Act. The following therefore, is a compilation of available statistics:

Year	Written Reprimand	Suspension	Discharge
1977	6	4	1
1978	8	6	3
1979	28	22	0
1980	52	5	6
1981	58	17	7
1982	11	3	0
Undated	2	1	0

N.B. There is no record for oral reprimands as these are not recorded.

DEPARTMENT OF PUBLIC WORKS—CODE OF CONDUCT

Question No. 4,264—**Mr. Crosby:**

1. Does the Department of Public Works have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Hon. Paul J. Cosgrove (Minister of Public Works):

1. Public Works Canada has a Standard of Conduct Policy published 8 July 1974. From this policy the Conflict of Interest Guidelines issued 6 September 1974 and the Discipline Guidelines and Procedures issued 1 March 1976 and revised 29 July 1979 have been developed. These publications are available to all departmental employees and to the public.

2. In accordance with collective agreements, any documents or written statements related to disciplinary action which may have been placed on the personnel file of an employee shall be destroyed after two years have elapsed since disciplinary action was taken provided that no further disciplinary action has been recorded during this period. For this reason, information prior to May 1980 is no longer available unless there has been further disciplinary action. We have, however, provided discharge information for the past five years. Names of the individuals involved have not been included as this would be contrary to the Canadian Human Rights Act.

Suspensions

Case		
	1 November, 1981	5 days
	2 October, 1981	3 days
	3 September, 1981	5 days
	4 March, 1981	1 day
	5 March, 1982	1 day
	6 September, 1980	3 days
	7 July, 1981	1 day
	8 July, 1981	1 day
	9 September, 1979	2 days
	September, 1979	3 hours
	June, 1980	5 days
	September, 1980	20 days
	April, 1981	10 days
	May, 1981	30 days
	July, 1981	62 days (reduced from discharge)
	10 October, 1981	3 days
	11 August, 1980	5 days
	12 April, 1980	5 days
	13 October, 1980	1 day
	14 July, 1980	5 days
	15 March, 1981	3 days
	16 April, 1981	2 days
	17 July, 1981	2 days
	18 October, 1981	3 days
	19 January, 1982	1 day
	20 September, 1981	10 days
	21 May, 1980	3 days
	November, 1980	5 days
	22 November, 1980	2 days
	December, 1980	5 days
	November, 1981	20 days
	23 April, 1982	1 day
	24 June, 1981	10 days
	25 February, 1980	1 day
	June, 1980	5 days
	February, 1981	20 days
	26 August, 1981	1 day
	27 March, 1982	1 day
	November, 1981	4 days
	April, 1981	1 day
	December, 1980	2 days
	28 January, 1980	1 day
	29 February, 1982	3 days
	September, 1981	3 days
	July, 1981	2 days
	April, 1981	1 day
	30 March, 1981	5 days
	September, 1980	2 days
	31 September, 1981	4 days
	September, 1981	1 day
	32 February, 1981	10 days
	December, 1980	10 days
	33 September, 1979	1 day
	34 June, 1981	2 days
	35 June, 1978	3 days
	April, 1979	3 days
	February, 1980	5 days
	February, 1980	5 days
	September, 1980	20 days
	36 September, 1978	1 day
	July, 1980	1 day
	37 October, 1980	2 days
	March, 1981	3 days
	July, 1981	5 days
	July, 1981	6 days
	July, 1981	7 days
	February, 1982	1 day
	March, 1982	3 days
	April, 1982	15 days

Order Paper Questions

Suspensions

Case	38	March, 1978	2 days
		February, 1980	3 days
		April, 1980	5 days
		August, 1980	10 days
	39	February, 1980	1 day
		April, 1980	3 days
	40	February, 1980	1 day
		April, 1980	5 days
		June, 1980	1 day
		March, 1981	3 days
	41	July, 1981	1 day
		July, 1981	2 days
		August, 1981	3 days
	42	November, 1980	1 day
		February, 1981	2 days
		February, 1981	5 days
		February, 1981	15 days
	43	November, 1980	2 days
		April, 1981	1 day
	44	May, 1981	1 day
	45	November, 1981	30 days
	46	May, 1979	2 days
		May, 1979	1 day
		April, 1981	2 days
	47	July, 1980	1 day
		February, 1981	4 days
	48	December, 1980	1 day
	49	March, 1980	2 days
		February, 1981	10 days
	50	March, 1982	1 day
		April, 1982	3 days
	51	January, 1980	1 day
		July, 1980	1 day
Case	52	March, 1979	1 day
		March, 1981	2 days
		February, 1981	1 day
		March, 1982	1 day
	53	February, 1981	15 days
	54	October, 1978	1 day
		May, 1979	3 days
		November, 1979	5 days
		April, 1980	1 day
		April, 1980	5 days
		February, 1981	1 day
	55	June, 1979	1 day
		November, 1979	5 days
		December, 1980	7 days
		March, 1981	10 days
		March, 1981	1 day
		March, 1981	2 days
		May, 1981	10 days
	56	September, 1981	1 day
	57	July, 1980	1 day
	58	September, 1980	5 days
	59	September, 1980	1 day
	60	May, 1980	2 days
	61	March, 1982	1 day
	62	February, 1981	1 day
	63	May, 1981	3 days
		December, 1981	5 days
	64	February, 1981	151 days
	65	February, 1981	20 days
	66	February, 1981	15 days

Discharges

Case	1	78-04-29
	2	80-09-18
	3	81-04-25
	4	81-10-14
	5	78-04-06
	6	81-01-21
	7	82-03-29
	8	78-07-11
	9	80-04-24
	10	78-03-29
	11	78-07-07
	12	79-03-27
	13	79-05-14
	14	79-05-14
	15	79-05-14
	16	79-05-14
	17	80-05-05

GOVERNMENT POLICY FOR AWARDING OF CONSULTING AND PROFESSIONAL SERVICES

Question No. 4,334—**Mr. Forrestall:**

1. Is there a standard procedure for awarding consulting work for departments and agencies and (a) if so, what is the procedure (b) if not, what guidelines are laid down for the awarding of professional consulting work?

2. Does the government have a policy in this regard and, if so, what is it?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board):

1. The government's policy with respect to the awarding of 'consulting and professional services' is set out in the Treasury Board's Administrative Manual, Chapter 315, which provides departments with the procedures appropriate for specific circumstances.

(a) These procedures are:

(i) "selection without competition"—only one firm is considered; for use in specified exceptional circumstances;

(ii) "selection by qualifications"—contract is negotiated with firm or individual considered best qualified; used when proposals are not warranted;

(iii) "design competition"—prizes are awarded for firm or firms submitting best designs, and contract is negotiated for design and related work; used for major works of national significance, for design and build projects, or as the first phase of a product development competition;

(iv) "selection based on proposals excluding price data"—proposals are invited from a limited number of consultants on a short list; used where the work can be only broadly defined, the detailed work requirements are to be identified by the selected consultant, and the cost cannot be reliably estimated;

(v) "selection based on proposals including cost data"—similar to (iv) except for the provision of cost data as basis for price negotiations; used where costs can be estimated reliably;

(vi) "selection based on proposals including price"—similar to (iv) and (v) except that a price is offered; used when an accurate estimate of the costs is possible;

(vii) "selection based on price offered"—selection of qualified consultant based on best price and fully compliant offer; used when the work can be specified precisely, the cost can be estimated reliably, more than one firm is capable and interested, and work acceptance criteria can be clearly specified.

(b) Not applicable.

2. Yes, see answer above.

[*English*]

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

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

Some hon. Members: Agreed.

• (1540)

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call notices of motions for the production of papers Nos. 92 and 93 in the name of the hon. member for Durham-Northumberland (Mr. Lawrence).

[*Text*]

RCMP DEALINGS WITH CLIFFORD OLSON

Motion No. 92—**Mr. Lawrence:**

That an Order of the House do issue for copies of the Telex messages of August 24 and 25, 1981 from 'E' Division of the RCMP in British Columbia to RCMP Headquarters, Ottawa, regarding the proposal for making a payment or other benefit at the request of murderer Clifford Olson to his family or other persons and requesting authorization for such payment to be made or benefit given; and of the Telex message, or other communication, from RCMP Headquarters, Ottawa to RCMP 'E' Division, British Columbia authorizing the payment or benefit.

Motion No. 93—**Mr. Lawrence:**

That an Order of the House do issue for a copy of the arrangement or agreement entered into on August 25, 1981 or thereabouts and under which the RCMP financially compensated or gave a benefit or other consideration at the request of murderer Clifford Olson for information regarding the location of the bodies of persons he had murdered or for other information.

[*English*]

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the subject matter of both these motions falls within the jurisdiction of the province of British Columbia, and the Solicitor General (Mr. Kaplan) has no authority to accede to this request. In the circumstances, the hon. member is invited to contact the Attorney General of British Columbia for the requested papers, and I would ask that the hon. member withdraw his motion.

Hon. Allan Lawrence (Durham-Northumberland): Transfer for debate.

Madam Speaker: Transferred for debate.

Mr. Smith: Madam Speaker, I ask that the other notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall the motions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House resumed from Tuesday, July 13, consideration of the motion of Mr. Johnston that Bill C-124, respecting compensation in the public sector of Canada, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, in my comments on Bill C-124 last night I had begun to show how certain of the assumptions the Liberals have made in their economic strategy are seriously flawed. I would like to continue that critique by examining the Liberal theory of inflation and the way this bill shows that they either do not understand inflation or they refuse to acknowledge the real causes because doing so would involve much more courageous decisions than simply blaming the average Canadian.

Liberal views of inflation do not seem to take into account the tremendous increases in energy costs which have taken place since 1973, and particularly the last few years. Those increases have cut into the viability of the economy as it had been previously organized. The needed transition from a cheap energy economy to an expensive one will require more than simply asking average Canadians to take less so that the wealthy and powerful can maintain the standard of living to which they have become accustomed. The reality of a shrinking economic pie means that those who have much will have to take less in order that those who do not have so much will be able to maintain what they have. Anything other than this approach means a departure from what Canadians have come to believe about the Canadian commitment to greater equality of the human condition. Yet it is precisely the opposite approach that the Liberals have taken by giving in to the demand of the powerful that their standard of living be protected at all costs, even if it means cutting back on things like pensions.

However, Mr. Speaker, related to the problem of increased energy costs is the whole issue of diminishing returns on capital investment. Capital invested in energy extraction is increasingly unproductive and burdensome. For example, witness the situation of Dome Petroleum which is in trouble in spite of the fact that for years it has received over a dollar from the Canadian public for every dollar it spent on exploration. Witness the malaise of the debt-ridden nuclear industry in this and other countries. Those are two good examples of the increasing unviability of traditional energy extraction projects, but it is not only in that area that the traditional notions of capital investment are breaking down. It is happening in many other sectors as well. Productivity needs to be seen not just as labour productivity. There is also the question of the declining productivity of capital investments. The productivity of traditional investment models has been overrated for years. In

fact, it has been assumed that the only productivity that ever needed to be improved was labour productivity. In reality, the success of capital investment strategies in the past has relied on the ability of the private sector to externalize the social and environmental costs of their decisions, to pass on those costs to consumers, taxpayers and governments. Governments then ring up large deficits in coping with these externalized costs, and they are then reviled by the same private sector for overspending.

The fact of the matter is, Mr. Speaker, that these externalized bills of the economic system under which we have lived for far too long are coming due. Rather than face up to this, the Liberals are trying to put off the evil day. They cannot show leadership on this issue. Their ties to the people whose self-interest and ideological assumptions need to be challenged are too close. Indeed, they are often the same people. We all know of the great incestuous relationship which exists between the boardrooms of the nation and the Liberal caucus and former cabinet ministers. Meanwhile, of course, the Conservatives are still fantasizing about a return to the heyday of the kind of economy which brought us to where we are now. In this respect they are philosophically useless and, practically speaking, very dangerous in the kind of ideas they are trying to promote. Mr. Speaker, there will be no turning back of the clock. President Reagan and the Leader of the Official Opposition (Mr. Clark) are wrong.

An hon. Member: Everyone is wrong except you.

Mr. Blaikie: I for one would not like to see the clock turned back even if it could be, if by that we mean a return to the heyday of capitalism and the further destruction of the community, the environment and the future that that would involve.

Mr. Gustafson: It built everything this country has.

Mr. Blaikie: The only way out of our present situation is to go ahead. This will require a critical approach to all of our assumptions—I mean by everyone—about how the modern economy works. In my view there appear to be at least two very different problems we have to face. The first is to a degree contained within the system as it now operates, that is, the increasing extent to which the western economies are now being victimized by the global mobility of the very corporations that use them to develop into the very powerful institutions that they now are. I touched a bit on this in my speech last night. Domestic and international justice is what is at stake in this question. This raises the age-old question of removing macroeconomic decision-making from the confines of private self-interested boardrooms, and bringing our economy under public control so that the common good will be the criterion for investment decisions and for technological decisions, not the profit margins of the global corporations.

The second problem, Mr. Speaker, is that of the economic model within which all of us too often work, whether of the left or the right. That is the model which assumes infinite growth in a finite world. It sees increasing economic growth in the traditional sense as the solution to all our problems. As we face the deindustrialization of Canada as a result of multinational decisions, and as we face the increasing counterproductivity of traditional energy strategies and other capital-intensive strategies, we must look to how we might reindustrialize our economy, you might say, to fit the new global realities. Hopefully we will be able to do this in a global context free from the distorting and destructive decisions of the global corporations. That would make the transition much easier because they will resist us, they will try to accommodate the world economy to these new realities in a way which serves their interest and which will make what is needed much more difficult.

• (1550)

Some speak of what is coming as the post-industrial age. Others might prefer to call it reindustrialization. But whatever we call it, it will have to be done deliberately and intelligently. The invisible hand of Adam Smith, in which my colleagues on the right still fervently believe, will not lead us out of the mess we are in. Indeed, it has led us to the mess we are in. The invisible hand of Adam Smith is more like an invisible foot which tramples clumsily and insensitively on social, human and environmental needs rather than responds to these needs, as my friends to the right would dearly love to believe.

Neither, of course, will publicly planned economies dependent upon the wrong assumption and on the wrong goals lead us out of the mess we are in. We all need to move out of the era of large, top-heavy bureaucratic organizations, public or private, which maximize material production and wasteful consumption based on non-renewable resources and into the era of economies based on regenerative resources and energy, managed for sustained yield productivity, that is, the sustainable society. That is the era in which we should move now if we are to show any leadership at all here in this House.

We can have an exciting future if we would just let go of some of our traditional assumptions about the economy, about what constitutes economic growth and about what constitutes a standard of living. If we let go of those assumptions and acted with an imagination tempered by justice and the vision of a renewed human community in which people are no longer commodities but real people whose dignity and whose potential are irreplaceable, our future would be bright.

I believe that the philosophical and the political tradition which the New Democratic Party represents has the conceptual resources to deal with these problems. If I did not think that, I would not be standing here today. We cannot change in this country or in any other country what we do not control, what we cannot have any say in. And it is only the New Democratic Party in this country which is committed to bringing important economic decisions before the bar of the common good, however we may come to define that in the years ahead.

There is another cause of inflation, very seldom mentioned in this House, which needs to be mentioned. It is the point I have been trying to make all along. It is far too simplistic and

it is like hiding your head in the sand to imagine that wages are the cause of inflation in the western economies. Another cause of inflation is the arms race. That is only too seldom mentioned. The hundreds of billions of dollars which are spent on the arms race create deficits, distort spending priorities of governments all around the world and perpetuate underdevelopment in Third World countries.

Here is another area where the Liberals have talked a big show about disarmament, but wimped out when it came down to the wire. When the Prime Minister (Mr. Trudeau) went to the Special Session on Disarmament at the United Nations, he did not say anything significant at all. Anybody could have said what the Prime Minister said. He showed no leadership. He showed no independence from American foreign policy. What he said was just the same old following along. Now that it is not what Alexander Haig says, I guess it will be what Mr. Shultz says. Whatever he says will guide what the Secretary of State for External Affairs (Mr. MacGuigan) has to say.

The Conservatives, of course, have not bothered to pretend that they are for arms reduction. All they do is to try to exploit the peace movement for political purposes by branding disarmament people as Soviet sympathizers, and thus doing what harm they can to an important cause, just like when they side with murderous regimes in central and South America.

The world is in the grip of powerful, irresponsible forces that must be challenged. Here in Canada, under the leadership of the Liberal Party, we can either become the banana republic that we have in a way always been, or we can begin to build anew our own house. We can get our own house in order, and from there be able to contribute to a more just and sustainable global society. The Liberals and Conservatives will not acknowledge this reality. We do acknowledge it. We invite all Canadians who love life, who love freedom and the notion of a renewed human community to join with us. We do not have all the answers, but we have the political freedom which the two other parties have demonstrated time and time again they do not have. We have the political freedom to begin the work that needs to be done.

I want to say something about the Progressive Conservative response to Bill C-124. It is hard to know just what the Progressive Conservative response to Bill C-124 is. When the hon. member for Nepean-Carleton (Mr. Baker) rose, he sort of weaseled and waffled his way and was not sure just what the position of his party was with regard to this bill. Do you know what the problem is, Mr. Speaker? Right now, the Conservatives would vote against anything that was proposed by the Liberals and for anything that is in opposition to the Liberals. I need only refer to recent motions where the Conservatives voted for the strengthening of FIRA, and then, on the next day, someone in the Progressive Conservative Party moved a motion under the provisions of Standing Order 43 calling for the weakening of the Foreign Investment Review Agency. They did not even have the decency to wait 48 hours. The Progressive Conservatives voted for a tax on excess bank profits. I am sure that if we moved a motion calling for the nationalization of the banking community in this country, the Tories would vote for it because they are so desperate to create the impression that they are different from the guys over there. They are not any different from the guys over there. But that is what is going on. The Tories will vote for anything. Now they do not know what to do on this bill. They have a real dilemma on their hands. The Progressive Conservatives approve of this program. They approve of Bill C-124. This program does not go as far as the hon. member for York-Peel (Mr. Stevens) would have liked to have led his party when it was in power, but it is getting there. It is called, "Blame the public sector. Blame the civil servant. Blame government spending." It is the sort of simplistic economic analysis that we always hear the members of the Conservative Party mouthing incessantly until we are almost sick to our stomachs from having to listen to it.

The Conservatives really want to vote for this bill, but they have to create the impression that they are different from the Liberals. It will be interesting to see what they will do. The President of the Treasury Board (Mr. Johnston) has now given notice of closure. The day of decision for the Progressive Conservative caucus is nigh. We wait with some anticipation just to see how far the Conservative Party has strayed into that area of politics where they vote for things purely on strategic considerations that have nothing to do with politics or have nothing to do with what they actually believe is the case. The irony of it is that every day the Conservatives become more and more like the Liberal Party.

Of course, they started out like two peas in a pod. But, in a more generous moment, we used to be able to say that the Progressive Conservatives had a few principles. They were dumb principles, but they had a few principles on which they liked to stand in relation to the Liberals. But that is not the case any more. Now the Conservatives will vote for anything. That is what happens when it comes to Bill C-124 and other matters.

Mr. Gustafson: It is the NDP-Liberal coalition that is causing the problems in this country.

Mr. Blaikie: The Conservatives will not tell us what their policies are. They are just against the Liberals. In fact, the hon. member for St. John's West (Mr. Crosbie) is quoted In *Maclean's* magazine as saying that if he really told the people what he would do as finance minister they would never get elected. What a wonderful quote. Isn't that delightful? It remainds me of the time when the hon. member for St. John's West came to Manitoba prior to the 1979 election. At that time he said to the people in Thompson, Manitoba that Joe Clark will make Sterling Lyon look like a pussycat. We made great use of that statement and we made great use of that indication of the kind of government we would get from a federal Progressive Conservative government. We saw many Progressive Conservative candidates who were incumbents go down to defeat in the 1979 election. I must say I am grateful to the hon. member for St. John's West for this new revelation

of just what kind of policies we would see from a Conservative government. They are so had that he does not dare tell us what they are.

• (1600)

I do not want to go on at great length about the Progressive Conservatives. They are their own worst enemies. I am sure that they have a great deal of time left before the next election to do even more harm to themselves than they have already done.

Let one thing be clear, that from the analysis of the situation which I have attempted to lay out this afternoon and last night, the Liberals and the Conservatives are of a piece. There are problems which all of our ideological assumptions must take into account. To that extent I have tried to say that we all have a very difficult time ahead of us in figuring out the global economy. But I firmly believe that neither one of these two parties which I see before me here now has the conceptual or philosophical resources with which to deal with these problems.

When it comes down to the Liberals making a choice between protecting the people of this country and protecting their sources of campaign funds and sources of power, or when it comes down to choosing between the people of this country and the big money, the big money wins. But, as I have pointed out, the situation we have is more complicated than that, and I hope hon. members will take the time to consider what I have said today.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I would just like to make a few remarks this afternoon. I had not intended to speak since I have so much other work to do, but I always feel very inspired when I hear a young socialist stand up to speak. I am always impressed by the sincerity of the philosophies which they shower us with, and one is always tempted to get up and set the record straight.

It was Winston Churchill who once said that the inherent vice of capitalism is the unequal distribution of blessings and the inherent virtue of socialism is the equal distribution of misery. A socialist of the type we just heard from is usually the guy who has nothing and wants to share it with everyone else.

If they believe that their socialist philosophies and ideologies work so well, why do these young fellows not take a trip around the world to visit the places where I grew up and places behind the Iron Curtain to see how socialism really works? They pretend to be social democrats, but they openly admit that they are socialists, and they do not even understand that difference. What they do not realize is that those things which they want to divide, which are so unevenly divided right now, came as a result of the free enterprise system in the first place. Now we have to turn it over to all these yong upstarts, give it away and waste it all.

There is no question that there are inequities in this bill. We do not like the fact that everyone should be held to the 6 per cent rule as provided for in this particular bill. We do not want Michael Pitfield to get another 6 per cent to his approximate salary of $140,000 that he is now receiving. That is not fair compared to the people earning $12,000 or $15,000 a year who will also have a 6 per cent increase. I presume Michael Pitfield buys his groceries and gases up his automobile at the same places that the lower paid civil servants do. If the time to start restraint is not now, I ask when is it? I ask my hon. friend from the socialist party when the time to start restraint is if it is not now, and if it is not in this place, where should we begin our restraint program? Who should begin first, if it is not us?

I suggest that members of the NDP are filibustering this bill because they do not like the 6 per cent reduction of their own pay increases. They could not be stopped from rushing to the trough when they were discussing pay increases for Members of Parliament and the indexed pensions that we were allowing ourselves at 38 per cent. They could not be stopped from rushing to the trough, and that is what is bothering them. That is the crux of the whole issue. That limit of 6 per cent to the public service this year and 5 per cent next year also applies to Members of Parliament. We will be held to 6 per cent.

Mr. Benjamin: Are you going to send yours back?

Mr. Oberle: That is what is bothering these young upstarts from the socialist paty. A socialist always knowns how to look after himself. This could be shown again if these young fellows were to visit some socialist countries to see the big limousines with the curtains on the windows because their owners do not like to be seen by their constituents. They know how to look after themselves. They have their summer palaces everywhere.

I want to tell my socialist friends that unless someone makes a start, this country will be in serious trouble. Right now we have a $20 billion deficit, and when the unemployment insurance statistics are in this fall that deficit will have grown to $22 billion. The tragedy of this is that over half of that money is borrowed abroad and has to be paid back in hard currency, regardless of how low our dollar will fall. In addition, Canadian taxpayers will be paying between $4 billion and $5 billion to foreign banks.

Incidentally, that deficit, on a per capita basis is half of what the Americans are planning their deficit to be. The difference is that the Americans are borrowing from their own banks, their own insurance companies and their own people. The money turns around in their own country. Our interest is paid to the United States in New York or to the Arabs, the Belgians and the Swiss.

Mr. Benjamin: You said you liked foreign investment.

Mr. Oberle: Listen to the whisky-jacks over there! They know what we are talking about. Someone has to make a start and someone has to restrain this drunken sailor across the aisle. Someone has to make a beginning. It must start here because this is where the buck stops.

Since I have a little bit of income from the outside I will probably not miss too much, and this 6 per cent might even help to get me into a lower income tax bracket.

Mr. Benjamin: Send it back then. Put your action where your mouth is.

Mr. Oberle: I suggest that unless we convey to the rest of the country that we are serious about what we are doing, these goals will not be reached. It does not help to convey this message when we see the evidence which has been exposed in question period today that the government is already breaking its own rules. The increases in rents that CMHC will be charging on the approximately 90,000 low-income homes it owns in Canada will not be subject to the rule because the input costs are too great. The provinces are telling us that we cannot apply the same rule to some of the utilities because they would be losing money. If we are already starting to make these excuses before the bill is even passed, it will not work.

Mr. Blaikie: Are you going to vote for it?

Mr. Oberle: It will cut work just like price controls did not work in 1974, and you know why. The government applied wage controls on the civil servants and then promoted them up one grade to the next category, which in effect gave them a 15 per cent increase.

Mr. Blaikie: How are you going to vote?

Mr. Oberle: My friend from the socialist party asks how we will stop that. We will keep a keen eye on what the government is doing.

Mr. Blaikie: How are you going to vote? Will you vote with the Liberals?

Mr. Oberle: Yes, I am going to vote with the Liberals.

Some hon. Members: Hear, hear!

Mr. Blaikie: That is what I wanted to hear from you.

• (1610)

Mr. Oberle: I am prepared, my friend, to accept my responsibility. The problem with members in the NDP is that they never have to accept any responsibility. The NDP will never be a national party because there are only so many provinces that socialists can leach from.

Mr. Kristiansen: You are going to pass the buck to the workers.

Mr. Oberle: The socialists are not interested in the provinces that do not have anything to share. They are big in B.C. and in Ontario. They are big in the "have" provinces. So there is never any fear that the socialists will become a national party. Members in the NDP can tell us anything they want. The point is that we on this side of the House will be the next government. Every Canadian knows that today.

An hon. Member: Tell us what you will do.

Mr. Oberle: If one wants to examine the voting record of the Conservatives compared to that of the NDP in terms of moving with the government, there is only one vote that one must consider. That was the one in 1979 when the NDP defeated the government, which had a program to take us out of the recession. It opted for the drunken sailors that destroyed us, those who are rendering our country into a position from which it will take two generations to dig us out. We are now borrowing money that our grandchildren will have to repay. I ask hon. members how we will ever retire a $22 billion debt, the situation in which we are now. Our dollar is in serious decline and interest rates are out of proportion. How will we ever repay this debt? It will not be this generation which will do it. What an incredible indictment it is to a country as rich, as diverse, as great in energy and human resources, that it has been rendered into such an incredible situation!

My young socialist friend says that it is a banana republic. We must restore the confidence of many people, not just our own, people who had faith in our country at one time, such as foreign investors who came here to help build our country. They are looking at us today as though we were a banana republic. Every day, as we hear, agencies in New York reduce our credit ratings, just like they do to Third World countries and banana republics, because they do not think we have a stable government. The National Energy Program has confiscated private assets. There is no confidence because no one is willing to accept any responsibility in this institution.

I would like to give one small example. When the Falkland crisis was occurring, the foreign minister in Great Britain took the wrong advice about the capability of the Argentinians. He took the wrong advice and made the wrong judgment. What did he do? He walked into the House of Commons and resigned because our tradition, the British tradition and the Canadian parliamentary tradition, requires that people who have the responsibility accept it and live by it.

I would like to draw this picture. Two years ago, against the advice of everyone, including the advice of his own cabinet colleagues, the Minister of Energy, Mines and Resources (Mr. Lalonde) brought his National Energy Program to the House. For a year and a half he was told of the disaster he was creating, but he listened to the people appointed for him by the Prime Minister (Mr. Trudeau), those who went through the London School of Economics and believed in the juvenile socialist ideology that there should be a state-owned oil company and that once that was in place, everyone would be happy. So what did he do? He brought in the National Energy Program. Then, 18 months later, after everything that we predicted would happen did happen, he came to the House and said that he had made a mistake. We had told him that the industry would be totally destroyed, that foreign companies would move out and that this would have the result of bankrupting all the small Canadian companies that were active in the oil field. Incidentally, we had 50 per cent Canadian ownership, if we count small Canadian service industries active in the oil industry. Eighteen months later he said, "Mea culpa! We have made a few mistakes, we must make a few corrections and we will turn the clock back and start afresh." Did he come in to say, "I resign, I goofed, I took the wrong advice"? Of course he did not. He just came in and said, "We have to start afresh. We have made a few mistakes."

The Minister of Finance (Mr. MacEachen) brought in his budget in November of last year. Of course, he would not tell anyone of his plans before. He only took advice from one person, Neil Brooks, a professor at one of the institutions in Toronto. He is another one of these intellectual, Fabian socialists who believe that the people who have a little extra money should not give it to charity but instead should give it to the government, and who believes that one should pay imputed rent on one's own private home. That is the only outside advice the minister took. But when he dumped it on us that night, we were shocked and dismayed. The country was in shock and in terror. We told him, "For God's sake, withdraw this budget before you totally destroy the economy of the country". Seven months later he came back and said," I now realize that the changes we have made to the budget were not enough, and I must now bring in a new budget." I ask Your Honour, did he come in, as is the tradition in the parliamentary system from which we emerge, to offer his resignation? Of course not. He just came in and said, "I goofed, so the hell with it. We have chased people out of their homes and farmers have walked away from farms they inherited from their parents, but we have now come to see the error of our ways and we will try something fresh." That was not conducive to restoring what is most vital right now because not only do we have an economic crisis, we also have a very, very serious crisis of confidence.

There are only two ways the government can go. It can accept some responsibility and live up to its actions, or else this system, this institution, will have to be reformed. Again, we would have to look at the examples in other countries. We have to restore the power to the people themselves. People can no longer trust the ones they elect to Parliament. If they can no longer trust their government to be accountable, to be honest, to be sincere, to be less devious than this government, then we must change the system and restore to the people the powers that there are in other systems. I make the comparison to the system in the United States. The ordinary American can impeach his president. He can, in fact, recall his congressman or senator. Can one imagine how many Canadians would like to recall their Minister of Finance and replace him with someone else? Americans can elect their judges. They can present petitions to deny spending power to their governments. Proposition 13 was an example. We cannot have it both ways. We can either live by the time-honoured system which has brought this country to greatness and which has worked everywhere, or else we must fire these people and replace them with honourable people and change the system itself.

If one looks to the socialists for any solutions, one finds that the solutions are not there.

Mr. Kristiansen: You are going to vote for them.

Mr. Oberle: They are simply not there. It is just a little more than naive to come out and say that government is unable to run the country, business is unable to dig us out of this economic crisis, and then to simply believe and say that Dennis McDermott and the unions are able to give us all of the answers. Frankly, I have no respect or confidence in anything that those fellows over there are doing. I would almost prefer to have any one of them lead me to economic disaster than to base my confidence in Dennis McDermott. These fellows, great defenders of the great union power, rose in the last couple of days and condemned the government for what it will do by taking away this inalienable right of the average worker to collective bargaining. They are saying it is the first serious injury to the new Charter of Rights and Freedoms. Incidentally, fellows, I did not vote for the Charter of Rights and Freedoms, so I have the freedom to speak along these lines. I stood up in accordance with my principles and voted against it. There are certainly very good reasons our party, collectively, voted for it. These great defenders stand up to speak for the rights which are now entrenched in the charter. These rights include the right to collectively bargain. I have yet to see one of our socialist friends to my left tell us the definition of the collective system in the union arrangement. We now have in our entrenched Charter of Rights one of the cardinal principles of democracy, freedom of association.

• (1620)

I could believe in the collective rights of members of unions who have the right to bargain and exercise all the power they now have if the ordinary citizen were not compelled to become a member of that collective system, if he had the freedom of association.

When Dennis McDermott stood in front of this building, turned around and pointed at the institution and said, "The next time we meet here we will go inside and toss these turkeys out", a lot of people wrote to me questioning why they were a member of that union. It is a good question. That person has to be a member of that union to have a job. He has to be a member of the union to work for the federal government. He has to be a member of a union to work with the provincial government. He is compelled to be a member of the union to have a job in one of the major industries.

Only one-third of the people who work in this country have the opportunity of joining unions. Those who do are compelled to join. That is really the problem. That is something else for which we have to accept responsibility one of these days. The buck again stops here.

When is someone going to test that question in the Supreme Court, freedom of association? What kind of democracy is that? That is Iron Curtain democracy. That is the choice people are given behind the Iron Curtain where the average citizen is compelled. The socialists to my left do not believe in freedom of association. They should not compare themselves with Sweden, West Germany, France and other socialist governments. It is unheard of that a person should be compelled to belong to a political party, a union that is politically active, a church or anything else. What kind of freedom of association is that? When that question is decided before the Supreme Court, they will have egg all over their faces. The union boys will come to them and say, "Hey, you guys, you voted for this monstrosity and now we no longer have the power we once had."

That is the kind of power we have to curb in this country. We have to restore the power to where it should be, to the elected representatives. Once we have done that, we must always have the elected representatives accountable, as they once were. Only then can we expect people in this country and those abroad to have confidence in our system, this institution and the people who serve and sit in these institutions. Until this confidence is restored, this country will be in very serious economic straits. There will be very serious problems. Thousands of small businesses will go under. The banks will be protecting the large companies because they are into them so deep.

If Dome Petroleum goes under and $6 billion or $8 billion in loans is called, that is 60 per cent of the assets of our chartered banks. Imagine that.

Guess who will have to bail out the banks? It will be the taxpayer, the person who cannot meet his mortgage payments now, the senior citizen who has to eat dog food because the increase in his old age pension will again be curbed. They are the ones who will bail out Dome and the banks.

Do we ever see these fellows speaking for them? No, because there are big unions involved. You cannot speak about letting Chrysler go bankrupt. There are big companies that have a stake in this. When a small operator or small business with five or six employees goes bankrupt, those who are unemployed are just as unemployed as those who work for Dome or Chrysler.

We are so wrapped up in government bail-outs and intervention that there is no longer any other way out. Someone in this place, this green room, this most important room in this country, must accept some responsibility and live by some principles in order to restore this country to the greatness that our forefathers envisaged and built. Only then can we get out of our economic dilemma.

These fellows do not have the answers. Do not be confused by what Winston Churchill called the gospel of envy. This bunch does not have a thing, and they want to share it with everyone else! You cannot give anything away you have not first created.

We have to again create wealth in this country. That must be done by people who know how it is done, people willing to take risks, people willing to work more than six, seven hours a day, people willing to spend some sleepless nights and willing to forgo a paycheque once in a while in order to build up a small business, hire people and create wealth. Only then can this country be restored to the greatness it is capable of achieving.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, it is interesting to listen to the hon. member for Prince George-Peace River (Mr. Oberle). I was going to comment extensively on his remarks, but that would only legitimize what he said, and I would not want to do that. After he spoke for 20 minutes in a very negative way about the government and in particular about Bill C-124 that we are dealing with today, he stood up and said he would support the bill when it came to a vote. That kind of confusion perplexes me.

It is no wonder that Canadians who watch the proceedings of this House are often confused by the rhetoric of debate. They find it somewhat childish and elementary in terms of the accusations hurled back and forth in speech after speech. I will not do that today. I will just present facts. I will present a thorough examination of Bill C-124 in principle.

This is the second reading of Bill C-124. It is an opportunity to examine the various principles involved in the legislation before the House. I was disappointed when the President of the Treasury Board (Mr. Johnston) stood in the House earlier today and said that not only was the government going to remove the right to bargain collectively on the part of employees in the public service, but that he was going to eliminate one of the most fundamental and democratic rights this House has come to enjoy, freedom of debate, particularly on a very critical issue.

Bill C-124 is one of the most critical bills to come before this House in months. The fact that the government is going to introduce closure so that members will not have an opportunity to thoroughly debate the implications of this legislation is very disappointing.

This bill to restrict the wages and salaries of federal employees to 6 per cent in the first year and 5 per cent in the second year is a response of the government to the economic crisis facing Canada today. It was detailed precisely and extensively by past and present auditors general when they said that this country was on the edge of economic and financial collapse. I am sure every member of this House, both on the government side and the opposition side, will agree with that evaluation of our present economic situation. Indeed we are on the edge of financial and economic collapse.

• (1630)

It is also a response, Mr. Speaker, of the government to the wrestling match of the Prime Minister (Mr. Trudeau) with inflation. He is spending a lot of time on the battlefield wrestling inflation to the ground. He is not a successful fighter in that respect. It is proposed that Bill C-124 will assist us in our efforts to reduce the rate of inflation.

I do not have to remind members that we are in a situation where practically two million Canadians are forced into a state of idleness. We are becoming more familiar every day with what that state of idleness does to people. We know the depression, the distress, the anxiety, the lowering of morale that will have profound consequences for decades to come.

I say that, Mr. Speaker, because when you have so many people unemployed in a country, it has a ripple effect that can be measured in a variety of social terms. By social terms I refer to family breakups, family violence, drug abuse, alcohol abuse, increased juvenile delinquency. Youngsters are having trouble at school as a result of the financial problems their parents have to face. Again, the cost of these social problems will be with us, not for years but for decades and perhaps for even a generation or two.

We find out today that bankruptcies in the first half of 1982 have increased 37 per cent over last year, which we all know were at excessively high levels. If we add in the bankruptcies with the receiverships and with those folks who simply close up the doors of their small and medium-sized businesses, this year alone we will likely look at something in the neighbourhood of 60,000 businesses that no longer exist at the end of the year that were in effect at the beginning of 1982.

We hear that plants across the country are operating at less than 70 per cent capacity. This 70 per cent capacity results directly in increased shutdowns, increased cutbacks, employee hiring freezes, lay-offs and the threat of future lay-offs. Growing numbers of Canadians are finding themselves dependent now on UIC benefits or welfare benefits. I am sad to have to say, Mr. Speaker, that in my constituency—which is one of the richest parts of the province of British Columbia, which is one of the richest parts of Canada, which is one of the richest countries in the world—the greatest contributor to the local economy is the UIC office today. When a Member of Parliament has been forced, because of people who fall between the cracks of UIC benefits and welfare benefits, to open a food bank to assist families who are unable to put food on the table for their families, it is a very sad comment on the state of our economic affairs.

As these plants close down, cut back, or lay off their employees, and as those people who are unemployed are unable to purchase goods and services, those who are fortunate to be working today are hesitant to purchase goods and services, because they are uncertain about their future. Six months from now, where is Canada going to be? It is certainly anything but clear, Mr. Speaker. As a result, the purchasing power of Canadians has been throttled.

Then the government comes along in its budget of June 28 with an idea. They say: "Because our plants are operating at undercapacity, because people are not able to purchase the durable goods that they desire and need, or the services they desire and need, we have a solution; we are going to cut back even further, we are going to reduce wages, we will increase taxation, we will relatively cut the pensions of the people who built this country." The logic of that argument escapes me. At a time when the economy is downturning because firms cannot sell their commodities or their services, the solution is to cut back on those sales even further. That logic, as I say, escapes me.

During these times of economic crisis and economic calamity, where businesses, small, medium or large, are struggling to survive, the government has looked about for a scapegoat, for a whipping boy, for a bogyman. "We have to blame someone; we cannot blame ourselves, we have to blame someone else." So they did some polling. We are used in this country to government policy by polling, so presumably using the services of Goldfarb or Gallup, they found that the public perception of a villain focused on federal employees, considered to be lazy, overpaid. Therefore, the government decided to introduce legislation to assist the Prime Minister in his battle of wrestling inflation to the ground by limiting the wage and salary increases of federal employees to 6 per cent and 5 per cent.

The Prime Minister and the Minister of Finance (Mr. MacEachen) stand up in this House daily and say: "This will wrestle inflation to the ground; this will reduce inflation." The Minister of Finance reminds me of Peter Pan. Peter Pan said that if you really believe you can fly, you will fly. The minister says that if you really believe this will reduce inflation, it will reduce inflation.

We on this side do not believe in Peter Pan. We do not believe this is the appropriate policy to reduce inflation or to resolve the economic challenges that face Canada today. How can we have confidence in the minister's inflation-fighting device when we find that energy increases for next year will exist at the 31 per cent level? By government policy, the energy prices in Canada will increase 31 per cent next year. As a result of the ripple effect of that, there will be an increase in transportation costs, in heating costs, in cooling costs. These are going to result, of course, in fuelling the rate of inflation.

What about the $135 billion accumulated deficit that by definition will drive the interest rates even higher than they are today? Mark my words. How can you keep inflation down when you have interest rates in the 21, 22, 23 percentile range? Again, Mr. Speaker, I suggest that by definition it is impossible. Yet somehow, mysteriously, by restricting the wages of 5 per cent of working Canadians, we will have this magical impact of reducing the rate of inflation down to the 6 per cent and 5 per cent world. I suggest, Mr. Speaker, that the Minister of Finance exists in a fairyland, that this world of 6 per cent and 5 per cent cannot exist under present government policies.

Why should we ask Canadians to follow along these guidelines voluntarily, in the absence of any over-all strategy or comprehensive program to fight inflation? As a result, we have many individuals, many groups of people, who are scrambling today in fear of their jobs or their futures. They are grabbing whatever they can in this desperate world that the government has created. You cannot blame people often for what we would tend to call being greedy, for asking for too much when the future is so uncertain for the workers of this country. Unlike the workers of Japan, which often the Prime Minister and Minister of Finance hold up as an example, where there is job security in those small, medium and large firms, where people do not have to scramble for their lives in this sort of free enterprise world in which we live.

I listened with interest to the member for Prince George-Peace River comment on free enterprise. I recall the very first business in this country. The first commercial venture was the fur trade. It was not many years before the Hudson's Bay Company, operating under a monopoly or an agreement with the government, had the entire fur trade for northern North America sewed up tight. I do not think that has changed much to this present day, when the reference earlier was to Dome Petroleum. We know full well that the taxpayers of Canada, when the crunch comes, will be called in to bail out that "free enterprise" firm because of imprudent decision-making on its

own part, when it spent so much of its energy and its financial backing on unproductive mergers and takeovers. However, that is a topic for another debate.

• (1640)

How can we ask Canadians to rally around a restraint program which has no over-all context and when minister after minister stands and says, "Yes, we probably will support a 25 per cent increase in the cost of rental accommodation provided by Canada Mortgage and Housing Corporation, and we will likely support a 25 per cent increase in telephone rates."

Mr. Tousignant: You are misleading the House. Be serious.

Mr. Riis: The Minister of Finance rose today and said there will be exceptions. When government regulatory agencies which, presumably, are to fall under the 6 per cent and 5 per cent guidelines will not be held to that, I think the confidence of the Canadian public in the ability of this government to lead wanes considerably.

High interest rates will drive inflation up on a continuing basis. This will result in a continuing economic downturn. Why would any investor, large or small, invest in expanding a business in this country today? By definition the economic environment in Canada is risky. Why should they invest otherwise when they could have purchased Canada Savings Bonds at 19.5 per cent and when they can invest their money in secure accounts and receive up to 17.5 per cent? Why would anyone invest his money in expanding a business, a ranch, a farm or an enterprise of any kind? As long as interest rates remain as high as they are, inflation will continue at a skyhigh level and the economic downturn in this country will continue unabated.

This is an unfair bill. It is in tune with the budget because the budget was, by all accounts, a very unfair budget in terms of what it did to Canadians. To set the context for my remarks about unfairness, I want to refer to the aspect of the budget which resulted in income tax increases for all Canadians. The rhetoric of the Minister of Finance sounds good when he says everyone's taxes will be increased, but that is not quite true. For example, single taxpayers who have no dependants and earn less than $7,500 a year—which includes many seniors, the pioneers of our country—will pay additional taxes in excess of 50 per cent. However, a single taxpayer with no dependants earning $100,000 a year will not pay increased taxes of 50 per cent; those taxes will go up by 2.5 per cent. The taxes of a person earning $200,000 a year will decrease this coming year.

Mr. Orlikow: That is the Liberal idea of equity.

Mr. Benjamin: That is free enterprise.

Mr. Riis: That is the kind of equity and fairness the Minister of Finance had the gall to propose in his budget speech in this House. I do not, of course, have to refer to the fact that in this budget we have put the burden of fighting inflation on the backs of senior citizens, whose benefits next year again will decrease.

Let me refer to Bill C-124 as it deals specifically with federal employees and 6 per cent and 5 per cent restraints on their wages. This wage restraint is across the board, which means that increases in the wages and salaries of all federal employees and federal Crown corporation employees will be limited to 6 per cent in the year ahead. A cabinet minister whose income is now $102,000 will receive an increase of just over $6,000 next year. A senior official in the federal government whose income is $80,000 will receive an increase of nearly $5,000 in the coming year. Most public servants make about $12,000 a year, and they will receive increases next year of $720. Many government employees earn less than $12,000 a year. I think there is a public perception that anyone who works for the federal government is automatically in the $40,000 to $50,000 range. A federal office equipment worker in Vancouver has an annual income of $11,379. A typist working for the federal government in the city of Winnipeg earns $11,353. Teacher aides in the Atlantic provinces earn $9,631. This is blatantly unfair. People in one category of the federal public service will get $6,000 increases and the majority of those in another bracket will receive increases in the $700 range. Anyone who calls that fair is a dreamer and believes in unicorns.

Mr. Orlikow: It should be reversed.

Mr. Riis: Of course it should be reversed, and if we are to have cutbacks, they should be undertaken in a progressive way. This bill will simply emphasize the poor distribution of income and wealth in Canada.

One group of Canadians will be particularly hurt by this provision, and that group is the women of Canada who work for the federal government in one capacity or another. Statistics tell us that of those employees who make less than $10,000, nearly 70 per cent are women; of those employees who make less than $15,000, 64 per cent are women; and of those making less than $25,000, nearly 60 per cent are women. Surprisingly, of those making $50,000 and more, only 3 per cent are women. I think it is important to recognize that this is not a fair bill, and that is why we in the New Democratic Party oppose it so strongly. We oppose it because it is unfair by any description or definition.

To add insult to injury, a few days ago we heard that all the assistants of ministers of the government received increases of 11 per cent just before this bill was introduced. They got in just under the wire.

Mr. King: The Liberal way.

Mr. Riis: Ministers took care of their own. A group of lawyers working in the Department of Justice received 10 per cent increases, surprinsingly, just a day or two before this provision was introduced.

Mr. King: That is the Liberal way.

Mr. Riis: It is a sad day for Canada when we are debating—now under the cloud of closure—a bill which treats the employees of any institution so unfairly and then ask Canadians to rally around this "wonderful" program. That really is asking too much.

Many comments have been made over the last number of days that this bill is necessary in order to improve the competitiveness of Canada in international markets. Editorialists are prone to say that the wages of Canadians are so high that we are now unable to compete in the international marketplace. I want to consider that for a moment or two. The Majority of our exports are not labour-intensive at all. I refer, of course, to our huge wheat sales, huge energy sales and coal sales. These are major export commodities which are not labour-intensive. The wages of employees in these sectors play a relatively small part in the over-all expense, particularly during these times of high interest rates.

Let us look at the manufacturing sector. We hear cries that we cannot manufacture in this country because our wages are too high. Let us examine the facts and then decide. I will refer to manufacturing wage rates in a variety of countries which trade with one another. These wage rates were applicable in the year 1980. I choose that year not because of any selectiveness but because that is the year for which we have the most accurate data. The average manufacturing wage rate in Belgium, a major trading partner of Canada, was $13.18 per hour; in Sweden it was $12.60 per hour; in The Netherlands, $12.18 per hour; in West Germany, $11.94 per hour; in the United States of America, $9.92 per hour; in France, $9.46 per hour; and in Canada, $9.06 per hour. We ranked seventh among those countries, which are some of our major trading partners.

• (1650)

Over the last few years in West Germany, for example, which is one of our major trading partners, since 1975 manufacturing wages have increased by 91 per cent; in the United States by 56 per cent and in Canada by 48 per cent.

Mr. Oberle: Why do you not talk about productivity at the same time?

Mr. Riis: I could discuss productivity at some length, Mr. Speaker.

Mr. Oberle: Why don't you?

Mr. Riis: I feel it is appropriate to be relevant in our speeches, unlike some other hon. members whose comments were totally irrelevant.

When we consider productivity, do we consider the individual worker or the fact that in Canada we have branch plants which were never intended to be competitive on the international market in most cases? I do not think that matter is appropriate to a debate on wage and salary limitations for federal employees. I believe in the rule of relevancy, Mr. Speaker.

I have tried to indicate that wages in the manufacturing sector of this country relate relatively well to those of other trading nations. When we speak of competition, does that mean that we want to compete with the multinational companies that choose their plant locations in order to take advantage of the cheapest labour possible—virtually slave labour? I have visited many plants in Third World countries where conditions could only be described as virtual slavery, where wages are 25 cents per hour. Do we want to participate in that kind of blind reaction that causes the difficulty in which we find ourselves today.

To what extent are federal employees the major cause of inflation? An interesting picture emerges from an examination of the increases in their wages over the past few years. In 1978 wage increases for federal employees averaged 6.6 per cent while for the same year inflation was 8.8 per cent; in 1980 wage increases for federal employees averaged 6.6 per cent and inflation was 9.4 per cent; in 1981 wage increases for federal employees averaged 8.8 per cent in the first quarter and the inflation rate was 12.2 per cent. These wage settlements were two to four points under the rate of inflation.

Are the real causes of inflation in this country employee wages in the private or public sector, or are they the result of government pricing through regulatory agencies as announced earlier today, when we found out that in past years the prices that the government could control increased by an average of 18 per cent? This covers energy prices and high interest rates. Surely those are the critical causes of inflation, not wage settlements of federal employees that range from two to four points below the average rate of inflation.

Who has most strongly advocated wage controls, Mr. Speaker? Who appeared not long ago in Ottawa saying that the answer to our problems was to control incomes? Let me read from a list of a few of the people who were advocating that reduction of wages was the obvious step to take. These people would obviously have a real sensitivity to the strains and stresses felt by the breadwinners in the country today, those people who are trying to make their mortgage payments and put food on the table. There was Mr. Ed Phillips, Chairman of Westcoast Transmission, whose income in 1980-81 increased from $257,656 to 444,836; David Culver, president of Alcan, whose income increased in 1981 from $392,601 to $447,702; the chairman of Bell Canada had a tough time in 1981 when his income increased from $514,000 to $626,000. Then there was the chairman of Seagram's Mr. Bronfman, whose income increased in 1981 from $887,646 to over $1 million. If his increase had been limited to 6 per cent he would have received only a $63,000 increase in that year. These are the people who are advocating wage controls as the answer to the country's problems. The government's credibility evaporates when one sees the people who are advising it—other than the polls—regarding this program.

In spite of the advice given by leaders of industry and business regarding wage controls—and that is not a surprise—I suggest that if the truth were known the wisest business leaders in the country would not advocate wage controls

because they recognize the long-term results that flow from them. We remember what happened a few years ago when the Anti-Inflation Board attempted to wrestle inflation to the ground. Most members will recall the period from 1975 to 1978. We were not dealing then with 5 per cent of the work force but with wage guidelines for all Canadians. I remember that a number of my acquaintances were scoffing and laughing because while everyone else's wages were restricted, they were finding new positions and their wages were going up; they were manipulating new jobs that were created for them and they were being hired back and forth by various firms. In other words, there was always a way around the regulations.

In 1975 the rate of inflation was 10.6 per cent. The target for the anti-inflation program was to reduce it to 8 per cent in 1976, 6 per cent in 1977 and 4 per cent in 1978. But when the program terminated in 1978 the rate of inflation was 9 per cent. And at what a price! The business and industrial leaders of the country know the reality of the situation. They know that the price was the thousands and thousands of Canadians who lost their jobs and as a result could not contribute in any way to the economy. That was the price of a one percentage point reduction in the rate of inflation, as well as the incredible bureaucracy that was built up and which laid a dark shroud over the country for three years.

There is one insidious aspect of this legislation that I do not like to talk about because I really cannot believe it is happening in Canada. This is a country that prides itself on being free, on providing opportunities for people, on freedom of speech, freedom of assembly and freedom of religion. We have just spent two years discussing the Charter of Rights. In the next breath, however, the government introduces a bill to remove free collective bargaining from public employees. The member opposite says "Oh, come on". That is what this bill does, if she reads it. It eliminates free collective bargaining. Set aside for the moment the question of the right to strike, which some members might want to argue about at some other point. We are talking about free collective bargaining. We are talking about a House which stood up day after day in support of the Solidarity movement in Poland, saying that this was a basic human right which any person should have. This government has removed that freedom from its own employees for the next two years, of course thereby breaking its contracts.

• (1700)

Free collective bargaining is an integral part of any free and democratic society. This bill denies federal employees the right to negotiate any items, including monetary items. The monetary items are set by guidelines, and the ability to negotiate such areas as flexible working hours, work sharing and technological change provisions, occupational health and safety provisions, security against unfair disciplinary action, maternity or parental leave, affirmative action, equal pay for equal work—

Mr. Kelly: No, you are wrong.

Mr. Riis: Mr. Speaker, this bill denies the right of nearly 500,000 employees to negotiate in those very critical areas during these presumably enlightened 1980s. To make Canada work, the government has decided to remove the basic democratic rights that the people have come to enjoy after a long and difficult struggle.

Let us be honest about the basis of many of our problems. I know we on this side are prone to hurl barbs across the way at the incompetence demonstrated by the federal government. That is our job, to criticize the federal government and the legislation it introduces. But there is another problem in our country and it has to do with the business of strikes. We have seen a very special strike occur in the last number of months in our land. It is not the kind of strike that normally riles some Canadians; it is a strike of capital. It really began with the first discussions about the National Energy Program. It was a decision by capital, domestic and foreign, to bring the economy to its knees. The Americans made no bones about it. They said they wanted to bring their cash home, and they did not hesitate despite knowing that it would destroy the economies of a variety of countries.

Capital went on strike in Canada as well. It is a sad day, Mr. Speaker, when on a daily basis we hear many business leaders standing up and criticizing this government for its inaction when in fact the strike of capital, in a not so subtle way, has equally resulted in the downturn of our economy over the last number of months. As a result of our economic structure, Canada has, because of a national policy, found itself to be a branch plant economy of countries like the United States.

My friends to the right, Mr. Speaker, the Progressive Conservatives, talk on and on about the free enterprise world in which we live. It was Sir John A. Macdonald who introduced the protective policies which enabled the manufacturing industries of Central Canada to be protected to a certain extent and use domestic resources to fuel their plants. That is not free enterprise in any way, shape or form. Today we have the same situation where the decisions about our future, whether to invest or grow in this or that particular area, whether to support and develop this or that kind of agriculture or other resources, are being made in boardrooms in the United States, Japan, Germany, the United Kingdom and other countries.

Therefore, it amazes me when the Progressive Conservatives stand up daily and say the answer to our problem is to remove FIRA and encourage more foreign decision-making regarding our future, and more foreign investment. They are saying the problem is also the solution, and I must say the logic escapes me.

In summary, Mr. Speaker, I want to say that we are facing very difficult economic times. Many would say we are on the verge of a full-scale depression. I want to make it clear that we in the New Democratic Party feel that the way to stop this recessionary trend and initiate economic recovery is not by restricting the wages and salaries of federal employees.

Public Sector Compensation Restraint Act

Mr. Dan Heap (Spadina): Mr. Speaker, I am very glad to have an opportunity to speak against Bill C-124 because I think it is quite possibly a watershed in legislation. I think this is a special occasion and it makes some of us, at least, think back about 37 years. This legislation may very well mark the end of an era. Those of us who remember World War II and being demobilized in 1945 can remember the sense of hope we had. We can remember the great excitement about the sort of new world we were facing. There was a great vision of what we were going to do after the war. We had defeated fascism, so we thought. There was a great deal of enthusiasm all over the world for reconstruction of those countries which had been damaged in the war, and those countries constricted by war production had great opportunities for expansion into new kinds of peacetime construction and development. There was a hunger for reconstruction and growth. It was that new vision, enthusiasm and hopeful expectation which was the basis for the kind of social peace and co-operation which has lasted for perhaps three decades.

The watchword, as I and others will recall, when we came out of the forces in 1945 was: full employment. We all remember that the unemployment of the thirties was only six years previous. The one thing that everyone, parties of the left, right and centre, political and labour movements of all kinds, agreed on was full employment. There was no need to force people to be idle while production goes down and people are in want. That was the basis of a kind of social contract 37 years ago. But this legislation now before us signals that the government has cancelled that understanding with the Canadian people. This legislation breaks that social contract.

• (1710)

It is not the first sign of the breaking. There have been many other things which I will not detail now, but this is an open wound. It is even more severe than the action of 1975. At the beginning it affects only half a million or perhaps a million workers, depending upon how many in the private sector may be on contract with the government. But we have the warning of the Prime Minister (Mr. Trudeau) that there may very well be more to follow.

What has been done by the Prime Minister and by the Liberal caucus with the full approval of the leader and members of the Tory caucus is to break that social contract made at the end of the war in 1945 and to introduce a kind of naked class legislation, harsher than I think we have seen in the last 37 years. We would probably have to go back to iron heel Bennett or to Borden's class legislation of 60 or more years ago to find the like of it.

This is class legislation against employees. Employees are specifically singled out for discriminatory treatment. Discrimination will be applied against them because they are employees. Employees are now second-class citizens in Canada. We had a signal of this. The Minister of Finance (Mr. MacEachen) signalled this in the opening remarks of his budget on November 12, 1981. He said that "excessive income demands on the part of those employed denies employment to others." There is no mention of excessive demands on the part of employers and investors, those who buy the labour of others. Only those who are forced to sell their labour are accused of being the cause of the unemployment of their fellow workers.

In this legislation we have exactly the same principle. Apparently there are some members across the way who do not believe that collective bargaining has been destroyed for at least two years. I presume they just rely on the caucus to tell them which way to vote and so have not found it necessary to read Bill C-124. When they do get around to Bill C-124, they will find Clause 7 which reads:

> Every collective agreement or arbitral award that includes a compensation plan that is extended under section 4 or 5 shall, subject to this Part, continue in force without change for the period for which the compensation plan is extended.

In other words, a whole union contract is frozen, extended for two years. Employees are not allowed to bargain even on non-monetary items. That is the clear reading of those words. That is how that clause is read by hundreds of thousands or millions of people in this land, probably everyone here except the people sitting in the backbenches across the way.

That is class legislation by people who preach unity and co-operation, the co-operation of the horse and the rider. This government has destroyed what has been won through a century or a century and a half of negotiation, namely the recognition of the right to collective bargaining. This government cannot destroy the right to collective bargaining. That is inherent to basic relationships and to basic humanity of the men and women of this country and other countries of the world. What is being destroyed is the government's recognition of that right. The Liberals are inviting the severest kind of social disorder in this country by doing that.

There is no legislation whatever touching on a limitation of profits. There is no legislation whatever touching on a limitation of prices. The class of investors and employers gets off scot-free and is the beneficiary of this wage freeze legislation.

It is ironic to listen to some of the Tories warning of the social unrest that will come from this. They have admitted that they will be voting with the Liberals for this class legislation. It is not surprising. For once the Tories have been uncharacteristically consistent. Their former leader, Mr. Stanfield, first preached the idea of this class legislation. But in case there was any doubt, their leader, the Right Hon. Leader of the Opposition (Mr. Clark), said on July 5: "What is in this budget? There is one important initiative: the introduction of restraint on public sector salaries." Since then a number of his followers have joined him in supporting that statement.

The Tories like to rail against us any time we vote with the government, but on this most important piece of legislation, the most important for several years, the Tories will do all they can to support it. As one hon. member said yesterday, the Tories will get on the 6 per cent and 5 per cent bandwagon. The Tories will climb on the bandwagon that has been created by the people with whom they pretend to disagree.

This new budget is an attack on the working people of Canada. It is a worse budget than the budget of November, 1981. This budget adds to the attack made then. This budget

cuts the wages of the employee. That is to say, it cuts them clearly below what the government predicts is the cost of living. This budget cuts and will cut benefits to the unemployed. Cuts have been made administratively. Already the government is reducing staff in the unemployment and pension offices. The government will simply drag out the process of applications.

Soon the government will put an extra tax on those workers still working in order to pay for the cover-up schemes which the government has, like the cover-up scheme when you take four jobs and stretch those jobs among five people, claiming you have created a job. The government will be cutting benefits to the unemployed and it will be cutting welfare payments further than has already been done. Welfare is all there is left for somebody who has been left out of unemployment insurance benefits or who has run through his unemployment insurance benefits.

In its haste to introduce naked class legislation, the government has shown complete contempt for contracts. The government has signed contracts with its employees. The government urges employees to bargain in good faith. The government sets the laws of bargaining in good faith and then the government wipes them out. It is not the first time the government has done this. The government previously granted the right to strike, but when that right was used the government cancelled it.

There are two kinds of laws in this country. When the RCMP illegally opened mail, the government passed a law to make that act legal. That is what it just did in the freedom of information legislation. When the postal workers went out on a legal strike, the government passed a law to make it illegal. Those bills were the forerunners of this bill. But this bill is much broader.

In the same budget—not in this bill but it is part of the package—the government is raising the income tax of almost every Canadian through partial deindexing. It is lowering the real pension, the actual spending power of the pensioner. According to the government's own projections of inflation, the actual spending power will be lower. There is no reason to think that the government has overestimated inflation because in the past the government has always underestimated it. There will be a real drop in the value of the pension through partial deindexation.

There is the signal to all employers in Canada that this government now despises the principle of collective bargaining. In fact, it despises the principle of a contract. It is prepared to dishonour its contracts whenever it chooses. The government has openly advocated that the private employers of Canada should follow the government's lead in this dishonourable action and follow the government's lead in treating employees as second-class citizens in Canada.

• (1720)

On the other hand, there are giveaways to the wealthy through new schemes for indexing investment or investment income. As has been pointed out before, the principle of this government is that if workers are to work harder it must give them less money; but for investors to work harder it must give them more money. This is how the government has corrupted the income tax system of this land in the same budget. This is in addition to all the tax gifts that were given to the same wealthy people in the November budget and by the concessions made since the November budget to the insurance companies and others in that field who appealed to the government about what I presume was their poverty and the difficulty of living on $100,000 a year. What this budget does is increase the revenue and power of that small group of people whose principal concern is to export Canada, primarily our raw materials, as fast as possible in order to get the quick bucks before the whole world economy collapses.

The budget supports the people who make their living by the revenues of the war industry, directly from the increased Canadian defence budget and indirectly by supplying materials to the much increased American war budget. It cuts the standard of living of working people directly. As well, it signals all power to the investor and employer class.

Why does the Minister of Finance do this? His stated reason is very simple, simplistic and false. For example, on July 5 in answer to the hon. member for Hamilton Mountain (Mr. Deans) he said, as reported on page 18983 of *Hansard*:

> That is the logic of the budget statement. If all income demands—and I am putting the emphasis on all—

He did not do that before but he did it here because he realized he was talking to a union supporter.

> —were reduced to 6 per cent, then price increases would drop to 6 per cent. That would be the inevitable result—

That is just pure hogwash. I do not think the Minister of Finance believes for a moment what he said. It is so nonsensical.

It is the same old hoary theory that the party opposite and the party to the right, when they have had their chance, have used since World War II. In spite of the social contract that was made at the end of the war, they have been chiselling away at it year by year with this same old hoary theory.

It used to be called the trickle down theory where you pour some in at the top and the people at the top get some, the people in the middle get some and the people at the bottom get some which makes everyone happy. The only thing that the sleight-of-hand people do not tell us about this trickle down theory is where the money comes from that is poured into the top. Of course, they got it from the taxpayers, who are primarily the low and middle-income people who cannot afford to hire accountants and lawyers to help them not pay any taxes at all. What this trickle down theory really says is that those lucky people at the botton, if they live long enough, may be able to get back some of what was taken away from them.

Of course, this is the same principle which is being followed here in Ontario by the Tory government. This is why that government has decided to bail out their friends, the private investors, by putting harsh new sales taxes on all these necessities needed by the people of Ontario. The only problem is that

the trickle down theory does not work. It is catching up with them. As was pointed out last night, we now have approximately $135 billion of foreign debt which involves huge repayments that are becoming even larger each year. These repayments are laid on the working people of Canada.

Some have made rather mocking remarks about the foreign debt of Poland, suggesting that their foreign debt puts the Polish government in a crisis. Poland, with a much larger population than Canada, has a smaller foreign debt than Canada.

I think it is probably a fact that the decisions of those members in the front benches across the way are not really made in consultation with their backbenchers, let alone any serious debate with members on this side of the House. Decisions are certainly not made in any open, frank discussions with the people of Canada. The decisions made in the front benches, such as this one, I believe are made only in consultation with the international banking community, as was the case with the 1975 wage freeze.

We have a famous Canadian graduate who graduated to the United States as an economist. Mr. Galbraith recently seemed to have a sort of death bed repentance. He called this trickle down theory the horse and sparrow theory. He said that when he was a boy on a southern Ontario farm they talked about the horse and sparrow theory, which says that if you feed the horse enough oats some of them will fall on the ground for the sparrow too. When I read what Mr. Galbraith had written before, it was exactly that theory which he was preaching. He got rich by writing books which told people not to worry if the system is unjust and there is an unjust difference between the rich and the poor; we are all getting richer and we do not have to worry about the other person. He has now said that what he was talking about is nonsense. The only trouble with the horse and sparrow theory is that it does not work when you see that it is the sparrow which has to buy the oats for the horse.

Speaking of horses, in the Kensington area where I live we used to have a couple of junkmen or ragabonies, as some people called them. One old junkman in particular went through the streets with his horse, Betty, to pick up junk from people's yards to sell. He made a bare living that way. He could pay the rent, buy food for him and oats for Betty. As the prices went up he came to a crisis. He went out to the stable and said, "I am sorry, Betty, we have to tighten our belts". He gave Betty a few less oats each day until finally, on a Tuesday morning, he gave his horse no oats at all. He was a little slower on his rounds that day. The next day, Wednesday, he went to the stable and the horse lay dead on the floor. The junkman said: "Look at that ungrateful beast. Just when I taught her to live on nothing, she goes and dies on me!" I expect that that junkman voted Liberal. It is within living memory when people thought that Spadina was a safe Liberal riding. Maybe the horse voted Liberal also because we can remember when horses used to be on the payroll here, so why not on the voters' list?

From what I have seen, I do not believe that the people of Spadina or the people in the rest of Canada are as docile and willing to lie down and die as that horse. They will defend themselves. They are saying that they do not like and will not accept a system which makes them the guinea pigs for an experiment that has already been proven false.

Why will they not accept it? First, they are the ones who have to carry the misery. They can see that it is not being carried by those who impose it on them. I have an unsolicited letter from a senior citizen in the city of Winnipeg. I used to live there, but that is not how the letter happened to come to me. He wrote, referring to the budget:

• (1730)

> Please vote against the current "Budget" proposal which would limit to 6 per cent and 5 per cent respectively the increase in superannuation payments for the next two years.
>
> I ask you to vote against this because while I was employed in the Federal Public Service, I paid the premiums required for insurance against "erosion of pensions' purchasing power".

In other words, he paid into the pension plan. Some of us are aware of the point he is making and agree with his letter. Others, though, especially those across the way, would rather the letters all went into the waste basket and were forgotten because they have a bad conscience for having cheated people out of the pensions for which they paid.

There are other workers in the Kensington area. Those making a living by hard work include construction workers, cleaners working for the minimum wage in the downtown buildings and the banks, the banks that made $1.5 billion in profits last year at the expense of low-wage workers, and viciously attack them when they try to organize unions. There are clerks working in places like Simpsons, which is laying off staff because customers are not coming in to buy since they do not have any money. There are maintenance workers who have been laid off, some of whom have been hunting for work for two years. In fact, in Kensington during the last decade or so a new industry has been developed: worm picking. At night the buses bring home the families consisting of fathers, mothers and children who have been out on the golf courses, or the lawns down in metro, picking worms. These are people who want to work and expect to work to maintain themselves, but who are not allowed to work because there are 1.5 million or two million unemployed in the country. These are people trying to make ends meet, although the cost of living is being pushed up by the deliberate, planned actions of the government.

Last month the price of food went up by 2.2 per cent, which was the largest monthly increase in two years. Apart from food, there are other big costs, such as shelter charges and gasoline prices. Just two weeks ago, the Prime Minister refused even to consider applying the guidelines to oil prices. There are increased costs for home heating and Bell telephone. Mortgage interest has increased 25.5 per cent over last year. Heating gas is up by 28.7 per cent over last year. Telephone service is up by 21.2 per cent and the company wants more in the next few months. The government will give it more. The government will stall and say: "Let the commission look into it and then we will consider it". By the time the government has

considered it, the company will be back for still another increase and it will also get that one from the government.

The government has created the very inflation that it said it is trying to fight. It has pushed prices up. It has not merely permitted them to rise, but has deliberately pushed them up for the last seven years through the interest policy of Governor Bouey. Therefore, the government blames the workers of Canada whose wages are 11 per cent lower than those in the United States, a land where the interest rates are also lower. The government blames workers in Canada for the government's decision to raise interest rates and all the other government administered charges.

We have seen an illustration of what was done to make the tax system more unequal; but now look at the deindexation of old age security. Under the indexed system, a person would have received $3,135.90 in 1983, but under the deindexed system it will be only $3,058.62, an absolute cut of $77.28. The next year, 1984, the cut will be $218.25, and so on, growing from year to year. Even if indexing were restored, it would be restored on that lower basis.

Women are especially restricted. At a time when there are huge changes coming in office machinery or procedures, women who follow the government's example, especially those in the government, are to be prevented from bargaining to protect either their jobs or their wages. Although only 39.6 per cent of total employees in the public sector are women, they make up 81.6 per cent of the support staff, the low-paid employees. When it comes to being laid off, these women, who equal 39.6 per cent of the employees, account for 54 per cent of those laid off.

What the working people of Canada understand is that the final pay-off of this system which makes them second-class citizens, blaming them for an inflation created by the government to the benefit of their employers, blaming them for being employees, is that the system will not even achieve the stated goal of cutting inflation. The 1975-78 wage freeze or, as the government likes to dress it up, "wage and price freeze", was a fraud and a failure for its stated goal of reducing inflation. It was a fraud because at the time it was introduced both prices and wages were already declining. In other words, prices and wages were coming down and the government decided to make it look as though it had done something by jumping on the bandwagon.

According to the budget figures put forward by the minister in November, wages in 1974 had gone up by 15.2 per cent, but in 1975 wage increases were down to 14.5 per cent. From there on, wage increases were 13.3 per cent, 8.3 per cent, 5.6 per cent and so on, on the way down, when the government put on a freeze. Likewise, prices were on the way down. They were 10.9 per cent the year before, 10.8 per cent when the government started its freeze and they dropped to 7.5 per cent. However, unlike wages, they did not keep going down. In 1977, while wages continued to go down, prices started coming up to 8 per cent. The next year, they were 8.9 per cent. In other words, while wage increases dropped from 14.5 per cent to 5.6 per cent, the price rise dropped only from 10.8 per cent to 8.9 per cent. In other words, it was very successful in cutting wages and increasing profits. As the government has admitted in the study it did a year and a half ago, it was a failure in lowering prices. It was a fraud and a failure.

It is very interesting that at that time the Governor of the Bank of Canada more or less admitted that that was what was going on. At that time, in his annual report he said:

> —through a sharp and immediate reduction of the growth rate of the money supply . . . inflation would readily come to an end.
>
> The trouble with this prescription is not with the medicine but with the dosage, which would be so great that the patient would suffer excessively while it was working. It would sharply curtail the growth of spending on goods and services—

He spoke as though he did not want this to occur, but in fact all his predictions occurred. He said:

> It would sharply curtail the growth of spending on goods and services . . . result in extremely weak markets, widespread bankruptcies and soaring unemployment.

Boy, do we ever have weak markets! He spoke as though he did not want to do this, but that is exactly what he did. At the time he spoke, unemployment was 6.9 per cent. Now, thanks to Bouey, it is 10.9 per cent and rising. At that time inflation was 9.5 per cent. Now it is 11.8 per cent. The bank rate was 9 per cent and it is now over 16 per cent. At that time there were 246 business bankruptcies per month. The figure is now over 900 per month. Consumer bankruptcies totalled 8,335 and have now nearly doubled to more than 14,000. In other words, the evil result that Mr. Bouey said he would like to avoid is exactly the result he has achieved with his systematic increase in interest rates.

• (1740)

The wage freeze of 1975-76 was a fraud and a failure. This one is a fraud and will be a failure. The people of Spadina and the rest of Canada will not accept this. They will not accept this attack on the wages, bargaining rights, pensions and income tax exemptions of the ordinary working people of Spadina and Canada. They will not accept government-made inflation of prices and the deliberately increased unemployment brought on by this government.

These people understand what the government meant a year and half ago when it said it could not bring in a wage freeze unless it could be made to be seen that there was some kind of emergency. They understand the government has created the sense or appearance of an emergency, or even a real emergency, to provide the excuse for bringing in the wage freeze.

These people understand that the government regularly defends the profits of the big corporations. I am not talking about the small businessmen, the merchants and manufacturers of Spadina. The government is wiping those out at a great rate. I am talking about the large corporations such as the oil companies and the banks.

The people of Spadina, Toronto and Canada understand that the government is the defender of those corporations. They are the first-class citizens even if they are not Canadians. Even if they do not live in Canada, they are the first-class

citizens here. The Minister of Finance said that everyone who is an employee is a second-class citizen and is condemned to be blamed for the inflation and unemployment which this government has created.

Some members opposite suggest it is not good enough merely to point out that their plan is a fraud and will fail, that some alternative ought to be offered. I remind them that the leader of our party, the hon. member for Oshawa (Mr. Broadbent), has repeatedly put forward alternatives. I will touch on some of them.

The chief alternative that we ask for is a policy to replace imports so that we can restore our manufacturing industry and reduce our deficit in imported goods. We must replace imports of transportation machinery, not just automobiles but transportation, mining, forest and farm machinery, all those things we now import and which are increasing the deficit in this country. We must start to produce these items again in Canada. We should follow the lead of some other countries and impose restraints on the multinational corporations, telling them that if they want a slice of the Canadian market, they have to produce in Canada accordingly and provide jobs so that people can buy those products. They have to create jobs here of equal value to what they want to import into Canada.

We have suggested that investment be put into manufacturing rather than handouts to the poor, starving oil barons and the banks in the form of interest rates deliberately kept high. Public investment should be directed away from megaprojects and into manufacturing in order to provide employment for Canadians where they are, in the cities, with the skills they have and have shown.

There are four other points I wish to list. We must compel the banks to lower interest rates to 1 per cent above the inflation rate. We must be ready to impose foreign exchange controls to prevent investors from shipping abroad the capital produced by Canadian labour. If that has to be done by public control, or even expropriation of the banks as other countries have done, so be it.

Immediately we have to boost the affordable housing industry, not the luxury housing which the minister likes so much, with $500 million of investment to spark 50,000 new units and 100,000 new jobs. We have to boost farming with price stabilization and forestry and fisheries with programs for reforestation and regeneration of those resources.

We must give them an immediate shot in the arm once we have protected the Canadian economy from being raped by foreign investors. Then it would be appropriate to cut taxes for low and middle-income people and to cut the planned increases in oil prices in order to stimulate consumer buying. That would release about $4 billion, $2 billion from each. We should stimulate consumer buying and get our manufacturing industry going again, which now operates at about two-thirds capacity.

This is what should be done instead of this class legislation which will not work. It is being rejected by the Canadian people. It cries out for a completely new social contract. This Liberal government with Tory backing has ripped up the social contract made with the working people of Canada in 1945. A new contract is needed.

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, it is a pleasure to be taking part in the debate this afternoon, and I am particularly pleased to see that the Leader of the Official Opposition (Mr. Clark) is in the House. Unfortunately, I could not be in my riding last weekend to welcome him. I hope he had an opportunity to visit the area when he met my few Progressive Conservative friends, at Maria. I also hope he noticed that the federal government's presence is very visible in the riding of Bonaventure and in the Gaspé, and that the people in this area do not intend to change their allegiance in the House of Commons and intend to continue with the same members in the spirit of co-operation that has always existed in this part of the country which was, in fact, the first area to be discovered. They intend to make the development plan for eastern Quebec, announced on May 4 by the Right Hon. Prime Minister (Mr. Trudeau), a success and show that in an area where at certain times of the year the unemployment rate is as much as 60 per cent, it is possible to reduce unemployment and improve conditions so that people can go on living there, to co-operate with the federal government and to obtain funds earmarked for this purpose. It is clear, Mr. Speaker—

• (1750)

The Acting Speaker (Mr. Blaker): Order, please. The Right Hon. Leader of the Opposition, on a point of order.

Mr. Clark: Mr. Speaker, usually I manage to resist the temptation to get involved in this kind of debate with hon. members, but he mentioned my recent visit, and I simply want to say that I had an excellent reception and that I have photographs taken by some of the hon. member's fellow citizens showing the state of the wharves in certain areas of his riding; I am sure that together, we would be able to persuade the Minister of Public Works (Mr. Cosgrove) to repair the wharves and give the fishermen in his area a chance to earn a living.

Mr. Bujold: I wish to thank the Leader of the Opposition, Mr. Speaker, I may point out, however, that perhaps his advisers forgot to mention that, last year, the federal government injected $10 million into the local economy for the construction of wharves alone, and this year, in my own constituency, the federal government injected $3 million, and the fishermen from this part of Quebec and Canada are very pleased with the federal government's participation.

It is clear, Mr. Speaker, that the bill under consideration this afternoon demands the involvement and co-operation of all Canadians. When wage increases are frozen at 6 and 5 per

cent for the next two years, obviously no one is going to be too pleased. On the other hand, if we look at the economic situation throughout the country, we must set aside our personal interests and concentrate on the interests of the entire country. In his budget speech, the Minister of Finance (Mr. MacEachen) said, and I quote:

> I will ask Canadians to participate in a strategy to make Canada a tougher, more resilient society. The way out of the recession is to bring down inflation and increase productivity. We must all share the burden and responsibility.
>
> The government will take a leading role in this strategy.

I believe that, by this appeal, the Minister of Finance wanted to go beyond any political partisanship, any personal interest of individual Canadians. He was making a general appeal so that every one of us would put aside our personal ambitions or ideas to make a determined attack on the major problem now facing us, namely inflation. It is obvious that all of us, the government, the unions and business, must make every effort to reduce inflation throughout the country. Everyone must do his share. Obviously, the federal government had to show leadership in this area. For such a program to be successful, we must call on the generosity of everyone. The process which we began in the budget speech cannot succeed if every Canadian in every region of the country does not feel involved in the present debate.

I must say, Mr. Speaker, that we have already had examples throughout the country to show that there is some solidarity among Canadians and that some people are willing to share with others and be generous.

Let me just say, Mr. Speaker, that the experience of our own department of Employment and Immigration has shown for eight to ten months already that workers throughout the country can share with their fellow citizens. When we introduced the word-sharing program, we were appealing to the generosity of Canadian workers. If over 3,000 work-sharing agreements have now been signed in Canada, which agreements have preserved 115,000 jobs and allowed 52,000 workers to continue working in the same plants, it is precisely because other workers in these same plants were willing to reduce their wages and share with others who would otherwise have been laid-off. I believe, Mr. Speaker, that if these workers had not agreed to the work-sharing plan, if they had not shown this generosity in key industries in certain areas, these industries would have had to shut down and we would have had unemployment and jobless rates of 50, 60, 80 and even 90 per cent. We have here a striking example, Mr. Speaker, of the fact that Canadians are capable and willing to co-operate with each other in dealing with the major problem of the day—inflation.

Of course, Mr. Speaker, following the budget speech, the opposition reacted quite ruthlessly in some areas, but that was to be expected, because, whenever the government takes action or announces measures, it has been customary for the opposition, the media and all opposition groups in the country to criticize the government in power. However, as people started to look at the budget and realized what was involved and looked at the economic situation throughout the country, opposition to the budget gradually faded. In a number of meetings held by the Prime Minister (Mr. Trudeau) and the Minister of Finance with major groups in this country and in meetings held by other ministers with members on this side of the House, to explain the budget measures in greater detail, it became clear to many Canadians that the measures we were proposing were beneficial to the Canadian people. When the president of the Canadian Labour Congress came out of his meeting with the Prime Minister, some of our opposition friends did not particularly like his comments, but I think the president and some of his colleagues have understood that the serious situation we are experiencing today is the concern of all Canadians, that it is not just a problem to be solved not only by the Canadian government but also by the unions, workers, business, and all Canadians in this country.

Mr. Speaker, when we hear criticism of Bill C-124 and when people argue that we are going to gag the unions, that the right of strike will be more or less abolished throughout the public service, I would like to point out that we are now at the second reading stage. Negotiations and discussions can continue, and the Prime Minister said very clearly that all good suggestions, and I insist on the word good, will be given serious consideration by the government.

Obviously, we are not going to close the door on negotiations, and the bill now before the House is limited in time, because it will apply for a period of two years. All unions and all Canadians involved throughout the country will have an opportunity to express their views, to modify certain decisions and bring about changes in the state of the economy, during and beyond those two years.

Mr. Speaker, we must not forget that many Canadian industries have had to shut down because of the present economic crisis. If the measures we are proposing are successful in bringing down inflation, many industries will be able to remain active and many workers will be able to continue to work in these industries, which will prove beneficial to all Canadians. Mr. Speaker, it is important that we understand the measures this government wishes to introduce in the fight against inflation. Understandably, Canadians are not eager to see industries close down and people who have worked in these industries for twenty or thirty years lose their jobs, and often older people at that. No one likes to see these people lose their jobs.

Mr. Speaker, may I call it six o'clock?

[*English*]

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the chair until two o'clock p.m. tomorrow.

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

HOUSE OF COMMONS

Thursday, July 15, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE ADMINISTRATION

DEMAND THAT GENERAL ELECTION BE CALLED—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, I am sick of a government that feeds inflation instead of "wrestling it to the ground", that increases its spending by 20 per cent but asks Canadians to cut their expectations to 6 per cent, that rewards the bureaucracy with 10 per cent to 12 per cent pay increases just before the budget, but that slaps our Armed Forces in the face with a $100 million reduction. I am sick of a government that has killed Canadians' initiative and their incentive to invest in Canada. I am sick of Liberal members who think it is clever, smart, and cute to change Dominion Day to Canada Day. My constituents tell me they are fed up and ask what we can do. Therefore I move, seconded by the hon. member for Bow River (Mr. Taylor):

That (a), the disenchanted Liberal members cross the floor; or (b), the Prime Minister give the country some hope by immediately calling an election.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SOCIAL SECURITY

NEEDS OF OLD AGE PENSIONERS—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise under the provisions of Standing Order 43. The National Council of Welfare, a federally appointed body, set up to advise the Minister of National Health and Welfare about the problems of poor people, has stated that the budget's "social policy aspects will adversely affect thousands of low-income Canadians." The Council estimates that among those who will be hard hurt by the budget proposals are 100,000 pensioners living at or just above the poverty line. Therefore I move, seconded by the hon. member for St. John's East (Mr. Crosbie):

That the House of Commons condemns the government and, in particular, the Minister of National Health and Welfare, for their callous disregard of the needs of 100,000 senior citizens at or just above the poverty line, whose real income, meagre though it is, will be reduced as a result of the June 28 budget.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PETRO-CANADA

SUGGESTED CREDIT CARD APPELLATION—MOTION UNDER S.O. 43

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, whereas the taxpayers of Canada have invested over $2 billion in Petro-Canada; whereas that was not enough and the government confiscated 25 per cent of other oil interests from other legitimate companies; whereas that was not enough and the government has now imposed a 4-cent per gallon tax on Canadians, which will total some $1.4 billion, to finance Petro-Canada; and whereas even with that the company is failing, I move, seconded by the hon. member for Athabasca (Mr. Shields):

That Petro-Canada properly name its credit card "Pierre Elliott Trudeau Rips Off Canada."

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SERVICE

EMPLOYMENT OF NATIVE PEOPLES—MOTION UNDER S.O. 43

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, in view of the fact that the policy announced by the government in 1978 to increase the participation of Indian, non-status Indian, Métis and Inuit in the federal public service has produced some 500 jobs, compared to a target of 12,000 jobs; and in view of the fact that this dismal failure resulted from the government's lack of commitment to the joint council that was established to implement existing native employment programs

and is made up of native representatives and government officials, I move, seconded by the hon. member from Beaches (Mr. Young):

That this House decries the government's shabby approach to its own stated policy and instructs the President of the Treasury Board to give assurances immediately to the members of the joint council that the necessary financial and human resources required to implement this policy will be provided forthwith.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PETRO-CANADA

COSTS OF PRODUCING GASOLINE—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the purpose in creating Petro-Canada was that this company would supply "a window on the oil industry" to Canada. But the window has become frosted as Petro-Canada refuses to supply Members of Parliament any detail of the costs of producing gasoline, both leaded and unleaded, or a justification for the difference in price of these products per litre. Since Petro-Canada is "ours", I therefore move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That Petro-Canada be directed by this House to supply to this House, and to the public generally, a complete breakdown as to its cost of producing gasoline, both leaded and unleaded, and a proper justification for the difference, sometimes as much as 5 cents a litre at the pump, in the price of these gasoline products.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

[*Translation*]

EMPLOYMENT

REQUEST FOR INSTITUTION OF NATIONAL LABOUR FORCE TRAINING PROGRAM—MOTION UNDER S.O. 43

Hon. Edward Broadbent (Oshawa): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Unless an agreement is reached between the federal government and the Government of Quebec between now and September 1, Quebec may lose $108 million it would otherwise receive under the national program for occupational training. Since the program is aimed at improving access to the labour market for thousands of unemployed Quebec workers, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this House ask the governments concerned to end their futile arguments and to establish this program, for which there is such a pressing need in Quebec, as soon as possible.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

SOCIAL SECURITY

HEALTH COVERAGE FOR WIDOWS AGED 60 TO 65 YEARS—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, the provisions of the present spouse's allowance which provides for assistance to spouses between the ages of 60 and 65 if they are married to old age security pensioners are extremely unfair to widowed Canadians between the ages of 60 and 65. There is a large number of widowed Canadians between the ages of 60 and 65 who cannot work and are not eligible for income assistance or paid medicare coverage. I therefore move, seconded by the hon. member for Calgary North (Mr. Wright):

That this House directs the Minister of National Health and Welfare to amend those sections of the Old Age Security Act dealing with spouses' allowances to allow for special health coverage for widows of pensioners between the ages of 60 and 65 years.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

REVIEW OF BRITISH COLUMBIA REGIONAL OFFICE—MOTION UNDER S.O. 43

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, the Standing Committee on Indian Affairs and Northern Development in a July 7 letter to the minister restated its urgent recommendation, made in its fifth report filed in this House on June 1, calling for an independent inquiry into certain aspects of the activities of the British Columbia regional office. Despite these repeated positions taken by a standing committee on this House, the minister yesterday announced a restricted internal review, which cannot begin to

address the issues raised. I therefore move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That this House instructs the Minister of Indian Affairs and Northern Development to honour the considered recommendation of a House standing committee by immediately appointing qualified persons to undertake an independent inquiry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MINES AND MINING

SUGGESTED STOCKPILING OF BASE METALS—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, the base metal mining industry in Canada faces a bleak winter. In particular, towns based on such mining activity may be decimated due to mass lay-offs because of temporary mine closures resulting from high inventory and low demand.

I believe the federal government should establish a selective strategic base metals stockpile equivalent to a three-month production supply from mines which are facing shutdown during the coming winter, and that such government-owned stockpile inventory be financed by federal government taxation revenues from either the approval of additional gas exports to the United States, from savings resulting from a cutback in oil imports, or borrowings against the base metals stockpiled inventory. Therefore I move, seconded by the hon. member for Kootenay West (Mr. Kristiansen) and the hon. member for Cochrane-Superior (Mr. Penner):

That the government immediately undertake to study and implement a government-owned base metals stockpile to alleviate unemployment in the base metal mining industry this coming winter.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL PARKS

APPLICATION OF CONTROL GUIDELINES—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, the people of Canada expect the Treasury Board and Parks Canada to live with the 6 per cent ceiling on land rentals under their control. A constituent of mine was informed by Parks Canada that a 50 per cent increase in the rent due from federal land is, to use the words of the Parks Canada, "in line with a Treasury Board directive". In addition, similar increases were projected by Parks Canada up until 1984, namely, 50 per cent per year for land rentals under the control of Parks Canada. I therefore move, seconded by the hon. member for Simcoe North (Mr. Lewis):

• (1415)

That this House urge the government to set clear and unequivocal guidelines for all federal departments to follow the 6 per cent ceiling contained in the budget for prices of government delivered services. In this way the people of Canada may derive some of the benefits of wage and price guidelines and not simply shoulder all of the costs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

LAY-OFFS IN CAMBRIDGE, ONT.

Mr. Chris Speyer (Cambridge): Madam Speaker, in the absence of the Prime Minister, of the minister responsible for employment and of the Minister of Finance, may I put my question to the Acting Prime Minister. As he probably knows, Cambridge is a community of 75,000 people in the heartland of southwestern Ontario. Until this year it had virtually no real unemployment. This morning the mayor of Cambridge telephoned me and advised me that in the first six months of this year 3,629 residents of Cambridge have been placed on indefinite lay-off; in the last year 1,090 people have become unemployed as a result of plant closures, and there are 1,683 temporary lay-offs.

Will the Acting Prime Minister please advise me what to tell my constituents whose hopes and dreams have been dashed, and whose pride has been stifled as a result of unprecedented rates of unemployment in the heartland of industrial Ontario? What will they do?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I think the hon. member should tell his constituents that the policies of the government are to make sure that Canada will come back as a very competitive society, and that if we achieve the goals established in the budget by the Minister of Finance, and if we manage to bring down inflation, Canada will regain its competitive position in the world market and so the good workers of Cambridge will be able to produce goods that will find markets.

Mr. Speyer: Madam Speaker, I am surprised by the lack of sensitivity in the answer given by the Acting Prime Minister.

Oral Questions

INDUSTRIAL AND LABOUR ADJUSTMENT PROGRAM

NON-APPLICATION TO CAMBRIDGE

Mr. Chris Speyer (Cambridge): Madam Speaker, this morning I was advised by Ingersoll-Rand that they are closing their plant in Cambridge, which means that 200 more people will lose their jobs. ILAP applies to Kitchener but it does not apply to Cambridge, which is in the same regional municipality. Would the Acting Prime Minister tell us why that program does not apply to Cambridge which has massive unemployment, but applies to Kitchener, which does not have such bad unemployment?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, the designation of various areas in Canada is based on the levels of unemployment and the nature of industrial problems in those areas. Designations have been made from time to time, and if the hon. member wishes to make representations regarding the city of Cambridge, he can do his duty as a Member of Parliament and get in touch with the Minister of Industry, Trade and Commerce.

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[*English*]

LABOUR CONDITIONS

PROPOSED CLOSING OF RCA CANADA

Mr. Doug Lewis (Simcoe North): Madam Speaker, I should like to direct a question to the Minister of State for International Trade. RCA Canada announced today that it would be closing indefinitely at the end of the year. That means that 1,200 people in my riding will lose their jobs at one plant alone. The company cites the loss of the European market and severe foreign price competition as the reasons. It is the last producer of colour picture tubes in Canada. What action is the government going to take to enforce the use of Canadian production in these products which come into our country, and in that way guarantee some jobs for Canadians?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I have not been approached by RCA to my knowledge in the past two and a half years since I have been minister, with respect to their particular problem to which the hon. member refers. I will look into the situation and act accordingly.

ANNOUNCEMENT OF DOFASCO LAY-OFFS IN HAMILTON, ONT.

Mr. Otto Jelinek (Halton): Madam Speaker, in the absence of all the key economic cabinet ministers, and despite the favourable economic predictions of the Liberal government, I should like to bring to the attention of the House the announcement just made by Dofasco of Hamilton, one of our blue chip industries and the second largest steel manufacturer in Canada, of its intention to lay off 2,100 employees indefinitely. This is the first major lay-off in the history of the company.

I should like to put a question to the Acting Prime Minister or to the Acting Minister of Finance. When are they going to recognize that the government's interest rate policies and massive deficit have wrestled our economy to the ground, and what action do they intend to take to deal with the 2,100 newly unemployed in one community alone?

• (1420)

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I think the hon. member is very unfair because the Prime Minister, the Minister of Finance, and the Minister of Industry, Trade and Commerce are meeting at this time with some labour leaders in this building in order to try to get the consensus we need to bring Canada back into a competitive position in world markets. They are working on the problem at this very moment.

Some hon. Members: Hear, hear!

Mr. Chrétien: Of course, if they succeed in getting a consensus that it is in the best interests of all workers in Canada to do what is needed to make sure we bring Canada's workers and products back to a competitive position, that will serve the purpose that the hon. member is seeking. It will make sure that a company which produces goods in his riding, or elsewhere, will be able to sell its goods abroad at a competitive price.

Mr. Jelinek: Madam Speaker, that answer will not help the 2,100 newly unemployed. Nor will the last three federal budgets help those unemployed.

REQUEST FOR CHANGE IN GOVERNMENT POLICY

Mr. Otto Jelinek (Halton): Madam Speaker, in the absence of the Prime Minister and the cabinet ministers in the economic field, on behalf of my constituents and the 1.3 million unemployed Canadians I ask the remaining cabinet ministers and the Liberal backbenchers when are they going to stand up on behalf of Canadians against the bankrupt economic policies of the Prime Minister and the Minister of Finance, and demand a change. Could the Acting Prime Minister stand up on behalf of Canadians and answer that?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I think the Minister of Finance produced a very good budget which is receiving—

Some hon. Members: Oh, oh!

Mr. Chrétien: —at this time more and more support in the nation.

Some hon. Members: Hear, hear!

Mr. Chrétien: He has tried to tackle the problems at the most crucial point. That means that Canada, the greatest trader per capita in the world, has to maintain its competitive position. If we succeed in the national campaign, on which the Prime Minister and the Minister of Finance are working at this moment with some union leaders, and if we can have the support of the opposition in that national drive, we will regain the position we want to have in world markets.

Some hon. Members: Hear, hear!

Mr. Deans: Madam Speaker, I am sure the workers at Dofasco do not think it was a very good budget.

* * *

HOUSING

RENT INCREASES—REQUEST THAT INSTRUCTIONS BE ISSUED TO CANADA MORTGAGE AND HOUSING CORPORATION

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is for the minister responsible for housing. In March of this year the then president of Canada Mortgage and Housing Corporation, Mr. Hession, said that rents in Ontario needed to increase significantly in order to stimulate new development. At the same time the minister was indicating he thought that rent controls were an impediment to the growth of the rental accommodation industry and the provision of rental accommodation.

Given that the Minister of Finance has said we need to bring inflation down to 6 per cent, and given that every single renter, regardless of where he turns, is being faced with increases well in excess of 6 per cent, will the minister do two things: one, will he instruct CMHC not to charge more than 6 per cent for all accommodation within their jurisdiction; two, will he meet with the various provincial ministers responsible for housing and require that they put in place rent control mechanisms to guarantee that rents will not rise above the 6 per cent level?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, one of the reasons why rents are so high and there is pressure for increases in the cost of rental accommodation, and one of the reasons for the lack of an adequate supply of rental accommodation in Canada from coast to coast, is just that: people are not building.

Some hon. Members: Oh, oh!

• (1425)

Mr. Cosgrove: In recognition of that fact, Madam Speaker, the government in its November budget introduced a $350 million program to support the early construction of 30,000 new units of rental accommodation to increase the supply, to take the pressure off price and, therefore off rents, to people looking for accommodation. More than that, one third of those units are designated to be on a rent geared to income basis. I sought the co-operation and the support of the hon. member who seems to be concerned about Canadians looking for that type of accommodation, worried about supply and affordability, but unfortunately, how can the member rise in his place, pretend to be concerned about those items, and at the same time turn down that program, vote against 60,000 jobs and 30,000 units?

Mr. Deans: Madam Speaker, the minister is long on rhetoric and short on facts. Surely he knows that new rental accommodation does not come under rent control programs, at least in the province of Ontario, and so his argument is absolute nonsense.

RENT INCREASE IN TORONTO PROJECT

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my supplementary question is also for the minister responsible for housing. Given that CMHC has complete jurisdiction over the premises at 1338 Queen Street East, Toronto; given the fact that the vast majority of people living in that building are either veterans or pensioners, and given that they are going to have a 25 per cent rental increase on September 1, will the minister move to protect those people from the gouging of CMHC, and will he move to protect them in a way that is consistent with the suggestion of the Minister of Finance that inflation should be at 6 per cent and that therefore rents should go no higher than 6 per cent in government-owned and operated buildings?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, with all respect, the hon. member does not know what he is talking about. If indeed he is concerned about the welfare of people in those projects who cannot afford to pay increases in rent, he would have paid attention to the fact that CMHC has indicated that in those cases where people have to pay a proportion of their income that everyone agrees is beyond reason they are supported on a rent geared to income basis. Indeed, some of them would not have to pay even a 6 per cent increase, which the hon. member is wishing that we put on top of them. I wish he would get his facts straight.

Mr. Deans: Madam Speaker, I do not understand how the minister can stand in the House and say such things.

REQUEST THAT GOVERNMENT EXERCISE RESTRAINT

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, the people at 1338 Queen Street East, Toronto, are affected by a 25 per cent increase, notice of which they have already received, to commence September 1. They are veterans and they are widows. Does the minister not feel any sense of responsibility to those people whose incomes will be restrained by the government program but whose costs will be left to skyrocket far beyond what they can afford? Surely to God it is not too much to ask that in those cases where incomes are being restrained by the government that costs should also be restrained by the government?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I think that my answer did not register with the hon. member.

Some hon. Members: Oh, oh!

Mr. Cosgrove: It is for the very reasons the hon. member expresses that I would not wish to visit increases over and above those which people are being asked to pay for now, because he asked that we raise them 6 per cent. Some of them will not have to pay that 6 per cent. Notwithstanding the inability of the hon. member to grasp that, in conscience I would say that we would not accede to his request and raise those rents.

Some hon. Members: Oh, oh!

APPLICATION OF PROPOSED MORTGAGE REDUCTION SCHEME

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a question for the minister responsible for housing. The Minister of Finance said yesterday:

—the restraint program will apply to all agencies and all departments of the Government of Canada.

My question has to do with the mortgage reduction scheme about which there is some uncertainty. Assuming that the scheme is feasible and is recommended by the blue ribbon committee, and is put in place, it will only apply to those who buy new houses. Given the inequity in that situation, will the scheme be broadened to include all those who buy houses, including those who buy resale homes?

• (1430)

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, if the hon. member will look at the announcement and the words of the Minister of Finance when he introduced that subject in the budget speech on budget night, he will see that the plan is designed to be available not only to purchasers of new housing, but is designed to be available to small-business men, fishermen and farmers. That is a wider area than the question indicated. The difficulty is that without having the terms of the plan fleshed out by this blue ribbon committee, it is not possible to include the whole universe. Otherwise, we would have a scheme which is the total answer. We know that will not work. We know that the preliminary study of that plan indicates that it is of a limited effect, and that is why the minister has limited it to those four categories for the purpose of studying its feasibility.

Mr. McGrath: I am glad that the minister is at least clear on that point. Now we know that this mortgage reduction program will not apply to resale homes.

POSITION OF HOME OWNERS RENEWING MORTGAGES

Hon. James A. McGrath (St. John's East): Madam Speaker, what mortgage relief can we expect for the half million Canadians who are facing mortgage renewals between now and October, most of whom are facing mortgage rates of 20 per cent? It is not enough for the minister to say that the $3,000 forgivable loan will apply here, because if we apply that $3,000 forgivable loan to reduce a conventional mortgage on an average-priced home, it will mean a reduction of one per cent. In other words, those people will get mortgages for 19 per cent, whereas those who are in the privileged category of buying new homes can expect a mortgage reduction of up to 6 per cent. What is fair or just about that?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I take it from the hon. member's question that his reference to $3,000 is the grant provision funded by $300 million in the announcement of the Minister of Finance on budget night. This goes to provide grants to purchasers of new homes or to first-time buyers of existing homes.

I direct the hon. member's attention to a further provision in the budget, that is, the allocation of an additional $50 million designed to fund the Canada Mortgage Renewal Plan, which is addressed specifically to the question raised by the hon. member. That plan provides that, in the face of the renewals which the hon. member has mentioned, those people who have to pay more than 30 per cent of their income toward renewal carrying charges will receive a grant of up to $3,000. There is no interest deferral; it is an outright grant which will be of considerable assistance to the Canadians about whom he has talked.

CANADA MORTGAGE AND HOUSING CORPORATION POLICY ON RENT INCREASES

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is directed to the minister responsible for CMHC. It concerns rental rates on the 20,000-odd units which CMHC is renting out, many of which it acquired by reason of foreclosure. I listened carefully to what the hon. member for Hamilton Mountain had to say and the reply, but I am afraid that the reply was somewhat unintelligible. That might have been because the hon. member for Hamilton Mountain did not ask nicely, so I will ask my question nicely and courteously. Is it the policy to escalate rental rates rapidly to bring them into line with so-called market conditions to enhance saleability, or will the 6 per cent guideline apply? Which is it?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the thrust of the questions from the official opposition regarding the portfolio of CMHC under the mortgage insurance fund, for some reason has been the opposite tack to the questions raised today. Many questions by members of the opposition have been directed to me asking why, for example, CMHC is renting properties at what was referred to by hon. members opposite as lower than market rates. For example, they wanted to know why we were offering buydowns in order to dispose of these properties. Now I take it that the hon. gentlemen on the other side have come to the conclusion that in fact the rents are too high. I wish they would be consistent.

The difficulty is that under that fund, and under the National Housing Act, the corporation is required by law to return

those funds which were borrowed at the request of the former government under the leadership of the Right Hon. Leader of the Opposition. Funds were borrowed to take the corporation through a difficult time with increased foreclosures, and we have that obligation under law.

Mr. Nickerson: Madam Speaker, I wonder whether that answer was intelligible to you.

GOVERNMENT POLICY

Mr. Dave Nickerson (Western Arctic): Madam Speaker, it seems that the policy of the government with respect to wages and salaries is to freeze them by fiat at 6 per cent, whereas when it comes to rents for CMHC, the policy of government is to get them up as quickly as possible. Is that fair?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I take it that this question had something to do with the first question, so in light of that, and with that interpretation, I refer the hon. member to that section in the speech of the Minister of Finance on budget evening where he made reference to the 6 per cent rule and indicated that that would apply generally but that there were some exceptions which could be made. I have indicated that I will report to the Minister of Finance and to the House on the position of CMHC after we have had the opportunity to study that.

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VETERANS AFFAIRS

INCOME LEVEL APPLICABLE TO WAR VETERANS ALLOWANCE

Mr. Mel Gass (Malpeque): Madam Speaker, my question is directed to the Minister of Veterans Affairs. I notified him that I would be asking this question. The minister is aware that for some time the maximum annual allowable income for veterans receiving the war veterans allowance has been fixed at $3,100 per year. Recently he admitted that this level was too low and promised that he would take steps to correct the problem. What will the new limit be, and when will the minister be presenting his proposal to Treasury Board for approval?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, I thank the hon. member for giving me notice of his question. We are currently studying the possibility of raising the casual earnings exemption for recipients of war veterans allowance, presently set at $3,100 for married couples and $2,100 for singles. In addition to that, we are also looking at the question of closing the gap on war veterans allowance benefits to those under 65 as compared with those over 65, as well as the question of raising the level of interest deductions allowable under the war veterans allowance. I can tell the hon. member that I raised these three items when I appeared before the standing committee and indicated that I was anxious to proceed with all three. I will certainly be pleased to indicate that to the hon. member and to all members of the House at a time when we are prepared to go ahead.

TIMING OF INTRODUCTION OF LEGISLATION

Mr. Mel Gass (Malpeque): Madam Speaker, my supplementary question is directed to the same minister. Could he tell the House whether the legislation will be introduced this fall, this calendar year, and whether it will apply to the 1982 calendar year, so that those veterans who have worked and earned up to $3,100 can continue to work with the assurance that they will be allowed to earn higher incomes, perhaps even up to $5,000, without affecting their allowances for 1982?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, I cannot give the hon. member the assurance that it will be proceeded with in the fall, but certainly I am hopeful that I will be in a position to see a number of these issues resolved during the fall session. I remind the hon. member that in the interim the war veterans allowance continues to be indexed on a quarterly basis and, to that extent, the impact of the cost of living on veterans will be diminished as a result of this particular provision.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF MANITOBA MINISTER OF HOUSING

Madam Speaker: I should like to draw the attention of the House to the distinguished presence in our gallery of the Honourable Al Mackling, the minister responsible for housing, of the province of Manitoba.

Some hon. Members: Hear, hear!

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• (1440)

ENERGY

EXPORT OF NATIONAL GAS—GOVERNMENT POSITION

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I have a particularly serious question for the Minister of Energy, Mines and Resources. When the minister was opposition critic for energy in 1979, he had this to say about a proposed Conservative export of 3.7 trillion cubic feet of natural gas to the U.S. I quote from *Hansard* of December, 1979:

> The worst thing that we could do is to export gas for a fast buck or in order to support a faltering dollar, because then it will mean that down the line we will have to supply our Canadian needs with more expensive and more polluting resources.

Now, under a Liberal government, the National Energy Board is considering an application to export almost ten times that much, and the minister has been south of the border recently flogging natural gas exports. Does the minister intend to assure the people of Canada that he has not changed his

mind about the sellout of resources, and what does he intend to do to prevent that?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the statement that the hon. member read is a great statement. I am glad that he supports it. I support it also.

Mr. Rose: I am mystified, but I really should not be because what the Liberals say and what they do is often contradictory.

APPLICATION OF CONTROL GUIDELINES TO ENERGY PRICES

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, oil costs are about to jump 10 per cent on September 1 and natural gas is going up at the same time. The cost will jump another 10 per cent next spring thanks to a federal-provincial agreement. Last year the cost of home heating oil went up $400, and the cost of operating an automobile went from $730 to $945. What does the minister and the government intend to do to see that energy prices conform to the wonderful world of 6 per cent?

An hon. Member: Nothing.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, we have a commitment with three producing provinces. One of those agreements was signed with an NDP government in Saskatchewan which my hon. member will remember. We have a commitment, under those agreements, that the price of conventional oil discovered before 1981 in Canada would never go above 75 per cent of international prices, and under those agreements we have an arrangement whereby we are guaranteed that the price of oil in Canada will remain very substantially below international prices between now and 1986. I think we should be very proud of these achievements and the co-operation which we got from the producing provinces in this regard. We should be ready to live with and honour our commitments.

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HOUSE OF COMMONS

APPLICATION OF SATELLITE TECHNOLOGY TO TELEVISION BROADCASTING

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is for the Minister of Communications. Would the minister be in a position today to announce a policy which would replace the policies that have so far been followed in terms of the implementation of satellite technology for the delivery of television signals? As he knows, the Cancom Company have now scrambled their signals in large areas of rural Canada, particularly the area in northeastern British Columbia that I represent. That area does not have access to television at all. Has the minister arrived at a decision, has that decision been communicated to the CRTC, and what answers does he have for this large segment of our society that does not have any access to television?

Hon. Francis Fox (Minister of Communications): Madam Speaker, as the hon. member realizes, I think that the Cancom experience has been a very successful one in allowing most of the outlying regions of the country to obtain decent television coverage from three or four television stations and a number of radio channels. The licensing process has been ongoing. I believe there are over 300 licensees at the moment. I think that the hon. member is concerned about the type of organization that can be licensed by the CRTC. I would undertake to communicate his concerns to the CRTC to determine whether it would indeed be possible to allow the municipalities to become licence holders. That is a matter which I would discuss with the CRTC at this time.

Mr. Oberle: I appreciate the minister's answer. He understands the peculiar problems in my area which are similar to those in most rural areas in Canada.

LACK OF TELEVISION RECEPTION IN RURAL AREAS

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, the situation is that the CRTC has given licences to operators who are not concerned about coverage to the rural areas and that there will be a need to offer duplicate licences to other operators who are willing to broadcast a signal to outlying areas. This is crucially important for farm communities where people often do not have any access to television and, in terms of official public policy, are denied the benefits of our new technological breakthroughs.

Hon. Francis Fox (Minister of Communications): Madam Speaker, the hon. member raises a very real problem because there are indeed a number of areas in the country where simply cabling a village does not meet any of the requirements of people who live outside the boundaries of the population agglomeration.

I should point out, however, that there is a second problem involved in the rebroadcast type of equipment, in the sense that there is a limited amount of spectrum that is available, and you probably could not license a new operator to rebroadcast four or five channels. Once again, this is a matter that I am most sympathetic to, and one of which both my department and the CRTC are aware. I will pursue the matter with them.

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PETRO-CANADA

SELLING PRICE OF HEATING OIL

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. I recently talked to a small fuel-oil supplier in my riding who lost a contract for supplying a local municipality with heating oil. Petro-Canada sold them oil at a cost below

that at which this supplier could buy it. I now understand that Petro-Canada is sending every household a brochure advertising cheap home fuel. Is it the intention of the minister to force all small fuel companies out of business by letting Petro-Canada sell heating oil at prices so low that they must be subsidized by their own tax dollars?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, there is no subsidization of Petro-Canada to provide cheap prices. As a matter of fact I receive complaints from some members every once in a while that Petro-Canada is charging more than others. Petro-Canada is in a very competitive business and if, in some cases, Petro-Canada ends up causing the consumers to pay less for their fuel than they would otherwise have to pay, I am afraid that I cannot complain about such a situation. The consumers of Canada will benefit from a very active competition in the oil and gas business. Petro-Canada should continue to do its job in that regard. Its instructions are to be an aggressive competitor in the industry and to make sure that the consumers of this country get the best possible deal.

Mr. Scott (Victoria-Haliburton): I would like to remind the minister that I recognize, every time I pull into a gas station, that I pay so much to subsidize his Petro-Canada.

EFFECT ON INDEPENDENT FUEL OIL COMPANIES

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, has the minister considered designating funds to retrain the soon to be unemployed independent gasoline and fuel oil company employers forced out of business by the minister's aggressive marketing of Petro-Canada?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am advised that a large number of distributors of Petro-Canada products are independent distributors who are operating franchises and who are just doing their business as normal, average Canadians earning their living.

* * *

HOUSING

POSITION OF HOME OWNERS AND PURCHASERS

Mr. Arnold Malone (Crowfoot): Madam Speaker, my question is directed to the minister of housing. In spite of all of the language and verbiage that have been thrown around, I would like to ask the minister, for clarification, if he would encourage anyone who desires to purchase a new home to buy one now on the basis that there is some assistance forthcoming in the form of between 3 per cent and 6 per cent interest rate reductions and for those present home owners who are in a situation where their interest rates are such that by renewal they feel they may lose their homes, that they should undertake personal economic planning to hold on to their homes because aid is coming?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, in response to the hon. member's question I would encourage him and any Canadian with that kind of concern to look at the provisions in the budget dealing with housing.

• (1450)

For example, I tried to point out to an earlier questioner today the fact that the Canada mortgage renewal plan had been amended so as to provide security, in order that anybody paying over 30 per cent on renewal would be assisted by up to a $3,000 grant on that renewal. I encourage people to look at the provisions of the $3,000 grant for purchasers of new homes, first-time buyers of existing homes, in fact at all the provisions in the budget. I draw to the hon. member's attention, and every one considering a major purchase, that the purchase is their responsibility and they should have professional help. Also, they should look to Members of Parliament such as the hon. member to find out what provisions are available, not only from the federal government but from the various provinces through some of their plans.

Mr. Malone: Madam Speaker, the reason I asked the question of the minister was because Canadians do not have copies of the budget and they would like to hear what he has to say in that regard.

USE OF DEMAND NOTE FINANCING IN PURCHASING HOUSES

Mr. Arnold Malone (Crowfoot): Madam Speaker, might I ask about a very important dimension that has not yet been touched upon by the minister? Because of the unusually high interest rates throughout the past 15 months or so, many people who have been buying homes have been doing so under demand notes or other forms of financing in the hope that some day interest rates would come down and then they would lock into a mortgage. Will people in that situation be able to shift from a demand note to a mortgage when the minister's program goes into effect without any prejudice to them for so doing?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the government's allocation of some three quarters of a billion dollars in the last two budgets is designed to assist Canadians with short-term plans to have long-term security in the purchase of homes. The plan which the hon. member refers to, what is probably called the mortgage index plan, is being studied by a blue ribbon committee. I expect that the question which the hon. member asked me today is one among many which that committee will try to come to grips with before making its report to the Minister of Finance.

* * *

INDIAN AFFAIRS

TAX STATUS OF BAND BONUSES FROM OIL COMPANIES

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, my question is directed to the Minister of

Justice. Some Indians bands, in particular the Thunderchild Indian Band, have signed exploration agreements with oil companies for which they receive a signing bonus beyond the lease agreement money. Department officials have been asked to rule if this bonus money is capital or revenue, which affects how the band can have access to the money, something which is very important to them. What is the status of this ruling, and when can we expect an answer?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I will look into the matter and hope to have an answer next week.

Mr. Anguish: I find that inexcusable. The minister had notice of the question. It is deplorable that when you give notice of a question to be asked in this House you cannot get an answer on the floor of the House.

ACCESS TO REVENUE

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I was going to direct my supplementary question to the Minister of Indian Affairs and Northern Development. I had also given him notice. However, he is not here today. Perhaps his staff was not aware of that. Does the Minister of Justice as a former minister of Indian Affairs and Northern Development agree that this bonus money should be considered revenue to the Indian bands? What is the government going to do about it so that Indian bands can have easy access to money that they generate, so that they will not be forever dependent upon this government?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, the hon. member is exaggerating a bit. He sent me a note about an hour before the House opened and now he wants to have a legal opinion. I said I would talk to my officials and give him an opinion next week. There are some things I cannot do. There is a law and we have to respect that law. The legal opinion will be given and the money will go into one of the two funds. It is their money. However, we have to apply the law as it is. I will give the hon. member an answer next week. He should be more than satisfied with that.

* * *

FITNESS AND AMATEUR SPORT

ATTENDANCE BY DEPARTMENTAL OFFICIALS AT AUSTRALIAN COMMONWEALTH GAMES

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is for the Secretary of State who is responsible for fitness and amateur sport. Can the minister clarify a report in the news media with regard to an allegation by the hon. member for Skeena that some 50 government officials will be representing Canada in Australia during the upcoming Commonwealth games?

Hon. Gerald Regan (Secretary of State): Madam Speaker, I thank the hon. member for the question.

Mr. Clark: You should.

Mr. Nielsen: A complete surprise.

Mr. Regan: The position of the hon. member for Skeena was not exactly that which was represented. The member for Skeena said that the Commonwealth Games had been held last September and that 50 members of my department were there. They are going to be held this September. Last September there was a pre-Commonwealth Games tournament in Australia at which there were a number of Canadian athletes. Only two members of my department where there. While this fall there will be many Canadian athletes participating in the Commonwealth Games, the delegation or the authorities from my department will be very, very few in number.

This is an example of how misinformation can come forward. For example, for many days members on the other side have been talking about the Canadian government supposedly sending a gift that was made in the United States to the members of the Royal family. It was not the federal government at all, but rather the Government of Manitoba.

Some hon. Members: Oh, oh!

* * *

CANADA POST CORPORATION

NUMBER OF PROVINCES SERVED

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I would like to address a question to the minister responsible for Canada Post. I am sure the minister can answer this question rather quickly. He must be aware of how many provinces there are in Canada. Could he just answer how many provinces he and Canada Post believe there are in this country?

Madam Speaker: The hon. member for Kindersley-Lloydminster on a supplementary.

Mr. McKnight: I am absolutely amazed that the minister is not aware of how many provinces there are in Canada. I can tell the minister the reason for the question.

Some hon. Members: Oh, oh!

PROVISION OF ONE-DAY SERVICE

Mr. Bill McKnight (Kindersley-Lloydminster): Canada Post just announced a new one-day service for all of Canada, their priority post. It has only been announced for Halifax, Quebec City, Montreal, Ottawa, Toronto, London, Winnipeg, Edmonton, Calgary and Vancouver, nothing for Newfoundland, Prince Edward Island, New Brunswick or Saskatchewan. Will the minister explain why four out of ten provinces are exempted from priority post?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, if the hon. member really wanted to ask a serious question, he could have done so right away, instead of trying to express his views in an entirely devious manner. We are not depriving some provinces of postal services. This is a special service offered in a number of Canadian cities, and I feel it is absolutely outrageous that the hon. member should be playing up provincial considerations when this is a service provided to cities.

* * *

[*English*]

HOUSE OF COMMONS

REQUEST THAT THREE BYELECTIONS BE HELD

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Acting Prime Minister who will know that 210,000 Canadians in the province of Ontario are denied representation in this chamber because the Liberal government refuses to call three byelections. The citizens of the constituency of Timiskaming have been without a Member of Parliament for nearly six months. When will the government call those by elections? Why is it not calling them?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice): Madam Speaker, the byelections will be called as soon as the Right Hon. Prime Minister decides to do so.

* * *

[*English*]

EMERGENCY MEASURES

QUERY RESPECTING CROWN PREROGATIVE

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, in the absence of the Prime Minister I will direct my question to the Solicitor General, who is largely responsible for the provisions of the emergency planning order. Some time ago I asked the Prime Minister what the limits were to the powers of the Crown prerogative in the emergency planning order. He replied he guessed it was the statute. The Solicitor General will know there is no statute to which the emergency planning orders are attached. Would he agree that, in the case of these orders, the powers of the Crown prerogative, and in this case of the Prime Minister, are unlimited?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I believe that question should be directed to the President of the Privy Council.

POWERS OF PRIME MINISTER

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, since the Solicitor General is either too scared or too incompetent to answer the question, I will direct it to the President of the Privy Council. And since he was occupied with something else, I will repeat the question. Some time ago I asked the Prime Minister what the limits were to the Crown prerogative in relation to emergency planning orders. He replied that he guessed it was in the statute. Since there is no statute to which the emergency planning orders are attached, would he not agree that the powers of the Prime Minister in this case are unlimited?

• (1500)

Hon. Yvon Pinard (President of the Privy Council): No, Madam Speaker.

* * *

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Wednesday, July 14, 1982, and that he finds that they meet the requirements of the Standing Orders as to form.

* * *

[*English*]

SPORTS

SOFTBALL—SUGGESTED PRACTISE FOR MEMBERS OF PARLIAMENT

Mr. Les Benjamin (Regina West): Madam Speaker, I have a point of order which could even be a question of privilege because it reflects upon this House of Commons. Last night the sloppy, amateur, dissipated Press Gallery slaughtered the Members of Parliament 21-3.

Some hon. Members: It was 20-3.

Mr. Benjamin: It was 20-3. I am wondering, Madam Speaker, if you could arrange through your office to require members of Parliament to start practising under the supervision of the hon. members for Hull (Mr. Isabelle) and Oxford (Mr. Halliday), so that we can make a better showing next year!

Some hon. Members: Hear, hear!

Madam Speaker: I think that is an awful shame and that the Members of Parliament should practise all summer!

Some hon. Members: Oh, oh!

Madam Speaker: However, I think in good spirits we should congratulate the Press.

Some hon. Members: Hear, hear!

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Deans: Madam Speaker, I have a very brief point of order. I had thought that perhaps the opposition House leader might have asked the government House leader about the business. I want to ask the government House leader whether he has given any thought to a request I made last week to have Bill C-96 called, either in whole or in part, in order to have passage at least of sections 11 and 71, in order that the credit unions will not be faced in the fall with the possibility of the same kinds of losses of revenue that they suffered last year with the introduction of the Canada Savings Bonds. I would like to ask the government House leader if he would be prepared, between now and whenever it is that we recess, to call Bill C-96. I can assure him that we in this party will be prepared to give swift passage to that piece of legislation.

Mr. Pinard: I will be happy, Madam Speaker, to discuss this matter with House leaders at the next meeting, whenever it suits my hon. colleague. I understand he does not want me to discuss that on the floor of the House; therefore, I will wait for that meeting. In the meantime I will speak to the minister responsible for the bill and hope that we will have some constructive discussions on this subject.

While I am on my feet, Madam Speaker, I just want to confirm that later on today the President of the Treasury Board will move the appropriate motion under Standing Order 75C, and that the debate will be held later today. Also, the day that we want to be allotted will be tomorrow for the purpose of concluding debate on second reading of Bill C-124.

On Monday next we will be dealing with the second reading stage, at the beginning of the week, of the borrowing authority bill. I understand that unless we make an agreement to change the order of business for next week, we will stay on that bill for the first two days of next week.

Mr. Deans: Madam Speaker, unless the government House leader has forgotten, I did raise the matter of Bill C-96 at a House leader's meeting. The reason I raised it today on the floor of the House is that we have not had a meeting since then.

Mr. Nielsen: Madam Speaker, the reason I did not ask the usual Thursday question was because we knew full well what the business was for the remainder of this week and all of next week.

I can say now that if the acting House leader for the New Democratic Party discloses again in public, as he just did, the discussions that were held in House leaders' meetings, the whole confidentiality of these meetings will break down. If it is done again, there will certainly be no confidence in his maintaining confidentiality and the place will become somewhat of a shambles.

Some hon. Members: Oh, oh!

Mr. Nielsen: There are more than he who can play that game of grandstanding for political purposes and attempting to negotiate on the floor of the House of Commons what is properly discussed in the privacy and the confidentiality of House leaders' meetings.

Mr. Deans: Madam Speaker, I want to assure the opposition House leader that I will do exactly what I did today any time I feel like it.

Mr. Beatty: Madam Speaker, may I ask about House business in my capacity as joint chairman of the Standing Joint Committee on Regulations and other Statutory Instruments. It may be, Madam Speaker, that the President of the Privy Council may not be able to give the answer today, but perhaps I can bring it to his attention now.

Under the date May 26, I have a notice of motion down for concurrence in the twelfth report of the standing joint committee. That report requests that there be a minor change in the orders of reference of the committee as they relate to enabling us to scrutinize instruments and their relationship to the Canadian Charter of Rights as well as the Bill of Rights.

On July 7 the Senate concurred in that. We now have a situation where the terms of reference for the report of the Senate are somewhat different from the terms of reference for the report to the House of Commons. I wonder if it would be agreeable to the government House leader that speedy concurrence be given to the twelfth report, perhaps without debate.

Mr. Pinard: Madam Speaker, I will look seriously into this matter and report to my hon. colleague, or his House leader, in the very near future.

* * *

PRIVILEGE

MR. FRIESEN—ALLEGED FAILURE OF GOVERNMENT TO TABLE DOCUMENTS RESPECTING EMERGENCY PLANNING ORDERS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I want to speak to a question of privilege of which I gave notice. Members of the House will remember that three and a half months ago the House voted to table documents related to emergency planning orders. To this date—and I just checked with the Table officers half an hour ago—those papers have not been tabled. It is my contention, Madam Speaker, that my work as a Member of Parliament and my interest in this area is being frustrated because the government is not obeying its own vote. The government voted with us on this particular matter. All but five of the government members agreed that the government was accountable and had to table those papers.

I would like to support my question of privilege with three points. First of all, it seems to me that the government is holding the House in contempt when it refuses to obey its own

vote and does not produce these papers. Members will remember that the request was that the government table all documents, memos, telegrams and correspondence in relation to the emergency planning orders and the relationship and meetings they had had with the provincial governments. The government voted to supply those. The Parliament of Canada urged the government to supply those. For three and a half months the government has been sitting on that House order and has refused to obey its own order.

Madam Speaker, it seems to me that we have been very reasonable with the government. I have never called this to the attention of the House before. For three and a half months we have waited but the government has not obeyed its own order. I suggest, Madam Speaker, that the government is holding the House in contempt by refusing to obey its own order.

Secondly, the government said at the time—and I understand through informal discussions in the meantime—that its reason for not obeying its own order is that it is translating those documents. Now, Madam Speaker, that brings two very important questions to mind. One is, what is the state of the art in the bilingual policy that this government is endorsing and wants all Canadians to respect? Indeed, Parliament endorses that. All Canada is supposed to respect the bilingual policy of the Government of Canada, of the Parliament of Canada, except this government.

• (1510)

I have sat in committee when a colleague of mine would present an amendment to a bill identical to a government amendment—already translated, with the exception of one word—and presented in only one of the official languages, and I have watched and listened to the hon. member for Madawaska-Victoria (Mr. Corbin) pout and rant because one word had not been translated. He has held up the work of a committee for 10 or 15 minutes because that one word had not been translated.

Mr. Corbin: That is absolutely false.

Mr. Friesen: However, he sits here in total silence while the government, for three and a half months, does not obey its own bilingual policy.

Mr. Corbin: That is false.

Mr. Friesen: I call upon the government to obey its own policy. If it was taking its bilingual policy seriously, it would have been translating those documents as they were being produced and not waiting three, four or five months for them.

I have a third and final point to make. I have received some documentation which leads me to believe that the message the government has been presenting to some of its provincial counterparts is not necessarily in line with what ministers have been saying here in the House and in some publications. I therefore wonder if the government has not been misleading this House by telling us it has been notifying its provincial counterparts about these matters.

I will refer to a letter I have received. I asked one of the provincial ministers about the nature of the discussions regarding the federal power to build and administer civilian internment camps. The provincial minister said to me in a letter:

> For your added information, no discussions have taken place to date that have touched in any detail on the question of "extra legally" actions that might be taken by the Federal Government in an emergency and I would not care to speculate on what is intended by this expression.

That is a reference to the expression used by the President of the Privy Council (Mr. Pinard). It is in print. It is in a quarterly published by the news. In print the minister tells us one thing, and yet his provincial counterparts tell me there has been no discussion regarding that dimension of power the government is ascribing to itself. This leads me to believe that the government does not want us to see those memoranda, transcripts of those telephone conversations and that correspondence because the government fears that when we see that evidence, it will not line up with what the government has been telling us all along.

I feel I have a valid question of privilege in relation to this matter, and if Your Honour so rules, I would be ready to move the requisite motion.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, having listened to the remarks made by the hon. member, I think you might come to the conclusion that the government is making an effort to avoid producing these papers. Nothing could be further from the truth. The simple fact of the matter is that this House order only became a House order because hon. members on this side of the House agreed to it. We do have an Official Languages Act in this country which requires that documents which are to be tabled must be tabled in both official languages. These documents are very voluminous. They are very lengthy. Translation has been going on ever since the House order was issued.

Mr. Lambert: No.

Mr. Smith: I am advised, because I have made inquiries into this matter, that in fact the translations have been completed in draft form and that these papers will be tabled, certainly before the House adjourns for the summer recess.

* * *

[*Translation*]

POINT OF ORDER

Mr. Eymard Corbin (Madawaska-Victoria): Madam Speaker, on a point of order or a question of privilege, my name was used a few moments ago by the previous speaker who was describing events that occurred a few months ago. I cannot recall exactly the incident in question, but, Madam Speaker, I reserve the right to raise a question of privilege to check the accuracy of the facts as set forth in the House by the hon. member.

Madam Speaker: If I may start with the remarks of the last speaker, there are often discussions in the House about the

lack of concurrence in the facts, and some hon. members have one interpretation of the facts and others have another interpretation, but basically, this does not constitute a question of privilege. In any case, the hon. member has reserved the right to refer to this matter again; he has that right and I shall recognize him in due course.

[*English*]

The hon. member for Surrey-White Rock-North Delta (Mr. Friesen) is right that an order of the House must be obeyed. Of course, he is absolutely right in this respect. However, in the case of orders to produce papers there is no time limit on the production of such papers. The Parliamentary Secretary to the President of the Privy Council (Mr. Smith), has just given what has to be considered an explanation for the delay in producing those papers and has given his assurance that they will be tabled very shortly. I assume that satisfies the hon. member for Surrey-White Rock-North Delta.

I must remind the hon. member that the Chair has no power to determine when documents should be tabled, even if there is an order of the House.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. TAYLOR—REINSTATEMENT OF CAPITAL PUNISHMENT FOR DELIBERATELY PLANNED MURDER

Mr. Gordon Taylor (Bow River): Madam Speaker, I take great pleasure in presenting a petition on behalf of some 278 Canadians, most of whom reside in the Bow River riding of the province of Alberta. This petition requests that capital punishment be reinstated for deliberately planned murder which is proved beyond the shadow of a doubt. Our society is built on the principle of crime being punished. When the ultimate crime—namely murder—occurs, then the ultimate punishment—namely death—should be imposed. A person who deliberately plans and executes the murder of another human being has no right to live.

My petitioners pray that the government will reflect the thinking of the majority of the people of Canada and reinstate the death sentence for anyone confessing to, or found guilty of, deliberately taking the life of another human being.

MR. MURPHY—RETENTION OF RIGHT TO COLLECTIVE BARGAINING

Mr. Rod Murphy (Churchill): Madam Speaker, I have the honour and duty to present a petition signed by members of the public and supported by the elected leaders of the Professional Institute of the Public Service of Canada. In their petition they ask that the fundamental right to bargain collectively for terms and conditions of employment be retained, that existing collective agreements be honoured and that Bill C-124 be withdrawn. This bill goes far beyond wage controls and removes basic rights and freedoms from Canadians. The right to unionize and the right to bargain have been the object of continuing struggles by the labour movement in this country and throughout the world and must be preserved as basic rights for all Canadians.

This petition is very important, in light of the motion the President of the Treasury Board (Mr. Johnston) will introduce in a few minutes, which restricts debate on this very important issue.

* * *

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER SECOND READING STAGE OF BILL C-124

Hon. Donald J. Johnston (President of the Treasury Board) moved:

That, in relation to Bill C-124, respecting compensation in the public sector of Canada, one additional sitting day shall be allotted to the consideration of the second reading stage of the bill; and

That 15 minutes before the expiry of the time provided for government business on that day, any proceedings before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of that stage of the bill shall be put forthwith and successively without further debate or amendment.

He said: Madam Speaker, I have followed the proceedings of the second reading stage of Bill C-124 attentively and with great interest. It would seem, on examining the record of these proceedings to date, that the major points hon. members wish to express with respect to this bill have been made. One only has to glance at *Hansard* to realize that repetition has become the order of the day. It is important that this bill be moved to the next stage, and since no agreement has been reached among representatives of the parties to facilitate that, this motion is necessary.

• (1520)

I might say that members have already made many interventions in the debate. Our friends in the New Democratic Party who have raised a number of objections to it, have been particularly active in intervening. I note, for example, that we have heard from the hon. member for Churchill (Mr. Murphy), we have heard from the hon. member for Mission-Port Moody (Mr. Rose), we have heard from the hon. member for Kootenay West (Mr. Kristiansen), we have heard from the hon. member for Brant (Mr. Blackburn), we have heard from the hon. member for Winnipeg North (Mr. Orlikow)—

Mr. Broadbent: Yes, but did you listen?

Mr. Johnston: We listened very carefully. I have heard from the hon. member for Vancouver East (Mrs. Mitchell), I have heard from the hon. member for Skeena (Mr. Fulton), I have heard from the hon. member for The Battlefords-Meadow Lake (Mr. Anguish), and I have heard from the hon. member for Winnipeg-Birds Hill (Mr. Blaikie). We have listened to the

hon. member for Kamloops-Shuswap (Mr. Riis), we have listened to the hon. member for Spadina (Mr. Heap), and undoubtedly before the final vote is taken and the bill goes to committee we will hear from other members of the NDP.

Some hon. Members: Hear, hear!

Mr. Johnston: To this point the New Democratic Party has put forward 11 speakers on this bill. I suggest that their views have been made known to the House in detail and I doubt if they have much left to add.

I would like to commend members on all sides of the House for their participation in these proceedings on second reading. I can assure members that the points raised have been and will be examined very carefully. I am sure the views expressed will be useful as we proceed through the committee stage of Bill C-124.

There is no need for me to recite the circumstances which led to the necessity for the measures contained in Bill C-124. Members on all sides of the House have recognized the serious economic circumstances of the day. As well, recognition has come from several quarters of the need for the government to provide leadership and an example for other sectors of the economy.

The need for the government to provide a clear, strong signal to serve as an example to other sectors of the economy was never more evident. Bill C-124 should be viewed in that light, not as an attack on the public service of Canada, as has been suggested by some hon. members. There is already mounting evidence that the measures contained in Bill C-124 will provide the kind of example to which other sectors of the economy will respond—will respond in a fashion tailored to their individual circumstances but nonetheless with the same objectives of reducing inflation and protecting our competitive trade position.

I would like to take this opportunity to address several particular points which have been raised during these proceedings. Many speakers have raised the question of the effect of Bill C-124 on the equal pay for work of equal value provisions of the Canadian Human Rights Act. I remind members that in response to a specific question in that regard, I have indicated that it was not the intention that this bill would interfere with those provisions of the Canadian Human Rights Act. I said at the time and I repeat, that to remove any uncertainty in that regard I would be prepared to introduce an appropriate amendment to the bill.

The suspension of collective bargaining rights and the right to strike has also been referred to on a number of occasions. We must keep in mind that this is a limited, short-term program designed to deal with a particular aspect of a difficult economic situation. Other countries, and I note particularly the United Kingdom and France, have taken what I would regard as even more stringent measures.

I would also note that the bill does not abrogate all employer/employee relationships. For example, in the federal public service it is my view that most of the consultation which takes place at the national joint council can continue during the term that this bill would have application. As I have said before in the House, it is my hope and the hope of the government that that will be the case. The measures contained in Bill C-124 are designed to ensure the continuance of existing bargaining structures and that at the end of the program the normal process of collective bargaining can and will be resumed.

Much has also been made in this House of the provision of the same percentage wage rate increase for all levels of the public service. Controls programs in the past have had the effect of severely disrupting existing, worthwhile management compensation practices. The program envisaged by Bill C-124 is designed not to do that.

It is also clear that the bill contains special provisions for executive levels of the federal public service. Members will recall that the tenth report of the advisory group on executive compensation in the public service recommended a wage rate increase for these levels of 9.5 per cent effective April 1, 1982. The provisions of Bill C-124 postpone the normal review date until July 1 and apply the 6 per cent increase as of that date. No other group is treated in this manner. It is also important to note that the compensation for executive levels of the federal public service trails that of their comparable counterparts in the private sector.

It has also been noted in this House that compensation for the lower levels of the public service tends to be more comparable with the private sector; thus the provision is in fact designed to be an equitable provision of wage restraint for a limited period of time. I emphasize "limited", Mr. Speaker.

In closing, I would again like to thank members of the House for their contribution to the proceedings thus far and I look forward to moving to the next stage, as I hope they do.

Bill C-124 is a necessary provision in these times, undertaken with great reluctance but nevertheless undertaken with the firm resolve that it provides the leadership and example needed to help set us on the road to lower inflation and protection of our competitive trade position.

I was interested in a Gallup poll released today which suggests that 80 per cent of Canadians would accept a 10 per cent pay cut in order to save their jobs; surely asking public servants to accept a 6 per cent pay raise to help save the country is not asking too much by comparison.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, I regret having to rise to speak to this motion because of what the government is trying to do.

An hon. Member: But you are going to vote for it.

Mr. Lewis: We are not going to vote for it. The government has again moved to take away the democratic rights of Members of Parliament to debate legislation by invoking closure. After months and months of delay and indecision while the Canadian economy went into a tailspin, the government brought in legislation to control public service wages and salaries.

How long has this legislation been before the House, Mr. Speaker? What opportunities have Members of Parliament had to sample public opinion in their ridings? How long have economists had to consider the long-term effects of this bill? What chance have union and labour leaders had to consider its ramifications? The government's intention is to trample on public opinion as expressed through Members of Parliament.

• (1530)

Mr. Speaker, we have had this bill for 11 days. The bill was introduced on June 30, but with typical Liberal government trickery it was not distributed until July 5. The Liberals want to shut off the public debate in that short time. It is indecent haste and it is an arrogant abuse of our rights as Members of Parliament. It is not fair to shove this bill through second reading without giving ample time for the public to consider its ramifications.

This government, Mr. Speaker, is cowering in fear of public opinion. After months of delay and indecision while it pushed through the Constitution and raped the energy industry, it now wants to speed up passage of this particular bill. We believe in the restraint which the bill incorporates. We support the concept of restraint on the salaries of Members of Parliament, but we stand for fairness and equity in discussion. The same government which rushes through this bill also rushed through the 11 per cent increase for political assistants to ministers.

Since the last budget was brought down by the Minister of Finance (Mr. MacEachen) with the concept of wage restraints, we have pointed out the fallacy of the government's position. On the one hand it restrains; on the other hand it increases. Where are the controls on regulatory agencies? Bell Canada applies for a 25 per cent rate increase the day after the finance minister announces restraint. CMHC, a government-owned agency, could hardly wait to raise rents 20 per cent to 42 per cent. Statistics Canada reports to the public that regulated prices—telephones, heating fuel, gasoline, stamps—went up 18 per cent last year. Where is the legislation to control the prices this government has responsibility for? We have developed that theme in question period and pointed out time and time again that the Liberal government is talking out of both sides of its mouth.

In this case, Mr. Speaker, closure is not justified to shut off public debate. What would have happened if the debate on the November 12 budget had been shut off in 11 days? In that case, the Minister of Finance would not have had the opportunity to make 32 changes on eight different occasions. Where did the information for those changes come from? From the public, who understood the ramifications of the budget but did not understand it in 11 days.

The President of the Treasury Board (Mr. Johnston) reminds us of the little Dutch boy trying to plug one of the holes in the dike. What about all the other places where this government is hemorrhaging? When is this government going to act as quickly in all those other areas?

Members of Parliament, Mr. Speaker, have a right to discuss legislation with their constituents. My constituents in Simcoe North are entitled to that opportunity when they see me on the weekend in Orillia, Midland, Penetanguishene, or on a concession road. The Liberals have muzzled discussion, they are afraid of debate and do not want public opinion to interfere with their divine right of arrogance.

I want to read to the House the remarks of the Minister of Energy, Mines and Resources (Mr. Lalonde) on December 7, 1981 when he spoke on a previous closure motion of this government. That champion of free speech said, as reported on page 13776 of *Hansard*:

> —I have never objected to having any bills, and especially Bill C-48, being given detailed and attentive consideration by the members of this House.

That was the reason given for supporting closure. Where is that champion of freedom of speech now? His parliamentary secretary, who is in the House now, said as reported at page 13778 of *Hansard:*

> During that period, the draft legislation has been subjected to most careful and detailed scrutiny which has surpassed that given to most legislation before this House.

Having made that statement, will that member stand in his place and speak against this motion? I wonder if today he will have the courage of his convictions which he had on that day and speak against this motion. We heard the President of the Treasury Board in what we might call his "we have heard" speech in which he spent a lot of time detailing the members who have spoken. Well, anyone can read that in *Hansard*. But no matter which opposition party debated the issue, no matter what the point of view of my colleagues to my left is, they have a right to bring forward their constituents' views. This government wants them to take two days, Saturday and Sunday, and come back here and try to express those views, and then it is going to shut them off.

We are concerned, Mr. Speaker, that the bill affects public servants unevenly. We are concerned about infringement on the collective bargaining process. We want to speak our minds and the minds of our constituents on this bill. But the Liberal government wants to cut off public debate, and that is wrong, wrong, wrong. We suggest that the House vote against this motion and that the debate be allowed to continue, so that every member of every party has the opportunity to put forward the viewpoint of his or her constituents.

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the bill before us which we have the opportunity of discussing will not control one price, create one new job, and certainly will not hold back one further increase in interest rates by the Bank of Canada. At the same time this iniquitous legislation will control public servants' salaries and, by implication from the arguments made by the ministers, make scapegoats of all working men and women in Canada, whether or not they are in the public sector. This bill will effectively hold women, already in a disadvantageous position because they occupy the lowest paying jobs in the public sector, in this position of inequality. Finally, when it comes to certain fundamental rights associated with freedom in the workplace, this bill will deny that freedom. It will say to working men and women in the public sector: not only are we going to control your wages,

but we are going to stop you from negotiating clauses in contracts which affect the introduction of technological change. We are going to stop you from negotiating health and occupational safety conditions. We are going to stop you from negotiating reasonable or fair disciplinary procedures. In short, Mr. Speaker, there is a whole range of non-monetary matters which are going to be precluded by this bill, a whole range of rights which in a free society we associate in a basic way as the right of every worker.

Therefore, Mr. Speaker, both in terms of what this bill does not do for the economy and what it does do to the fundamental rights of working people, the New Democratic Party—both on the issue of closure and on the substance of the bill itself—is in complete opposition to the government.

Some hon. Members: Hear, hear!

Mr. Broadbent: My colleagues in this debate have elaborated at great and convincing length on the weaknesses of this bill. Therefore, I want to ask the question: Why did the government bring it in? Why did it bring such legislation before the people of Canada at this time? Well, Mr. Speaker, when I spoke in the budget debate I believed the government was doing this simply because public servants are a useful scapegoat in that they are a tenable and safe target politically.

• (1540)

Today on the front page of the newspaper we learn that the Liberals had access to a comprehensive survey that showed that public servants—and I regret this—are not held in equal esteem to working men and women in the private sector. To me, a man or woman who works in a federal hospital contributes just as much to the wellbeing of Canada as a man or woman who works on an automotive line in Oshawa. All of us in this Parliament should stand up for all workers equally. That is basic.

The cynicism of this government is such that it was able to take a comprehensive survey that said two things, and then write the bill from it. It said more than two, but two are relevant to this bill. One is that public servants are a safe political target. The second one is that the people of Canada understandably want some leadership. They have been without it for so long that we can understand that. Therefore, the Liberal government moved, quite cynically and quite hypocritically, knowing that controlling public servants' wages would not affect inflation one iota—maybe a slight iota but not very much at all—but simply to save their political hides in the short run. I want members of the Liberal Party to know that it is too late to do that. Their hides are gone. They will be gone in the next election from being the Government of Canada.

If that explains the cynicism and motives of the Liberals, I want to turn now, because my thoughts are of cynicism, to the activity of the Conservative Party. If anything, the cynicism portrayed by the government on this issue has been exceeded by that of the official opposition. The official opposition has walked on both sides of the street in the debate on wage control legislation. The official opposition has done this right from day one. Just consider the record, Mr. Speaker.

On budget night, the Leader of the Opposition (Mr. Clark) said that he praised the controls, that that was the one good aspect of the budget. The next morning the finance critic, the hon. member for Etobicoke Centre (Mr. Wilson), said they were unfair. The next step in the budget debate is that we find the Leader of the Opposition had once more said that the bill represented trickery on the part of the government and the government was to be condemned for that.

Some Conservative members raised questions. A few of them actually spoke in debate. The hon. members for Vegreville (Mr. Mazankowski), Joliette (Mr. La Salle), Cambridge (Mr. Speyer) and yes, the Leader of the Opposition himself, all said that there was no price control in this legislation and that inherently made it unfair. How could one support a bill which would be controlling workers' wages but did nothing about prices, said these members at that time.

Then the hon. member for Rosedale (Mr. Crombie) said, very correctly, logically, consistently and factually sound, that with this bill the government was throwing out the very principle of collective bargaining itself.

Then there is the master of two-sidedness, the hon. member for Nepean-Carleton (Mr. Baker), who said, referring to controls, that they "break unfairly and they affect people unevenly".

The hon. member for Western Arctic (Mr. Nickerson) was flat out in his opposition to any form of wage and price controls.

The hon. member for Richmond-South Delta (Mr. Siddon) said that the bill was unfair.

The hon. member for Halifax West (Mr. Crosby) said that the government, according to him, was shifting the blame for its own failures on to the working people of Canada, specifically on to civil servants.

How can a party that has made all of these criticisms, each of which is correct, each of which has been made by my colleagues in this debate, support such a measure? I can tell you, Mr. Speaker, that the only party that can make those criticisms and vote for a bill that is unfair, that does nothing about prices, that discriminates against public servants and denies collective bargaining, is the Conservative Party of Canada.

Mr. Blackburn: That is Tory logic.

Mr. Broadbent: As my colleague says, it is Tory logic.

The cynicism has been compounded this afternoon by the first Tory speaker, the hon. member for Simcoe North (Mr. Lewis). He got to his feet and objected to closure. Isn't that sweet, Mr. Speaker? I think there has been a sweetheart deal between the Conservatives and the Liberals on this matter. The hon. member for Simcoe North got to his feet and said that we need more time to speak. That is another classical,

hypocritical act. The Liberals are going to shut us up. But where have the Tories been for five days? In the past five days they have had the right to put up three times the number of speakers the New Democratic Party had. We had 12 members speak. The Progressive Conservative Party had only six. Where have they been? I will tell you where they have been, Mr. Speaker. They have been hiding. Out of one side of their mouths comes criticisms of the bill, trying to appeal to one part of the electorate, and out of the other side of their mouths comes support. I think the people of Canada before long will not only get on to the cynicism of the Liberal Party of Canada, the Liberal government, but also the people will be on to the outright cynicism of the opposition as well.

There is a fundamental issue at stake here. It is the faulty analysis of the Canadian economy which has led to the Government of Canada taking away the basic right of collective bargaining from the working people in this country. In that context, I think it is relevant in principle that in Poland it was recognized, and is recognized today, that there is an intrinsic connection between the notion itself and the right of people in their places of work, where they spend most of their lives, to have something called collective bargaining. It led to the most significant workers' movement since World War II. This took place in Europe, in Poland, whose people were committed to the notion of freedom.

I want to say that the parties in this House, the Liberal Party and the Conservative Party, paid wonderful lip service—I think it is more than lip service—to the right of people to have trade unions and to act freely as members of trade unions in Europe, and that if they are to have any integrity, they have to apply the same principle and the same sense of justice here in Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: That absence of justice and that absence of fairness permeates this legislation, and we in this party will have nothing to do with it. Of course, because we have used our right to speak out against this bill and want to continue to do so, we in the New Democratic Party will oppose the closure motion.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, in the budget the Minister of Finance (Mr. MacEachen) has offered a very manageable target to help all Canadians beat inflation.

Mr. Blackburn: Do we have to listen to this again?

Mr. Fisher: The Minister of Finance has said very clearly that 6 per cent should be a target for wages and prices, and that is a target well within everyone's grasp.

Mr. Kristiansen: Tell us why you have to have closure, then.

Mr. Fisher: The minister has made it very clear that he wants to build a world of 6 per cent which will create strength and genuine activity, that he wants to get rid of the world of 12 per cent that generates weakness, loss of jobs, loss of international trade and a continuing decline in our economy.

Mr. Kristiansen: Why have closure, then?

Mr. Fisher: We have set out a 6 per cent target in the budget because 6 per cent is a target that all of us can accomplish. It is most important we understand that simple idea. Six per cent is a world that we can all accomplish by working together. Six per cent is manageable, 6 per cent is strength and 6 per cent comes when Canadians co-operate together.

Today marks one of the key steps in the initial legislation to bring about a 6 per cent world. Today we are discussing a bill to restrain wage increases in the public service to a 6 per cent ceiling and then to a 5 per cent ceiling. We believe that that represents good leadership, good management and good savings for taxpayers.

• (1550)

First of all, it is good leadership because everyone in the public service is brought under this great umbrella; 500,000 of us are included in the 6 per cent-5 per cent world. It includes Members of Parliament, cabinet ministers, senators, senior executives, postal workers, people working for Air Canada and people working for every Crown corporation, every department and every branch of government. These 500,000 Canadians are included in this first effort toward a 6 per cent world. We have done that because these 500,000 people will provide leadership to the millions of other Canadians who daily make decisions which affect the economy. Through our action we are saying to people that we are prepared to limit our increases to an amount which will create health rather than weakness, a vital first step in the restoration of strength in our economy.

Second, the bill represents good management because $250 million will be saved this year alone and $550 million will be saved next year. Finally, it is a good use of these savings; it is a good reallocation of the $800 million which is being saved here. We are turning that back into our economy. We are turning it into jobs and into housing. We are turning it over to farmers and fishermen. We are turning it into grants for small businesses. We are asking people to create health by limiting their increases, and then we are using that money to generate health in vital sectors of our economy. This is the reason we introduced the bill. We want it for its leadership, for its good management, for the savings and stimulus it generates and, above all, as a symbol of co-operation and advancement in our economy.

Why are we worried about this? Why are we saying that 6 per cent is a manageable, desirable target? Why does the government constantly say that inflation must come down? We say it because inflation is the root disease in our economy. We do it because on the inside of our economy inflation is keeping our interest rates high, inflation is leading to greater unemployment and greater numbers of bankruptcies. Inflation has reached the point where it is creating weakness, and in turn

that weakness is creating further damage and further suffering. High interest rates are caused by inflation; high interest rates in turn create bankruptcies, and bankruptcies create unemployment. On the inside of our economy we must stop the disease which is weakening us before the weakness becomes permanent.

On the outside inflation is hurting us equally. On the outside inflation is pushing our prices too high. When the world economy recovers, we want to be there and to join in that recovery. We want the prices for the goods and the commodities we export to be competitive with those in other countries. For example, when the United States has a 6 per cent inflation rate, Canada cannot afford a 12 per cent one, or we will never again sell to the United States in the large quantities of the past.

The government has acted, and this bill is one of those actions. As I mentioned earlier, this bill is a threefold effort. It provides leadership, good management and vital stimulus. It underlines our main message that we must get inflation down and create a 6 per cent growth level. We cannot afford to do that by picking out single people or single groups in society and making them scapegoats. We have heard from our close friends in the New Democratic Party the vital message that we must be careful, that we cannot pick out single groups. They are right about that, but they are wrong to assume that the 6 per cent battle will stop with public servants. The 6 per cent battle must go all through the economy. It must include executives, private businessmen and wage earners in the private sector.

Many of these people are already making sacrifices. I know, because I own my own business and I know the types of problems which inflation and tough times are creating for my business, that businessmen today are making sacrifices. We are asking our associates in the private sector to join with us in making equal sacrifices. We are not seeking our scapegoats. If we all ask for inflation minus a little bit, then for a short time we may all have to sacrifice, but in the long run we will certainly all gain from a stronger economy and from a greater, more vigorous ability to export abroad.

Those are the points behind this legislation—the point that we are in this together, the point that we are prepared to make small sacrifices, and the point that a 6 per cent world is a much stronger, much healthier and much more vigorous place than a 12 per cent world of inflation and weakness. We are aiming for 6 per cent, and we are aiming for that strength.

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, I regret that we have to speak again to a closure motion. I understand that the government introduced this motion because it felt the New Democratic Party was filibustering the debate and carrying it on for too long.

I do not think it would surprise any member of the House if I say that I am not very often in agreement with members of the NDP. Perhaps their diagnosis is all right, but their cure is worse than the disease. But I defend the right of the New Democratic Party, its leader, Dennis McDermott, and its deputy leader, the hon. member for Oshawa (Mr. Broadbent), to present their views. It is their democratic right to speak, just as that is the right of any member of the House. I may not agree with what they have to say, especially when it comes to the solutions which they offer the country.

Their idea of a solution is that if a patient has cancer, kill the patient rather than perform surgery. Nevertheless, I agree that they should be able to speak. I think it helps us all when they speak as much as they can, because every time they speak they help us. This is particularly the case when the hon. member for Kootenay West (Mr. Kristiansen) speaks and *The Vancouver Sun* publishes his speeches. It ensures that the former hon. member for Kootenay West will return to the House. I encourage liberal and free debate in the House and giving members of the NDP a free rein to speak as long as they wish. Thus, I oppose the closure motion.

I say sincerely that the government wants closure because the legislation before us is very pockmarked. It has many flaws in it. There are many reasons people think it deserves real examination. There are unfair elements in it which ought to be exposed. I think the government is afraid that extensive debate will expose the weaknesses in the legislation. In fact, there is so much hypocrisy in the government's proposal to restrain wages that it does not want to have extensive debate on the matter.

This reminds me of the scenario four years ago when the Prime Minister (Mr. Trudeau) travelled to Europe and met with the Chancellor of West Germany. He returned with a marvellous restraint program at the beginning of August. He obtained free television time to announce a new program of restraint. We had finished one just two years previous to that. That was the time when just before the government announced the restraint program he carpeted the dining room upstairs and provided new silverware. In August, 1978 the Prime Minister announced another restraint program. Since then the debt of this country has been escalating.

• (1600)

The hypocrisy of this program is that while it may save the government approximately $200 million this year, as the parliamentary secretary just said, it will have absolutely no bearing on the spending program of the government. Restraint is being carried on the backs of the workers. As we heard in question period today and yesterday, the government is asking public servants to carry a 6 per cent load, but it can increase the prices of its services anywhere from 20 per cent to 50 per cent. It seems to me that if we are to look at all at the principle of fairness, the government ought to impose a 6 per cent increase on the prices that it charges the public if it is asking the public service to carry a 6 per cent load.

I find this worrisome. I am concerned about the fact that there is this sudden and almost cataclysmic turn of events in Canada. I, and I am sure all members, recall last year when the country was subjected to a six-week postal strike. I remember talking to my constituents who were small-business men and paying $3,000 a month to have their accounts receivable statements delivered. This was on the verge of putting some of those small businesses under. After six weeks the government

settled for almost the same amount that was on the bargaining table when the strike began. The settlement was at a percentage far in excess of the 6 per cent level which we are looking at now. I am saying to the government that if they are such good managers, where were they a year ago when it was looking at percentage increases?

The government is also talking about productivity. A year ago, along with that postal price increase, it was negotiating for a 17-week period of maternity leave at which time there is no productivity on the job. Where was the government a year ago? Did it not have enough foresight to plan for the crunch that was coming a year later or to see that it would be in a deficit position? Instead of a $10.5 billion deficit, could it not see that we would have a $20.5 billion debt? A year ago the government settled far in excess of the 6 per cent limit which it is now imposing. Where are these great government planners, which they tend to think they are?

The parliamentary secretary said that the cost of government and the cost of production has escalated because of inflation and we therefore must bring inflation down. I do not argue with that. I now notice that the Minister of Finance (Mr. MacEachen) is deflecting that particular argument. I noted with particular interest yesterday that the Minister of Finance, when answering a question by the hon. member for Winnipeg North (Mr. Orlikow), said as reported at page 19315 of *Hansard* of July 14, 1982:

> Has he stopped to ask himself what is the cause of high interest rates? . . . My answer to that question is high prices. Until we get our rate of inflation down, do not ask for relief on the interest rate front.

Now we suddenly get this new economic theory which says that the cost of inflation comes from high prices. It is a truism of this government that it will blame everyone else but itself. Now it is blaming the merchandisers and the consumers. It is blaming the business community for the high prices and the high cost of living. Never mind that approximately $40 billion of government debts will come due next year. Never mind that in order to renew those debts the inflationary costs of the government will spiral.

Third, we have to examine this legislation because of the inherent unfairness within it in two areas. It is unfair in the first instance because it is based on a percentage increase. I remember when I was a member of the IWA working at Fraser Mills years ago. I wondered then about the legitimacy of asking for wage increases based on percentages. In those days I was working for 95 cents or $1 an hour. I was to receive a 5 per cent or 6 per cent increase while the foremen, on a percentage increase basis, were going to get considerably more. I admit that the foremen have a responsibility that deserves more pay, but if we consider the rollbacks under this legislation it will mean that the deputy ministers will have a substantial amount of money left over for their disposable incomes but those who are janitors in local government buildings will have precious little left over in their disposable income.

Mr. Murphy: Vote against the bill then.

Mr. Friesen: What is also eminently unfair in this legislation is that it does not provide for any discussion or negotiations of any union contract concerning matters of other than a fiscal nature. It seems to me that in order to preserve the right of collective bargaining, this bill should make negotiations of that type possible so as to ensure that the right to collective bargaining remains in every union agreement.

If the government wants to put a ceiling on wages, that is its business. However, in order to preserve fairness in the labour market and a favourable working climate where there is an atmosphere of conciliation and understanding, the government must make provision in this bill to allow for negotiation of non-fiscal matters such as health in the workplace, safety in the workplace and all those other areas which do not concern financial matters.

Another shortcoming of this bill is that it does not cover non-unionized workers. It is fine for the NDP to speak on behalf of the UAW and all those strong unions, but who will speak for the workers who are non-unionized? Who speaks on behalf of the weak? Six per cent of nothing is nothing.

Mr. Murphy: Certainly not the Tories.

Mr. Friesen: This bill will do nothing for the 1.3 million unemployed. Therefore, I oppose the government's move to impose closure on us. We need the freedom to speak even though we, within the confines of this chamber, may not always agree.

• (1610)

[*Translation*]

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I shall be very brief, since I think this debate has gone on long enough. I was pleased when the President of the Treasury Board (Mr. Johnston) proposed a motion to limit the debate.

As hon. members are aware, we have been discussing this bill for four days, and the debate has given rise to all kinds of comments, especially by members of the New Democratic Party. Mr. Speaker, it is just unbelievable, all the contradictions, all the nonsense we have had to listen to here in this House. It goes to show, Mr. Speaker, that it is about time the House adjourned for the summer recess. My colleague from Kitchener (Mr. Lang) commented earlier that there was nothing worse for a person's health than listening to the members opposite. I must say I am so astonished at the kind of nonsense I hear at times that I have to pinch myself to make sure I am in the real world. Yes, Mr. Speaker, I am not so sure I am in the real world because, outside Parliament, I was used to people who managed to earn a living without wasting other people's time. The comments we have had to listen to! These members are up in arms about high interest rates, they are up in arms about the excessively high cost of housing, food and clothing, and the high rate of inflation, and so forth, and on

the other hand, they are squarely opposed to the measure that will help bring down inflation.

As I implied at the outset, Mr. Speaker, I am shocked. I think it is outrageous the way these people are carrying on. They remind me of hunting dogs who start barking when they manage to corner a deer and start moving in for the kill.

In any event, one does not need a degree in economics to analyse the present situation. The problem facing us all in Canada right now is, of course, inflation. There are people who prefer to ignore this fact and let others worry about it, but inflation, Mr. Speaker, is something that makes us think about our own habits and those of all Canadians. We have had fat years, and we took advantage of them, and in doing so, we may have gone somewhat overboard. Not just the workers. Often people tend to blame labour and the unions, but it is not just the workers, everyone is involved, including employers, business people and industrialists who started living the good life and spending a bit more on luxuries. For instance, a travelling salesman instead of trying to bargain a little and get a room for $35 or $40—those prices still exist—will take the most expensive room, at $75 or $80. He spends the whole evening at the bar and all this goes on his company's expense account. The company makes everyone pay, including the consumer. That is life, but again, that is inflation. It is as simple as that.

Einstein said that great minds have always been violently opposed by mediocre intellects. So we might as well ignore people who are trying to intervene in this debate. Mr. Speaker, we, on the government side, wanted to take action in areas that are our concern. People are fond of saying that the Canadian government is always interfering in matters that are none of its business. For once it is our business, namely, the public service. This is no punitive measure, and we have nothing against these people. In fact, they are our allies, these are people we work with regularly, people we see every day, people who help us.

So, what is actually going on right now? I think we can agree that inflation exists, and when people complain that the cost of housing and food and other commodities is too high, this is often due to excessive wage demands on the part of various groups, demands made by business, and so forth, as I mentioned earlier. So if we agree that inflation exists and is going to be with us for some time, what do we do to fight inflation? There is a price, if we want to bring inflation down to more reasonable levels. Right now, who is paying the price for bringing inflation within more normal proportions? That price is being paid by the last workers to be hired on the assembly line, who are also the first to be fired and to join the ranks of the unemployed. These are the people who are paying that price today.

The members opposite who are criticizing belong to the unemployment party, because they are promoting this kind of unemployment. They do not want to give others a chance to make a life for themselves. So who is paying the price? First of all, the unemployed, who are being laid off because of the general economic slowdown. Businessmen and merchants, who any day may lose everything they own because of high interest rates, are also among those who are paying the price of bringing inflation down to normal levels. However, we also have a group of people whose jobs are safe, and we are telling them: Well, you have a safe job and on top of that, we are going to give you an extra bonus so that you can walk all over the people who are making sacrifices today, namely the unemployed and the businessman who is in danger of losing his business. That is what we are doing, and it does not make sense.

A few moments ago I heard someone say: It is unfair, it is unfair! Yes it is unfair, I agree. Mr. Speaker, if I were a civil servant and I were earning $15,000 a year, I would prefer to go without a raise rather than losing my job or living on welfare. The choice is obvious. What we want to do now with the 6 per cent rule, starting with our own group, is to set an example, and if the Canadian public approves, and this is not even . . . Yes, I realize my time is running out, Mr. Speaker, I am going to finish. If Canadians would agree to lower their expectations somewhat, we would be able to ride out this recession, which would be only temporary, but on the other hand, if Canadians refuse, it is going to get worse. Often, people like to compare Canada with the United States, and they wonder why, if we are both applying the same monetary policy, the inflation rate in the United States is going down. We must understand that the United States is a free enterprise country and is not as compartmentalized and regulated, planned and controlled as ours. One example that illustrates this is that workers in the automotive industry agreed to a wage reduction. Here, we have no room for manoeuvre and that is why everything is stratified and compartmentalized. That is why our inflation rate is not going down at the same rate. However, if interest rates were to go down, obviously, inflation would be less severe. In conclusion, Mr. Speaker, since my time has almost expired, I would like to inform the House that I am very pleased that the President of the Privy Council (Mr. Pinard) has asked to end this debate, and I hope that all our hon. colleagues will support the measure we have just imposed.

[*English*]

Mr. Scott Fennell (Ontario): Mr. Speaker, we are now dealing with another example of this government's ability not only to muzzle the opposition but the Canadian public. Our desire was to bring this bill to committee where it would receive total exposure, be reviewed and assessed and we could get the view of the public.

Mr. Kelly: That is committee, not second reading.

Mr. Fennell: Will it ever get to committee?

Mr. Kelly: We are wondering that too.

Mr. Fennell: Instead of backbenchers continuing to defend the position of the government, I wish one day they would stand up and answer to the public who are concerned about losing their jobs, not worrying about civil servants getting a 6 per cent raise in pay. This bill would not have been necessary if this government had not destroyed the economy over the past 14 years.

• (1620)

I would like to quote from the original architect that the Liberal government used. John Kenneth Galbraith has finally admitted it all: "Economists make predictions, not because they know, but because they are asked." Is that not great? There we have the answer about the Liberal policy that put this country on its knees, as it is today. Those are the kind of people the Liberals have attracted to draw up their policy, to bring three budgets forward that have all been destructive to this country. He was the man who started in 1968 giving them their answers. They asked the questions: he gave the answers. He is admitting now that they were not very good answers.

It is the socialist rhetoric of John Kenneth Galbraith and his type that has destroyed the middle class Canadian, those who were born with the thought that at some time they could own a home at a reasonable price. They are now paying exhorbitant interest rates, through exorbitant inflation, meaning an exorbitant cost for the house.

Let us look at this bill. The government referred to this as restraint. If this were restraint in the pure sense—that is, real restraint—yes, I could solidly support it. But how can I support this bill as restraint?

Mr. Deans: You are going to support it.

Mr. Fennell: It does nothing more than guarantee that every member in this House, every civil servant in Ottawa, and every federal civil servant around the country will get a 6 per cent increase in pay. We have very close to a million and a half people unemployed and they are not impressed with the fact that we have protected ourselves by this 6 per cent increase in pay. What should have been brought in as restraint is a 10 per cent cut on every budget across the board. We should have taken a 10 per cent cut in our pay—or at least work towards that over the next three years. This is too little, too late.

We requested that a parliamentary committee be set up to review all the estimates, to look at the loopholes, to find out where we could cut back on some of the programs not needed right now.

Mr. Deans: You had an opportunity.

Mr. Fennell: We have not had an opportunity because we have been refused by the government that has put us in the place we are today. All the government comes up with is patchwork solutions, and patchwork solutions do not solve a major structural problem. It is like taking a car which has been in an accident, trying to bend the frame into the right position, and then telling the owner that that car is in good order. Everyone in this House knows that once the frame of a car is bent it is destroyed, it is of no value. That is the problem with our economy.

Yesterday, I spent a very interesting afternoon. The leader of the New Democratic Party (Mr. Broadbent) and myself were in the region of Durham before the regional councillors. Many of those people who run a very important region of this country asked us to come because they are concerned. The first point they brought out was their concern over the current monetary policy which has produced and maintained high interest rates, causing enormous economic hardships to consumers and corporations alike. Those people who are responsible for the municipality, representing all the mayors of that area, wanted to hear from us as to what was really happening in Ottawa. Believe me, Mr. Speaker, I wish the Liberals had been there. I wish that the hon. Minister of Public Works (Mr. Cosgrove), who happens to be my buddy in that area, had been there to represent the government.

There are many points that the leader of the New Democratic Party and myself agreed on. We agreed on lower interest rates but we did not agree on the method of getting there. We agreed to support the samll-business man and get the economy going. What we were saying yesterday was that the government is bringing in Bill C-124, it provides a 6 per cent increase in pay, but they have not talked about any reduction in their expenditure. Those councillors are concerned. They are concerned about our unrestricted imports. We have done absolutely nothing, Mr. Speaker, to encourage the private sector to produce, in order to replace such imports. Our dollar is low enough now. If there were a tax incentive there, we could be starting new industries and creating jobs, and that is the name of the game.

We are guaranteeing the civil service that they will have their jobs, plus a 6 per cent increase in pay, but we are doing nothing for the rest of Canada.

This government has destroyed all the incentives of the private sector. They have removed all incentive to foreign investment. This is a very large country. It requires large sums of money. Admittedly, today Canadians are saving large sums of money, but Canadians historically have kept their money in their socks. The foreign investors have put money into industry. I maintain that foreign investment review itself is not working and has helped destroy our credibility in international markets.

We should be going out to encourage European investors and Japanese investors to come into our country. We should be encouraging the Japanese to produce cars here. But they do not know what the position will be like here in six or seven months; they think that we may say: "We do not want you any more, so get your plants out of Canada". Incentives are required, Mr. Speaker, not grants. We need incentives to get Canadian dollars out of the banks and into industry.

The National Energy Program was a total destruction of the Canadian oil industry. Today there are 50 per cent less drilling rigs operating than there were last year at the same time.

We have been criticized many times for our mortgage interest deductibility proposal. Would that not have assisted the Canadian public, would it not have assisted the banks? They would have repossessed half the houses, because people would have been able to keep up mortgage payments. That plan would have assisted our general construction economy. We have done nothing but talk about a 6 per cent increase in pay for the civil service next year. That is why we want this bill put into committee over an extended period of time so that we can hear witnesses from across the country.

This budget is like every other budget that the government has brought forward. There is absolutely no foresight and they are too frightened to take hindsight because they look at the morass that they have left behind. This government, in my opinion, is carrying out a financial scam on the Canadian public and it should be stopped. It is time the public had the choice to decide whether they want this government to stay any longer or not.

Mr. Roy MacLaren (Etobicoke North): Mr. Speaker, we have had some discussion today about the time allocation which is being proposed for this bill. I want to touch on that matter for a moment before turning to the substance of the question before us in Bill C-124.

Quite obviously there is a need to limit debate on matters before the House. We cannot continue to consider issues indefinitely here, especially when opportunities await members to consider the same matters in committee. When we hear allegations of muzzling Parliament or muzzling the opposition, I wonder whether members opposite have considered the British practices which do in fact place real limitations on the time taken for debates in the British House of Commons. I wonder whether hon. members opposite would not find those precedents instructive for our own practices here in Ottawa.

• (1630)

I hope usefully that the committee currently studying the proposed modifications to our procedures will look at that particular precedent so that all hon. members might be assured that our business can deal with more effectively. Through more self-discipline, we could limit the time that we spend on debates here in the House to the benefit of all.

In the specific case of Bill C-124 now before us, we have had extensive debate involving a substantial number of members. The subject matter will, of course, go to committee where there will be further consideration, and there will be another opportunity to speak about the bill when it returns from the committee to the House.

With respect to the substance of the bill, we have heard allegations, particularly today by the hon. member for Oshawa (Mr. Broadbent), that somehow the wage restraint program being introduced for the public service for the next two years will neither create jobs nor reduce inflation. It is remarkable that an hon. member would make such a statement, when he and others must know perfectly well that until such time as we succeed in limiting inflation we shall not be able to create more jobs nor reduce interest rates. Why do I say that? It is evident that wage increases in Canada in recent years have consistently run at levels higher than those in most of our major trade competitors. Canada is heavily dependent on world trade for its prosperity. Foreign trade amounts to 30 per cent of our gross national product, and of that 30 per cent, some 70 per cent is trade with the United States.

What has been the wage situation in the United States, our major trading partner? During 1981 wage settlements in the United States were, on average, some four percentage points lower than in Canada. That means significant competitive advantage for United States industries over comparable Canadian industries which have had wage increases at a level of about 12 per cent, on average, during the last year.

Not only were average wage settlements in the United States lower than in Canada during 1981, but in the first quarter of this year United States increases in industrial wages for the first year of labour contracts averaged only 2.2 per cent. The Teamsters and the UAW, two major unions in the United States, accepted a complete freeze on wages, so that even if one extracted those two elements, the average in the United States was still only 6.8 per cent during the first quarter of this year, whereas increases in Canada have been running typically at about 12 per cent. I might also note that in the United States public service increases of only 4.8 per cent have been provided for in 1982, in contrast with the 6 per cent level that is envisaged in the legislation now before us.

I do not think it takes any great expertise in economics to understand that with such a wage situation in a highly competitive trade world, Canada is placing itself at a disadvantage.

It is not just that wage restraint in Canada is an essential part of any anti-inflationary policy; it is also evident that over the longer term Canadian industry will be unable to compete in world markets if our wage levels consistently exceed those of our main competitors and, indeed, if those wage settlements consistently exceed productivity increases here in Canada.

Unfortunately, we have had a situation in recent years in which our increases in productivity have been significantly lower than those of our major trade competitors. It is an oversimplification, of course, to argue that the main reason for a drop in productivity in Canada or for slower productivity increases is entirely ascribable to high wage settlements. There are other major factors which also cause productivity changes in any industrial economy. However, it remains true, nevertheless, that when wage level increases in Canada consistently outstrip increases in productivity, it must be that more inflation will result, and it must be that Canada will become increasingly less competitive in world markets.

Against that background, if we really want to help Canadians by setting a standard for the whole of the Canadian economy, it is essential that this legislation pass quickly. If pay

increases are not restrained, we shall not be competitive. We shall not address a major factor in our inflation equation. We shall find ourselves faced with continuing high interest rates and high unemployment.

I do not know that hon. members opposite, particularly members of the New Democratic Party, have accepted the fact that there is a pressing need for the federal government to set a standard, to set an example for the rest of the major players in the Canadian economy. Prior to the budget of a fortnight ago, we saw that the business community—there were some exceptions but broadly speaking—called for voluntary wage controls rather than mandatory controls. The business community resisted suggestions from various quarters for a sweeping program of mandatory wage and price controls—although some businessmen advocated such a policy—and called instead, for example, through the Business Council on National Issues, for a voluntary program. That voluntary program is now available for them to take up. The opportunity is there. They have said that they want it. The time has now come for them to respond.

The government is providing leadership. The government has said, in the case of its own more than half a million employees, that it will show restraint. The government has said that it will ensure that public service wages will not contribute, as they have in the past, to mounting rates of inflation in our country. It is now for the business community—which wanted voluntary controls—to take this opportunity.

The government is providing leadership; now let the business community respond. Equally, the provinces and municipalities must respond. They must bring forward their own programs of restraint in order to ensure that inflation is not again fueled by excessive wage settlements in either our public sector or our private sector. The situation in Canada has been well stated by the President of the Treasury Board (Mr. Johnston) who, toward the end of last month, stated the following in a speech:

> Businessmen, although preaching restraint, often found it simpler to give in to excessive wage demands. In the inflationary environment which developed, it was possible for them, until recently, to recoup higher wage costs by raising the prices of their products. Productivity, once of highest priority, slipped well down the list of goals.

That situation in Canada must now change. The government has provided a new sense of direction and a new leadership. For my part, I do not doubt that the private sector will respond, that the provinces will respond, that the municipalities will respond and, indeed, that we shall see a world where 6 per cent wage settlements for the next 12 months and 5 per cent for the following 12 months will help to provide the necessary conditions for our economic recovery.

• (1640)

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, like my colleagues I am somewhat distressed to have to rise once again to oppose a Liberal government motion enforcing closure. In this case it cuts off debate on Bill C-124 respecting compensation in the public service. What is printed in this bill is important, so is what is left out of it and what is left unexplained.

Firstly, I wish to speak of the plight of the old age pensioners; then I wish to say a few words about the Armed Forces pensioners. In the Minister of Finance's budget speech he mentioned the pay limits encompassed in this bill and also the capping of the indexing of pensions for old age pensioners and public servants. He did so in these words:

> Effective January 1, 1983, indexation of the pensions paid to former Members of Parliament and public servants will be limited to 6 per cent. The indexing factor will be lowered to 5 per cent as of January 1, 1984.
>
> Effective the same dates, the indexing factor applicable to family allowances and old age security will also be limited to 6 per cent and 5 per cent.

This capping of indexation, Mr. Speaker, is particularly devastating to those old age pensioners who have made some provision by themselves to look after themselves in their old age. The budget singles out for the harshest treatment those pensioners who saved and paid into various private pensions. The payment of the usual indexation on old age security only to those who are also drawing the guaranteed income supplement is a direct disincentive for anyone to try and make plans for enjoying their old age in part on their own resources. Anyone now working and saving for a private pension, annuity or RRSP will now realize that they will be discriminated against by this government and only the portion of their private plan which exceeds the value of the guaranteed income supplement will be of any value to them. Anyone with a private pension, annuity or insurance benefit which gives them something under $240 a month has simply reduced his or her guaranteed income supplement by that amount. The government should not be surprised to find that the steady growth over the years in the percentage of old age pensioners who have qualified for the GIS will now accelerate. The government has provided an additional incentive for senior citizens to arrange their affairs so that they get on GIS. It is the only way their basic pension will keep up with inflation rates.

I have an example which might cause the government to think about this if it were not in such a hurry to force legislation through this House by closure. In Victoria there are two large apartment buildings known as the Lord and Lady Simcoe on Simcoe Street. They house about 270 tenants, almost all of whom are retired and over half of which are widows. It is estimated that only some ten or 20 people in these buildings are still in the work force. The rest are retired and they are truly the fixed income people that one hears about here. On June 9 those tenants received notice of a rent increase. I know rent controls are in the purview of provincial governments but these cases might help illustrate to this unheeding and unfeeling government just what the people out there in the real world face, and the importance of a fair deal on indexation of their pensions.

As you may or may not be aware, Mr. Speaker, there are three categories of rent control in B.C. You can be exempt from rent control on certain types of accommodation—generally public or high priced accommodation—or you can have rent review, which is not nearly as favourable a position to be in if you are renting. The third category is units under

rent control where the landlord has to have permission before he can raise your rent. All 270 of the units in this complex I am speaking of are in the second category.

I have in my hand a notice given to a couple in a two-bedroom suite. They tell me that when they rented their suite seven years ago it was $220 a month. It was raised by the allowable limit each year for several years, and last year the landlord managed to increase rents by 15 per cent which put it over the $350 a month limit, thereby taking it out of the rent control area into the rent review area. The current rent for this particular couple is $424 a month, with an increase coming of $98 a month. Therefore, they will soon start paying $522 a month, an increase of 23 per cent. This is what happens to people out in the real world.

I heard the hon. member for Témiscamingue (Mr. Tousignant) say that people are being asked to go without a few little luxuries. That is not what is happening; these people are being asked to pay an additional 23 per cent rent on their suites. A great number of them are going to have leave their suites, which they have lived in for years, and move into rooms in houses. This is not a little luxury for those people, believe me.

I wish to turn now, Mr. Speaker, to another aspect of this capping of indexation which is not mentioned in the bill but should be because of doubt out there about what is going to happen to the people involved. It has to do with the application of the 85 rule. That rule means a retired serviceman will not start to get his pension indexed until his age plus years of service totals 85. It also applies to civil servants but because of different retirement ages it is difficult to talk about the two groups at the same time. Some people have to wait for years to reach that point.

First of all, Mr. Speaker, as a non-lawyer I would inquire about the legality of what the government is planning to do to long service annuitants. The Armed Forces, when serving, pay an additional 1.5 per cent of their pay into the pension fund to cover the cost of indexing. This has always been considered part of their contract. Now, apparently, it is not to be honoured after next January.

As a background to this action the government should bear in mind that the Canadian forces' superannuation account, plus their actuarial liability account, as of March 31, 1981 was over $9 billion. This information comes from the answer to a question I put on the Order Paper. The government has this $9 billion, an increase of $1.2 billion over the preceding two years, and it borrows this money—a paper transaction—at a rate of 2.15 per cent per quarter, which is 8.6 per cent per annum. A very cheap source of money for the government. Yet the government is now prepared to break its contract to index the pension of retired servicemen.

The reason I bring it up at this time is that it is not in the bill and servicemen are wondering what is going to happen. Some of them retired ten years ago and have not yet reached the 85 rule point. When they reach that status they would receive the cost of living increases from the preceding years; not in a lump sum, but they would have gone to the level of purchasing power they had when they retired. They are now wondering what is going to happen. If it is going to be 11 per cent this year, will they get that 11 per cent? Will it be 6 per cent? What will it be next year? No one knows, and the government should not leave these people in such doubt.

Those are the unanswered questions about this bill, Mr. Speaker, and they should be answered before the government gags Parliament on such an important piece of legislation. I realize it is going to committee and that will be a great place to talk about it. But I am worried that so many of the government's bills are rushed into committee nowadays. I suspect the reason is that there is a greater audience for the debates in this chamber, thanks to the electronic age, than there is for what goes on in committee. We all know that.

• (1650)

Mr. Jack Burghardt (London West): Mr. Speaker, I should like to thank my colleague opposite. I only hope that I can count on his co-operation as we debate this particular motion and, indeed, the entire bill, C-124. Six per cent co-operation would be very helpful. That is all we are asking for in Bill C-124.

I had the opportunity to speak on second reading of this bill the other night so I am not going to go into all the details again.

I should like to comment on some of the things that have been mentioned this afternoon regarding the motion to limit debate. The word "closure" and other terms have been used. Mr. Speaker, there comes a time when all that needs to be said has been said. If we were hearing anything new, it would be different. The government has a responsibility to provide legislation and to run the business affairs of Parliament and of the country. We should get on with curing the economic ills of the country. Bill C-124 is the instrument to bring down inflation which, of course, will result in interest rates coming down and in a reduction in the federal deficit. The entire economic future of the nation is based on Bill C-124.

If hon. members opposite are serious when they speak about the economic ills of the day and about offering cures for them, then I am surprised at their attitude and especially at the official opposition, which announced earlier today that it will vote against the motion. If something new were being said on Bill C-124 or suggestions were being put forward to cure the economic ills of the day, that would be a different matter. There comes a time when we have to get on with running the affairs of the country whether hon. members like it or not, and that is the responsibility of the party in power which sits on this side of the House.

The hon. member for Etobicoke North (Mr. MacLaren) spoke about parliamentary reform. I hope that the special committee set up to look into that matter during the summer will examine the delaying tactics that occur day in and day out in this House which prevent legislation from going through. Often members on both sides of the House agree on the basic intent of many bills, but whether to score political points in their constituencies or for whatever reason, hon. members opposite delay, delay, delay. Many more members of the

opposition have spoken on Bill C-124 than members on this side of the House. Of course, their main purpose was to criticize. There has been plenty of opportunity to debate the bill. Our main purpose in this House should be to bring inflation down.

Just the other night I said that federal civil servants could be the heroes of the day through their involvement in this wage restraint program. I have heard from a number of them who say that they feel they will be, and indeed are, the front runners in this matter of wage restraint and the battle against inflation. I have heard from constituents who said the same thing. We know that business leaders and many labour leaders agree that something has to be done and that this bill is a step in the right direction.

We should get on with the business of passing the bill, Mr. Speaker. We know very well that it will be debated fully in committee where there will be plenty of time for argument and suggestions and perhaps for amendments as well. I am sure that witnesses will be heard in committee and that there will be plenty of time to bring out the full facts. The bill will come back to the House then for further debate. I do not know why hon. members opposite are so upset because we are trying to cure the economic ills of the day by getting the bill through.

There are other pieces of legislation which should be passed before this session ends, Mr. Speaker. On this side of the House we have been trying to get the bill through to aid home owners who have problems with urea formaldehyde foam insulation. The bill would provide compensation for them and I would not like to see Parliament adjourn for the summer without seeing that bill passed; but if we are going to have these delaying tactics day in and day out, then we are not going to get to that very important bill. I think that is a duty and responsibility that all members of the House should keep in mind.

The basic premise of Bill C-124 is to bring inflation down to 6 per cent and 5 per cent over the next two years. All that is being asked is that the federal civil servants and employees of Crown corporations, federally regulated agencies and the like be limited to 6 and 5 per cent wage increases—not decreases. The money saved by this measure will be devoted to much needed job-creation programs. Hon. members opposite fail to bring that point out; nearly $1 billion will be available for job-creation programs which are badly needed.

This afternoon the President of the Treasury Board (Mr. Johnston) mentioned that a recent Gallup poll shows that 80 per cent of Canadians would sooner take a 10 per cent cut in pay than be unemployed, so the Canadian public in general is behind this bill. We should get on with it so that we can create those jobs and make money available to help the housing industry, for instance. Many questions are raised about the lack of housing, yet through this bill we are trying to get the money to provide houses so that young people will be in a position to own their own homes.

Basically, I see nothing wrong with limiting debate on this bill. Everything that needs to be said has been said. The bill will be debated further in committee and then brought back to the House and then, we hope, will be passed so that we can go on to cure the economic ills of the day. All that we are asking is 6 per cent and 5 per cent. As hon. members know, members of the House are also going to be involved.

All across the country people are crying for leadership and action. This is one area in which Parliament can provide action and leadership, but it must come from both sides of the House. We have an opportunity to show that leadership by passing Bill C-124. There is no reason why debate should not be limited and I shall certainly vote in favour of the motion, Mr. Speaker.

The Acting Speaker (Mr. Blaker): It is now five o'clock and the hon. member for Churchill (Mr. Murphy) is standing to be recognized. I should like to indicate to him, so that he can plan, that the Chair will recognize him at eight o'clock tonight if he is present.

Before I go to private members' hour I will deal with the adjournment motion.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Ottawa-Vanier (Mr. Gauthier)—Public Works—Future of Daly building in Ottawa; the hon. member for Calgary West (Mr. Hawkes)—Social Security—Funding for services. (b) Canadian Mental Health Association meeting; the hon. member for Winnipeg-Birds Hill (Mr. Blaikie)—Medical Care—Extra billing by physicians—Minister's position. (b) Federal funding.

• (1700)

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

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

The Acting Speaker (Mr. Blaker): Shall all items proceeding No. 76 stand with unanimous consent? Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Smith: Mr. Speaker, I rise on a point of order. I inderstand that dicussions have taken place with representatives of the various parties and that there is a disposition to deal very briefly with two private members' bills. I am advised that in order to do that, and I was informed of this just a moment ago, we will have to revert to motions in order that the chairman of the Standing Committee on Miscellaneous Private Bills and Standing Orders may present the reports from his committee. Therefore, I would request the consent of the House to revert to motions so the hon. member can do that.

Mr. Nielsen: Mr. Speaker, is it the purpose to introduce the Senate bill having to do with the change in the charter of BPO Elks? I see the hon. member for Renfrew-Nipissing-Pembroke (Mr. Hopkins) is nodding in the affirmative.

Mr. Deans: Mr. Speaker, I am sorry, but I cannot hear the hon. member for Yukon.

The Acting Speaker (Mr. Blaker): The microphone for the hon. member for Yukon was not switched on. Perhaps he would like to repeat his last few remarks.

Mr. Nielsen: Mr. Speaker, I said that we agree provided that the business, which is the subject matter of the report, is the Senate bill dealing with an alteration to the charter of BPO Elks.

The Acting Speaker (Mr. Blaker): I will attempt to assist the House. The hon. member for the Yukon mentioned something which to my ears sounded like BP Oil.

Mr. Nielsen: It was BPO Elks, Mr. Speaker.

The Acting Speaker (Mr. Blaker): BPO Elks, my apologies. In that event, I can tell the hon. member that there are two bills which have been provided to the Chair. The first is an act to revive E.G. Klein Limited, and the second deals with the act of incorporation of The Grand Lodge of the Benevolent and Protective Order of Elks of the Dominion of Canada.

Mr. Nielsen: All that is going to happen then is the tabling of that committee report. Is that correct, Mr. Speaker? In addition, we will deal with the measure concerning the Elks.

An hon. Member: Yes.

Mr. Deans: Mr. Speaker, I understand from conversations that we will, in fact, deal with both bills at all stages with very, very limited debate. That was my understanding, and I assume that is what we are going to do.

Mr. Nielsen: Mr. Speaker, that is not my understanding. The hon. member for Renfrew-Nipissing-Pembroke had the courtesy and the honesty with respect to private members' business today to consult with me in connection with the legislation dealing with the alteration in the charter of the Elks. We agreed in that respect to a brief introductory statement by the hon. member and a response thereto by the hon. member for Victoria-Haliburton (Mr. Scott). I presume someone will be responding for the New Democratic Party. We will do that through all stages immediately, but that is all we are prepared to deal with today. With respect to the legislation concerning Klein, this is something which we are not prepared to deal with today.

Mr. Deniger: Mr. Speaker, I heard the opposition House leader's comment and I am sorry that I did not get a chance to talk to him directly, but I did speak to the hon. member for Peace River, the hon. member for Mississauga South and the hon. member for Simcoe North on the purpose of Bill S-26. It was my understanding that we had arrived at a unanimous agreement. I extended the same courtesy to the whip and the House leader of the New Democratic Party. If I could get the consent of the opposition House leader to proceed with Bill S-26, I would be most grateful.

Mr. Deans: Mr. Speaker, while the House leader for the official opposition is conferring, I can verify that conversations did in fact take place exactly along the lines that have just been put before you. Having reviewed the piece of legislation being requested, Bill S-26, together with Bill S-27, I had come to the conclusion that both could be dealt with expeditiously without any major debate.

Mr. Nielsen: Mr. Speaker, I have now had an opportunity to discuss the matter. We will deal with both pieces of legislation in the manner in which I have outlined. Once again I want to thank the hon. member for Renfrew-Nipissing-Pembroke for his courtesy in consulting with me before this matter arose.

The Acting Speaker (Mr. Blaker): As a result of the discussions the Chair has just heard, I suggest that what the House intends to do is to revert to committee reports, in which case the Chair will recognize the hon. member for Ottawa-Vanier.

Mr. Deans: The House will revert to motions, Mr. Speaker.

The Acting Speaker (Mr. Blaker): My apologies; the House will revert to motions.

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

MISCELLANEOUS PRIVATE BILLS AND STANDING ORDERS

CONCURRENCE IN NINTH AND TENTH REPORTS OF STANDING COMMITTEE

Mr. Jean-Robert Gauthier (Ottawa-Vanier) moved that the ninth and tenth reports of the Standing Committee on Miscel-

laneous Private Bills and Standing Orders, presented to the House on Monday, June 21, 1982, be concurred in.

Motion agreed to.

PRIVATE BILLS

[*English*]

E.G. KLEIN LIMITED

Mr. Pierre Deniger (Laprairie) moved that Bill S-26, an Act to revive E.G. Klein Limited and to provide for its continuance under the Canada Business Corporations Act, be now read the second time and, by unanimous consent, referred to a Committee of the Whole.

[*Translation*]

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

● (1710)

[*English*]

THE GRAND LODGE OF THE BENEVOLENT AND PROTECTIVE ORDER OF ELKS OF THE DOMINION OF CANADA

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke) moved that Bill S-27, to amend the act of incorporation of The Grand Lodge of the Benevolent and Protective Order of Elks of the Dominion of Canada, be read the second time and, by unanimous consent, referred to a Committee of the Whole.

He said: Mr. Speaker, there were no comments made on Bill S-27 at first reading. There has been an agreement among the parties that we will each make a brief statement and then we will deal with the other stages of the bill without debate.

I am pleased to sponsor Bill S-27 on behalf of The Grand Lodge of the Benevolent and Protective Order of Elks of the Dominion of Canada. At the outset, Mr. Speaker, I want to extend my own appreciation to the House leaders and members on both sides of the House for their co-operation in allowing this bill to be debated today at second reading, in Committee of the Whole and third reading in one sitting. It is not controversial and it is a very worthy bill. It is one that means a great deal to many people across the country, namely, members of the Elks themselves and many thousands of people across Canada whom they help.

The purpose of the legislation in question and now before Parliament is to remove the restriction limiting at $100,000 the value of real property which might be acquired by the society or any of its branches. This restriction was incorporated into the act in 1913. In view of the increase in prices generally and of land in particular since that date, it is no longer realistic. Indeed, the origins of the restriction are not entirely clear, although it seems to have been the practice to place such restrictions on branch holdings of other societies incorporated by Parliament at that particular time.

The second purpose of the bill is to enable the society to change its head office from place to place, if necessary.

The third purpose is to substitute a French name for the English name of the society which appeared in the long title of the French version of the original act of incorporation. In this connection there is a further consequential amendment.

Finally, I am advised that the Benevolent and Protective Order of Elks of the Dominion of Canada now has 360 lodges established in every province of Canada. They have 61,000 members, plus an additional 17,000 members of its ladies' auxiliary.

I am sure that all hon. members of the Parliament of Canada join in wishing the Elks every success in all their very fine work wherever they may live in Canada.

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I am very pleased to have an opportunity to second this motion. I attended the committee meetings and I understand fully the application of the bill. I congratulate the hon. member for Renfrew-Nipissing-Pembroke (Mr. Hopkins) for his work in committee and for arranging easy passage of Bill S-27 through the House of Commons at this time. I think he had the correct approach in speaking to the different House leaders, which approach has been exemplified by the Conservative Party and our House leader.

On behalf of the official opposition let me say that we heartily endorse this bill. Also we take into consideration the good work the Benevolent and Protective Order of Elks of the Dominion of Canada do throughout this country of ours. We are very happy to be party to giving the bill speedy passage through the House. We certainly wish them all the luck in the world.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, we are happy to give our consent, as requested, to having the bill dealt with in all stages today. It goes without saying that the Order has provided much in the way of good works for people in Canada. It is a pleasure to be able to do this for them at a time when we have all seen volunteerism build much of what we enjoy. To see an organization such as this flourishing is important for members of my party. We are pleased to have this bill go through all three stages.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

The Acting Speaker (Mr. Blaker): My understanding is that it is the intent of the House to revert now to private members' hour.

Mr. Taylor: Mr. Speaker, I rise on a point of order. I certainly do not want to object, but I would like to make two comments. First, I want to congratulate the Elks for keeping the name "Benevolent and Protective Order of Elks of the Dominion of Canada".

Second, I wish we had seen the same co-operation last Friday as we experienced today.

My third observation is that I think we should have some notice of changes being made. I do not think these today will

have any ramification, but this week I received two notices on Wednesday telling me what was on for Thursday and for Friday. I appreciate whoever is responsible for that, but there was no indication that these changes were to be made. I can understand this at times, but I think hon. members should be properly notified when changes are to be made on private members' days. I certainly have no objections to the ones made today, I think they are worthwhile, but again I think we should have been advised that they were to be made.

The Acting Speaker (Mr. Blaker): We will now revert, by unanimous consent, to private members' hour.

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

CANADA ASSISTANCE PLAN

Mr. Hal Herbert (Vaudreuil) moved:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House a copy of the latest signed agreement between the government and the province of Quebec under the Canada Assistance Plan.

He said: Mr. Speaker, I think my first remark should be to clear what may be a point of misunderstanding since just recently reference was made to what happened last Friday. I should like to put on the record that the only conversation I had prior to four o'clock on Friday afternoon was with a representative of the New Democratic Party. It was not in order to seek any agreement whatsoever; it was purely clarification of the subject matter which was to be discussed. That was the total extent of the conversation. In other words, there were no discussions of which I was aware between any members on this side and any members on the other side as to the subsequent procedures which were adopted by unanimous consent of the members present.

I think it is important to make that point because there was the inference of some sort of collusion or something of the sort. I certainly was not aware of that. In fact, I publicly express my surprise, but my pleasure nevertheless, at the turn of events on Friday.

The subject this afternoon is the Canada Assistance Plan, a subject which I hold dear to my heart. I have used the request for documents passing between the government and the province of Quebec under the Canada Assistance Plan as the vehicle for this discussion.

● (1720)

I requested these documents, as I have requested the documents applicable to the other provinces, as a result of discussions which took place in the hearings held last spring by the special committee which was formed to look at fiscal transfer payments. We criss-crossed the country and heard a plea from many social service groups that these documents should be available to them.

It may be somewhat ironic that we discussed the freedom of information act at great length and yet documents which are vital to the interest of people on social welfare and receiving social services are not available to the groups who are responsible for the provision of these services. It may be of interest to some members if I refer to an answer I received over a year ago as to the reasons why such documents were not being made available to the public in general. An official from the Department of National Health and Welfare said that in his opinion the province of Ontario, in this case, could and probably would object because that would facilitate their municipalities making interprovincial comparisons. He said that this was, of course, assuming that the schedules for the other provinces were also released. He indicated that such a comparison would lead to whipsawing from one province to another. He also made an interesting comment at that time, which is quite applicable now, that under the proposed freedom of information act items which would be detrimental to federal-provincial relations can be exempted from release.

Personally, I do not see any reason why the groups that are responsible for social services in the different provinces should not be able to make comparisons from province to province and should not, as a result, be able to pressure their respective provincial governments into giving them the same services which they see being made available to persons in need in the other provinces.

I have several objections to the way that the Canada Assistance Plan presently operates. At the outset, let me say that this has nothing to do with the total funding. I have said before in the House and I will repeat that I firmly believe in the maximum possible funding at the federal level. I say that because under those circumstances the distribution of those funds from the federal treasury should go to the provinces on an equitable basis, and the raising of those funds at the federal level means that the moneys are raised from those provinces which are the best able to pay.

However, it does not work out this way in the case of the Canada Assistance Plan. I have some figures to illustrate this. For example, let us take my own province of Quebec which is the one referred to in the motion. According to the latest year for which figures are available, the province of Quebec received 39 per cent of the funding under the Canada Assistance Plan, and as you are aware, Mr. Speaker, it has 26 per cent of the population of this country.

There is probably good reason why Quebec, with its greater number of persons in need, should receive a larger share. However, let us look at another province which is also in need, Nova Scotia. Incidentally, the Premier of that province, as late as a few days ago, was bitterly complaining that the federal government was decreasing its transfers to the provinces and making life difficult for the province of Nova Scotia. I read that particular lie in today's *Globe and Mail,* that the federal government was cutting its funding for post-secondary education and health services. I say "lie" because anyone who looks

at the figures is aware that the federal funding for both post-secondary education and health services is increased this year and increased substantially. However, one also understands that in difficult times the provision of social services becomes an increasingly hard load for provinces like Nova Scotia which have an increasing number of unemployed and persons in difficult circumstances.

In the case of Nova Scotia, it receives 2.7 per cent of the total moneys that are distributed under the Canada Assistance Plan and it has a population of 3.5 per cent. Nova Scotia is one of the have-not provinces. Obviously it is unfair that that province should be receiving less than even its per capita share, if Canada Assistance Plan funds were distributed on that basis.

Let us look at British Columbia at the other end of the scale. British Columbia, with 11 per cent of this country's population, receives 14 per cent of the funding from the Canada Assistance Plan.

I will continue with these figures to show the inequity which exists in the distribution but will do so in a somewhat different fashion. I have proposed before and I am proposing again now that the various programs which are handled under the Canada Assistance Plan be divided into their two parts, social service programs and income support programs. I am not suggesting any decrease in funding. In fact, I will be suggesting later that my method of handling these programs would result in some increase in funding at the federal level, but that the distribution of those funds would be more equitable.

Once again in the case of my own province of Quebec, the social service payments are the highest of any province. One would think that in a have-not province the income maintenance programs would be the highest in the province of Quebec, but that is not so. We find other provinces that have a higher income maintenance receipt from the Canada Assistance Plan than the province of Quebec. Quebec's social service receipts are approximately 50 per cent of the amount Quebec receives for the income maintenance programs, whereas New Brunswick, which is one of the have-not provinces, receives for its social service programs only about 15 per cent of the amount it receives in the income maintenance programs. Newfoundland receives about one-quarter and it is about one-third in Nova Scotia. It is interesting that the province of Quebec receives about three times the amount in the social service field that is paid in the province of Ontario.

One notes from a chart provided by the Department of National Health and Welfare, for which the latest figures available are also over a year old, that the province of Nova Scotia, one of the have-not provinces, receives $67 on a per capita basis. The province of Quebec at the other end of the scale receives $137. Dividing the program into its two parts, one can look at social assistance where Manitoba is at $36 at the low end of the scale and Quebec is at $93 at the other end on a per capita basis. With respect to social and welfare services we find New Brunswick sitting on the bottom end of the scale at $14 per capita and Quebec near the top at $44 per capita. It should be abundantly clear that the distribution of funds under these programs is, in my opinion, an unequitable method of distribution.

For clarification I should say that as a result of changes made in legislation some six or seven years ago, many of the extended health care services which originally were covered under this program have now been excluded. I think it is worth putting on the record that the Canada Assistance Plan no longer covers such items as nursing home intermediate care, adult residential care, converted mental hospitals, home care and ambulatory health care. I mention that because one should consider whether in this day and age those particular services, which are often optional in the provinces, should be funded by the federal government to at least encourage the provincial governments, which are responsible for these services, to provide a relatively equal level of services from coast to coast. I wish to quote the Minister of National Health and Welfare (Miss Bégin) as follows:

● (1730)

> The federal government shares in the cost of provincial and municipal social assistance payments as well as certain social service programs referred to in the act as "welfare services". Social assistance programs must utilize needs testing, must have an appeals system, and not impose residence requirements.
>
> Welfare services include preventive and protective services such as day care, home support, and counselling, as well as services to support independent living such as homemakers, and meals-on-wheels, rehabilitation services, and community development services.
>
> The level of financial assistance provided to individuals and families and the range of welfare services available to Canadians vary considerably from one part of Canada to another, since both are established by the provinces. Payments and services are not uniform.
>
> The federal government has little influence on the design and delivery of those programs, provinces can choose to provide any form of social service which they, the provinces, deem necessary.

I do not believe we would intend, and certainly I am not suggesting, that we take away from the provinces their right to make their own decisions in those areas. However, there has been a significant influence on the need for social welfare services attributed to action on federal programs that are a federal jurisdictional responsibility. These include, for example, changes to the GIS, unemployment insurance and the child tax credit. One can also list family allowances, OAS, spouse's allowances, veterans' pensions, the Canada Pension Plan and the rent subsidy program, all of which are direct federal payments to individuals.

Despite these many programs of direct assistance to individuals, it was made clear that the poorer provinces are finding it increasingly difficult to fund their 50 per cent of expenditures needed to support welfare and social service programs.

I am trying to make clear that in the field of income maintenance, the federal government has a tremendous influence on the costs that the provinces will have to bear. Again I quote the Minister of National Health and Welfare as follows:

> The provinces sought a maximum of autonomy and flexibility to develop services in response to their perception of needs and priorities. The responsibility of provincial departments of social services to report to their legislatures will ensure that Canadians are well informed on the levels of expenditures for social services.

If I may, because it is extremely relevant here, I will quote from a submission of the ministers of public welfare of the Atlantic provinces. It reads:

> The Atlantic provinces are an economically depressed area. A smaller proportion of the population is in the working age groups. This smaller group must support services for the old and young, which tend to be the groups that require high-cost services. The Atlantic provinces experience long periods of high unemployment rates. Persons that are unemployed for long periods tend to be unskilled or uneducated and eventually drop out of the labour force. This results in a smaller employment base and consequently a lower level of income per person in the Atlantic area than elsewhere in Canada. During periods of very high seasonal unemployment large numbers of short-term assistance recipients are added to what is already a high, hard core case load of assistance recipients. The Atlantic provinces have a poor economic base upon which to rely for the financing of heavy welfare burdens.

In conclusion, the federal contribution to the Canada Assistance Plan does not serve a national goal, is inequitable, does not provide for differing provincial priorities, and does not take into account inequality of need or inequality of capacity to provide the revenues to support the provincial share of the program.

I know that this session is now coming to an end and that nothing will happen for some time. I therefore suggest that we take a serious look at the Canada Assistance Plan, as the government has tried on previous occasions, and come up with a different formula for the distribution of the funds. I suggest as a start that we might, on the income maintenance side, increase the federal contribution from 50 per cent to 75 per cent. I say that because, as I already pointed out, the federal government has a tremendous influence on the income maintenance programs via the many federal programs which provide direct funding to individuals. Because the federal government has so little influence at all on the social services that are provided, which I referred to above, which are a smaller part of the total program, the percentage offered by the federal government should gradually be diminished on that side. I would look eventually for a phasing out of the payments that are made for those services and the transfer of those funds to the income maintenance side. The effective result will be an increase in payments to the provinces in need. If the federal government accepts its responsibilities, in the final analysis this will be a much more equitable transfer of funds under the Canada Assistance Plan.

Mr. Howard Crosby (Halifax West): Mr. Speaker, the motion presented by the hon. member for Vaudreuil (Mr. Herbert) gives us the opportunity to deal with two very important subjects which are part and parcel of the motion. First and foremost is the access to information that is afforded to Members of Parliament and to all Canadian citizens with respect to government policies and programs. Second is the effect of the Canada Assistance Plan, which is the focal point of the social welfare system in Canada. I want to speak very briefly about the first of those two points, namely, access to information.

When you look at motions such as the one proposed by the hon. member for Vaudreuil, the other motions on the Order Paper as well as the questions listed on the Order Paper, and they number in the thousands, you recognize immediately that the Government of Canada is not willing to provide the kind of information that Members of Parliament seek and other Canadians must have in order properly to assess government policies and programs. The motion today is another example of the need to make information available for the purpose of assessing government policies and programs.

We thought in this House of Commons that we had provided part of a solution to that problem when we passed Bill C-43, the Access to Information and Privacy Act, but days and weeks go by and nothing happens. All I can do is again to repeat the request I made on numerous occasions in the past to have this vital legislation passed by the Parliament of Canada, proclaimed by the governor in council and implemented by the ministry of government responsible for this important measure.

If we had available to us the processes and procedures provided by the Access to Information and Privacy Act, we would not in many cases have to make motions seeking information and place questions on the Order Paper and then wait weeks, months and sometimes years for any sort of answer.

Once again I recognize that the broad solution to the problem of information and the availability of information is general legislation. We now have that kind of legislation. I hope the government will recognize its obligation and immediately act to proclaim and implement this particular legislation.

• (1740)

The second matter raised by the motion is the Canada Assistance Plan and its role in social welfare services. It might be worthwhile to record that the plan is simply a statute of the Parliament of Canada enacted in 1966. It outlines in some detail the nature and extent of the services which can be made available through the provinces and municipalities. The services are much broader than people realize.

Basically, the purpose of all the services, those listed in the Canada Assistance Plan, is to provide necessary assistance to those in need. It does not take much imagination to realize what constitutes a person in need. The services that are provided under the plan consist of basic requirements for food, clothing, shelter, fuel, utilities, household supplies and personal requirements. In addition, services may include the special needs of people, like house alterations and rehabilitation of dwellings. The plan can provide services in health care, specifically those services not covered by the universal health care system.

The importance of these services that can be provided for the aged and the handicapped is underlined by our current economic crisis. I would like to make some remarks about the Canada Assistance Plan and our social services system in Canada in the light of the economic crisis and the measures taken in the budget of June 28. It is evident from that budget that Canada is in deep economic trouble, with a $20 billion deficit facing us and an indication that the deficit may be even higher. This focuses attention on the need for restraint in government spending. The people of Canada, and especially

Members of Parliament, must recognize the need for a restraint policy. We must be careful that in the course of restraint in government expenditure and services we do not deny the basic needs of the citizens. We must carry out our obligations to them, especially to those who are in dire need of these services.

We must exercise common sense and good judgment. We must realize that there are fates worse than financial difficulty. We must recognize that some elements of service are absolutely basic; they were provided for Canadians in the past and people will continue to depend on them in the future. I want to refer particularly to the requirements of women and of senior citizens. They are most affected by the current economic crisis and the high rate of inflation and the lower value of the Canadian dollar. But before that, we must think of the major problems faced by our almost 2 million unemployed. We know there are 1.3 unemployed and looking for work, and probably another 500,000 who have given up seeking work or are employed at jobs lower than those they are qualified for. We must also think of those employed on a part-time basis. In Canada we have an unemployment insurance system which provides, for a limited period of time, assistance for persons who have been working but have lost their employment. In many cases, unemployed Canadians have gone beyond that point, their unemployment insurance benefit has been exhausted and they are simply without any opportunities to earn the money they need for their subsistence. Consequently, many of those people are thrown on the welfare system. Their only recourse is to apply at the appropriate level of government for welfare assistance.

This unemployment problem has an immediate effect on our social welfare system. It has that effect because of the specific method of dealing with the needs of the unemployed in the unemployment insurance program, the funds of which have been exhausted for many of them.

We know that the additional demand on the unemployment insurance funds has caused an increase in expenditure of some $2 billion, but we do not seem to realize that we can expect a similar increase in expenditures in respect of social assistance. It is difficult to project exactly how many million dollars this will cost government at various levels, but we know the sum will be substantial.

This is an open-ended liability for the provincial and federal governments provided for under the Canada Assistance Plan. The services are based on a right which was granted through legislation to those persons who need these services. There is a mandatory aspect to the provisions. Consequently, once these services are put in place and the eligibility method is determined, the individuals who seek these services have a right to them. As the member for Vaudreuil said, there is a means test employed in order to determine eligibility. Appeals can be made by those persons who believe they have been unfairly denied services. We must realize that, in spite of the economic crisis, the government is under an obligation to provide these services.

At a time when there may be pressure on government to change not only the services available but the restrictions and the criteria for establishing eligibility, in order to limit the financial drain that arises from the increased demand for these services, there arises a problem which must be solved and that must be faced by the government and by all Canadians. We are in a time of restraint and economic difficulty, even a crisis, but we must recognize the obligations that have been developed in the past and must be continued in the future.

It may seem more sensible to restrict or even withdraw some of the services provided through the Canada Assistance Plan in the past because of our economic difficulties, but if we restrict those services or deny them to those in need, we will create greater problems. If we deny basic food, clothing, shelter and health services to those in need, we will create greater problems. It could lead to the splitting up of families, or to children left unattended or uncared for, and that would have a snowball effect, and that social difficulty would lead to even greater problems. Then we would have to look forward to having to support the kind of persons from whom we withdraw services, in institutions, in hospitals, in prisons, in custodial care institutions. We will not escape the problem by withdrawing services or increasing the requirements for access to those services.

• (1750)

I would like to take the time remaining to underline very briefly the importance of some of the services included in the Canada Assistance Plan and in our social services system. I want to direct my remarks particularly to the situation in which many Canadian women find themselves, particularly Canadian women in their senior years. We have come to realize that our pension system in Canada does not properly provide protection for women when they reach their senior years. In our concern for restraining expenditures I hope we will not fail to recognize the special plight of senior women in Canada. For younger women, particularly women in the work force who may have to work at relatively menial and low-paying jobs, we must recognize the importance of daycare and assistance for daycare. If we do not provide services like daycare services for the children of working parents, and particularly of single women, then we will simply create a social problem we will have to deal with down the road. There again we cannot neglect our obligations with respect to services like daycare as they apply particularly to working mothers because that will simply produce greater problems in the future.

I want to deal very briefly with the plight of senior citizens across Canada. Many of our senior citizens find it necessary to utilize the facilities provided in homes for the aged and, in some cases, special care homes like nursing homes. Again, much of the financing for that kind of care has been provided through the Canada Assistance Plan and the provincial legislation which implements the Canada Assistance Plan in the various provinces of Canada. We have to realize and recognize that those kinds of services are absolutely essential, even if we continue in a period of restraint.

I know that on previous occasions the hon. member for Vaudreuil has raised in this House the matter of the need to

review the whole basis for our social services and, indeed, the whole basis for other services in the health care field, and part of that review should be reconsideration of the test of universality in the provision of these services.

I want to record my appreciation of the concern of the hon. member for Vaudreuil about the situation in Atlantic Canada. Part of the consideration and review of our social services system should be the implementation of the constitutional provisions with respect to regional disparity. We in this House of Commons have passed legislation respecting the Constitution, which contains a Charter of Rights and Freedoms. That legislative package was approved by the Parliament of the United Kingdom and endorsed very recently in Ottawa by Her Majesty the Queen. The principle of regional disparity is dealt with in those constitutional provisions; no area or region of Canada should suffer a lower standard of living or a lower standard of government services than any other region of Canada. As the hon. member for Vaudreuil graphically pointed out, if we permit the Government of Canada to finance services in one rich part of Canada on the same basis as those services are financed in a poor part of Canada, we will not be implementing the principle of equalization of government and public services across Canada. What I am saying—perhaps too complicatedly—is that what we have to do is re-examine the financing and the method by which the Government of Canada supports social services across the country.

I think it is very important for Canadians to realize that in poorer provinces like Nova Scotia, Newfoundland, Prince Edward Island and New Brunswick government spends a greater amount of its revenue on the provision of necessary social services and health care services than in richer provinces. The governments of those poorer provinces tend to spend a great deal more per capita to provide services because the people in those areas, because of economic difficulties, require more services from government. These are two important factors which ought to be taken into account in a review of our social welfare system in Canada, and I think that review is long overdue and must be undertaken very shortly, if we are to implement, in a real way, the principle of equal services for Canadians right across the country, which we in this House have endorsed.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I am sorry that because of the way things have worked out I will not have more time to go into a more extended commentary on some of the things which have been said about the Canada Assistance Plan this afternoon, particularly since the hon. member for Vaudreuil (Mr. Herbert) and I served on the same task force on federal-provincial fiscal arrangements. If there had been more time, perhaps we could have renewed some of the debates we had about the Canada Assistance Plan at that time.

Basically, I agree with the motion. One of the problems brought to the attention of our task force as we went across Canada was that there are people involved in social service work who cannot seem to find out from their respective provincial governments just what is cost-shared under the Canada Assistance Plan and what is not cost-shared. They get the runaround from their various provincial governments. Any suggestion which would increase the availability of information to people involved in these important services would be a good beginning. Indeed, that is what the task force recommended. It recommended that the Minister of National Health and Welfare (Miss Bégin) have a Canada Assistance Plan manual compiled to include all guidelines, notes and administrative directives and that this manual be made public, with appropriate provision to respond to questions by the public on its application. It also recommended that the Canada Assistance Plan requirements for statistical and financial information be strengthened to improve understanding of the programs cost-shared under the plan. This need for more information was something recognized by the task force, and I hope it is something the government will look at when it gets around to reviewing the Canada Assistance Plan.

I think there are a great many improvements to the Canada Assistance Plan which need to be made, but one of the anxieties I noted among witnesses at the hearings of the task force was that they had the feeling that whenever the government moves to review something these days, it moves to find out how to save more money and how to spend less money in a particular area rather than how to improve service or how to spend more money. I think there are many people in this country who would just like the government to leave the Canada Assistance Plan alone, with all its warts and all its faults, because we saw what happened when we moved to block funding of health care. We have seen what has happened recently with respect to fiscal arrangements. As much as many people in the country would like the government to review the Canada Assistance Plan in such a way as to help needier provinces and expand the interpretation of what can be cost-shared under the Canada Assistance Plan so that more innovation can take place and new areas of social service can come under the mandate of the Canada Assistance Plan, and as much as those kinds of things are desired by those who are knowledgeable in this field, they are very nervous and worried that the minute the government begins to review the Canada Assistance Plan the first criterion of that review will be how to push more of the fiscal responsibility for these programs onto the provinces and how to get the federal government into such a position that it is paying out less than it now pays under the Canada Assistance Plan.

For all its need for improvement, the Canada Assistance Plan is still one of the few programs left under which there is federal-provincial cost sharing, and in so far as the task force is concerned and many other people involved in this area would like to see a return to some kind of cost sharing in other areas where cost sharing has been abandoned, we find that the Canada Assistance Plan remains an example of how things used to be before we entered into this period of restraint in which, rather than maintaining its commitment to these programs, the federal government is now trying to find its way out of programs under which there has been so much federal-provincial co-operation over the last few decades.

The Acting Speaker (Mr. Blaker): Order, please, it being six o'clock, I do now leave the Chair until eight o'clock this evening.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8.00 p.m.

ROUTINE PROCEEDINGS

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER SECOND READING STAGE OF BILL C-124

The House resumed consideration of the motion of Mr. Johnston:

That, in relation to Bill C-124, respecting compensation in the public sector of Canada, one additional sitting day shall be allotted to the consideration of the second reading stage of the bill; and

That 15 minutes before the expiry of the time provided for government business on that day, any proceedings before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of that stage of the bill shall be put forthwith and successively, without further debate or amendment.

Mr. Deputy Speaker: When the debate was interrupted at five o'clock the hon. member for Churchill (Mr. Murphy) had just been given the floor.

Mr. Rod Murphy (Churchill): Mr. Speaker, the bill of which debate will be closed on second reading if this closure motion passes, is the primary instrument in the government's fight against inflation. Its provisions are the foundation of the 6 per cent dream world of the last budget. The government is not only restricting debate on the 6 per cent and 5 per cent provisions that affect the wages of federal employees, it is also laying the foundaton of its whole program for the 6 per cent and 5 per cent world.

This evening I believe I am speaking on behalf of all Canadians, whether pensioners, retired federal employees who will be restricted to a 6 per cent increase, or active federal employees who are losing all their rights under this legislation. This bill is flying under false colours, Mr. Speaker. It is supposed to be a bill to control wages of federal employees but it does more than that.

What the government is doing in its attempt to choke off debate on this very important issue, is preventing the public from knowing what the bill actually says. There have been only four days of debate on the bill and of those, last Friday and Wednesday were short days.

Most individuals and groups affected by the bill do not know its provisions. They do not know, if they are active federal employees, that they will be restricted to wage increases of 6 per cent this year and 5 per cent next year. They do not know that women employees, who already receive very low wages, will have a larger wage differential as a result of this program. They do not know that those people who earn $9,000—and we gave some examples in this debate already—or $10,000 or $11,000 or $12,000 per year, will be making the real sacrifice for those who earn $90,000, $100,000, $110,000 or $120,000 a year.

In other words, Mr. Speaker, there are the Jack Horners of this world who will benefit from this bill and there are the cleaning ladies, the nurses' aides, the teachers' aides and the instrument workers who earn $10,000 per year and may be restricted to 6 per cent increases, which will not come close to meeting the increase in the cost of living. These people have not had an opportunity to find out what is in the bill.

By voting tonight we deny the public the opportunity to participate in the debate. We deny the public, whether they be federal employees, pensioners or others concerned with the bill, the opportunity to find out what is in it and to tell their MPs what they think.

The Liberal government agreed to collective agreements with its employees, but now it will not honour them. Ten months ago the government and its ministers who sit opposite, signed agreements with federal employees for 10, 11 and 12 per cent increases—increases less than the cost of living, despite what our Tory friends think. Now the government is saying that despite signed collective agreements those employees will only receive 6 and 5 per cent increases over a two-year period.

That is a direct contradiction of the answer given today by the Minister of Energy, Mines and Resources (Mr. Lalonde) when he was asked if the government will also control energy costs which are scheduled to increase by 31 per cent next year. Would the government admit that energy prices should only increase by 6 per cent? No, Mr. Speaker. The minister had the audacity to say in this House that we must honour our agreements. That is the reply from the same government that will not honour the collective agreements which it has signed with its employees. If this debate were allowed to continue, the public would hear about that.

Many of the people who will be affected by this bill do not know about the worst provision it contains. They do not know that it will take away the right of federal employees to negotiate collective agreements with the government. It does not matter whether those agreements include monetary or non-monetary items. As a result of Bill C-124, employees will not be allowed to negotiate at all. That is the message that is not getting out to the public because there has only been four days' debate on the bill, because the debate is taking place in July and because the media has not covered it very extensively. It means that the people affected by the legislation have not had a chance to make their voices heard.

An hon. Member: Say something about it then!

Mr. Murphy: Mr. Speaker, you can see the rabble that 20 years ago the Prime Minister (Mr. Trudeau) called the trained seals, rattling away again. They do not care about the public, they do not care about the employees and they do not care about pensioners.

I have only a few moments more to speak because of the nature of this closure motion, Mr. Speaker. Last night for the first time possible, the public service unions got copies of the bill out to various parts of the country for informational meetings. Last night, after the closure motion had been put to the House, people in Victoria, in Winnipeg, in Ottawa and in all parts of the country, heard what it contained, for the first time. To close off debate tomorrow, before those people could even get return mail to their Members of Parliament, is bloody hypocritical and bloody ridiculous. Today, Mr. Speaker, the CLC had its first executive board meeting, and only then did it find out that this bill is going to be closed off today. How can they possibly come back to the government with any proposals? But the most important concern is that we have closure on this bill, and today's *Globe and Mail* quotes some government spokesman as saying that the same thing is going to happen in committee next week. I am not sure in which seat that spokesman sits, but it means that this farce—

• (2010)

Mr. Deputy Speaker: I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I am glad to close this debate on behalf of the rabble over here this evening. Mr. Speaker, second reading serves two purposes, and I am delighted to have this opportunity to inform the members of the NDP about those two purposes. The first purpose is to debate the underlying principle of a bill. In the debate we have had on those principles the opponents of this bill have argued that it addresses the wrong issue, that it makes perhaps the most vulnerable part of our society into a scapegoat, and that it has the potential of substantially lowering our standard of living. Those who support the bill argue that there must be restraint at this time for, if there is not, the drop in our standard of living will ultimately be more precipitous and damaging than if no action had been taken. They argue that members of the executive, legislative and judicial branches of the government and the members of the civil service must lead by example and by serving as models of restraint. Those are the basic positions generated in this House. I outline these not because I feel compelled to place these positions of principle before the House, but to tell you that every one of these arguments came out on the very first day of debate.

Mr. Deans: And they are equally true today.

Mr. Kelly: There has been nothing added to those six basic positions in the four days of debate. So I would argue that the first purpose of second reading has already been accomplished.

The second purpose, Mr. Speaker, is to uncover those issues which are inherent in the bill or to project issues into the bill. From what I have heard in this House and read in *Hansard*, these are the issues which have been uncovered or projected in this debate. They are: the apparent failure of wage control in the mid 1970s; the deleterious impact on the economy of withdrawing funds which otherwise would have been spent on consumer purchases; the apparent suspension of collective bargaining, with its particularly harsh impact on females; the arbitrary separation of the siamese twins, CN and CP; the uncomfortable position of those bargaining units in the twilight zone; that is, units which, not having signed a contract before budget date, and apparently not being included in the transitional bargaining units, have signed in fact on the very day the budget was brought down; the application of the wage restraints to Crown corporations; the flat, iniquitous approach of the 6-5 solution; and the importance of finding sources of money to spend on job-creation programs without increasing the deficit.

Those are all important issues, Mr. Speaker, and the most important thing about them is that they were all put forward in the first two days of debate. So I would argue that, although there have been subsequent speeches, many of them forceful and some eloquent, but most of them florid, there has not been a single issue uncovered or projected in this debate in the last three days.

Mr. Deans: Not true.

Mr. Kelly: Everyone in this House knows that the real work in Parliament is done in committees. That is where you have the opportunity to bring the general public into the debate, as some hon. members opposite have argued. If the principles have already been delineated in this debate, if the issues have all been raised, if we all know that the only chance the public will have to get involved in this debate is in committee, and we all know that the opportunity for real work on Bill C-124 lies in committee, then why are we abusing the patience and courtesy of this House by prolonging this debate on second reading? Let us go to committee; let us get down to work.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I am upset to have to rise in this debate because it is another confrontational debate created by the government party which refuses to pay attention to Parliament, to listen to Members of Parliament or do anything to pay attention to the debate. The President of the Treasury Board (Mr. Johnston), when he introduced this motion, spoke about the concerns of other members and what they had to say, but he never heard them or paid any attention to them because he has not been here for this debate. If this government paid attention to Parliament we would not need this closure motion at all.

Some hon. Members: Hear, hear!

Mr. Blenkarn: If this government was prepared to listen to Parliament it would understand that we as Members of Parliament are prepared to have our salaries reduced and to take the lead in developing a better economy for Canada. We are prepared to reduce the cost of government, but this government refuses to listen to the suggestions that we, the people who are paying the premium of reducing our own salaries, are prepared to offer. I say to you, sir—

Mr. Murphy: Mr. Speaker, on a point of order. Mr. Speaker, I do not want to interrupt the member but I would like to ask him why he is against closure—

Mr. Deputy Speaker: The hon. member for Mississauga South (Mr. Blenkarn) has the floor.

Mr. Blenkarn: Mr. Speaker, would you listen to the crap you get from members of the NDP who are not even prepared to cut their own salaries? They are more worried about their pay than they are about the condition of this country. They do not care. They are not prepared to lead, but neither is this government prepared to lead. This government is not prepared to listen to where we can cut the cost of government, where we can cut the cost of borrowing, where we can cut the overhead of Canada, where we can give Canada back to the people of Canada.

● (2020)

The depression, the recession, or whatever they want to call it, that we are in, is not the result of labour getting paid too much, it is the result of government spending too much. It is the result of government wasting too much. Most of the waste has been caused by the attitude expressed by the New Democratic Party. As my friend, the hon. member for York-Peel (Mr. Stevens) said, "They led them into the whorehouse" and now they stand up and ask, "My goodness, why are you there?"

[*Translation*]

Mr. Deputy Speaker: Order, please! It being 8.21 p.m., the two hours provided for consideration of the motion now before the House under the provisions of Standing Order 75C are now expired. I must therefore interrupt the proceedings and put every question necessary to dispose of this motion.

[*English*]

All those in favour of the motion please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed to the motion please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

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

(*Division No. 230*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Dawson
De Bané
de Corneille
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—133.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cook
Cooper
Corbett
Crosby (Halifax West)
Crouse
Dantzer
Darling
Deans
de Jong
Domm
Epp
Fennell
Forrestall
Fretz
Friesen
Fulton
Gamble
Gass
Gilchrist
Gurbin
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Heap
Hovdebo
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
King
Kristiansen
Kushner
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
Malone
Manly
Mayer
Mazankowski
McCuish
McDermid
McGrath
McKinnon
McKnight
McMillan
Miller
Mitchell (Mrs.)
Munro (Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Orlikow
Patterson
Riis
Rose
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Skelly
Taylor
Thacker

Messrs.

Thomson	Wenman	Wise
Towers	Wilson	Wright
		Young—95.

● (2040)

Madam Speaker: I declare the motion carried.

Motion (Mr. Johnston) agreed to.

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to the President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,268 and 4,372.

[*Text*]

DOT—CODE OF CONDUCT

Question No. 4,268—**Mr. Crosby:**

1. Does the Department of Transport have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): 1. Yes. Some of these rules and regulations are contained in acts and regulations while others are contained in directives issued by Treasury Board and by the various levels of management of the department. Although there is no policy specifically entitled code of conduct, there is a departmental discipline policy which applies to all Department of Transport employees and this policy is available to the public.

2. In accordance with departmental discipline procedures and the provisions of most collective agreements, records of disciplinary actions are destroyed two years after the disciplinary action, provided that no further disciplinary action was recorded during this period. In the two years preceding April 1, 1982, there were 1,573 instances where Department of Transport employees were disciplined by way of written reprimand, suspension and discharge. They are grouped as follows:

written reprimands	471
suspensions	1090
discharges	12
	1573

The majority of these reprimands result from illegal strike activity during this period. Because of the provisions of Part

IV of the Canadian Human Rights Act, the department is unable to provide the names of employees who were subject to disciplinary action.

FOREIGN EXCHANGE RESERVES

Question No. 4,372—**Mr. Mazankowski:**

As of (a) January 1 and June 1 for each year since 1970 (b) the first of every month in 1981 and 1982 to date (i) what were the official gold holdings in ounces (ii) what were the total foreign exchange reserves (iii) what were the foreign exchange reserves held in U.S. dollars (iv) what percentage of monthly import payments did the foreign exchange reserves represent?

Hon. Pierre Bussières (Minister of State (Finance)): The table below presents Canada's official gold holdings, total international reserves, U.S. dollar assets, and the ratio of total reserves to merchandise imports (in percentage terms). To calculate the latter ratio, the published level of official reserves (which is in U.S. dollar terms) has been converted to its Canadian dollar equivalent at the closing exchange rate.

Date	Official Gold Holdings (thousand of ounces)	Official International Reserves—Total (millions of U.S. dollars)	Official International Reserves—U.S. Dollar Assets	Total Reserves[1] Monthly Imports[2] (Per cent)
Dec. 31, 1969	24,923	3,106.3	1,743.6	268.4
May 31, 1970	25,129	4,084.0	2,526.3	341.9
Dec. 31, 1970	22,591	4,679.0	3,022.1	452.4
May 31, 1971	22,617	4,878.7	3,206.6	355.4
Dec. 31, 1971	22,686	5,570.4	4,060.6	419.7
May 31, 1972	22,009	6,048.0	4,373.3	328.3
Dec. 31, 1972	21,949	6,049.9	4,355.0	397.2
May 31, 1973	21,951	5,949.7	4,178.6	264.2
Dec. 31, 1973	21,951	5,768.2	3,927.2	209.7
May 31, 1974	21,951	6,230.4	4,381.3	203.2
Dec. 31, 1974	21,952	5,825.3	3,767.7	208.8
May 31, 1975	21,952	5,398.4	3,220.0	176.5
Dec. 31, 1975	21,952	5,325.6	3,207.1	190.4
May 31, 1976	21,680	5,812.0	3,672.0	172.9
Dec. 31, 1976	21,615	5,834.4	3,446.3	190.9
May 31, 1977	21,850	5,231.2	2,804.9	138.2
Dec. 31, 1977	22,007	4,607.5	2,298.7	143.3
May 31, 1978	22,007	4,740.0	2,684.7	120.2
Dec. 31, 1978	22,130	4,566.2	2,459.5	125.5
May 31, 1979	22,130	4,078.7	1,947.8	83.1
Dec. 31, 1979	22,179	3,886.9	1,863.9	94.4
May 31, 1980	21,463	4,221.3	2,065.6	85.7
Dec. 31, 1980	20,982	4,029.6	2,037.6	83.8
Jan. 31, 1981	20,965	3,436.0	1,319.7	68.4
Feb. 28, 1981	20,961	3,341.4	1,265.7	66.6
Mar. 31, 1981	20,917	3,715.5	1,644.0	63.8
Apr. 30, 1981	20,913	3,164.6	1,238.2	52.8
May 31, 1981	20,913	3,178.2	1,365.4	54.0
June 30, 1981	20,913	3,054.6	1,280.6	48.4
July 31, 1981	20,898	2,307.4	725.0	42.4
Aug. 31, 1981	20,840	3,292.1	1,735.0	68.9
Sept. 30, 1981	20,754	2,997.1	1,430.9	54.6
Oct. 31, 1981	20,744	2,807.3	1,249.4	49.5
Nov. 30, 1981	20,654	4,555.1	2,974.0	82.6
Dec. 31, 1981	20,464	4,371.1	2,865.3	86.7
Jan. 30, 1982	20,449	4,297.7	2,710.3	104.4
Feb. 28, 1982	20,404	3,500.5	1,862.6	73.9
Mar. 31, 1982	20,354	2,968.7	1,531.0	54.7
Apr. 30, 1982	20,354	3,521.2	2,174.6	70.5
May 31, 1982	20,354	2,870.3	1,603.3	N.A.

[1] Canadian dollar equivalent, based on closing exchange rate.

[2] Merchandise imports, not seasonally adjusted.

[*English*]

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

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

Mr. Taylor: Madam Speaker, may I ask the Parliamentary Secretary to the President of the Privy Council (Mr. Smith), since he gets so much delight in looking up these questions, why No. 2,329 which has been on the Order Paper since April 2, 1981, has not been answered yet, and has he now determined when I might receive an answer?

Mr. Smith: Madam Speaker, I was very pleased to make some inquiries on behalf of the hon. member. I do not have an answer for him yet but I will keep working on it. I am sure we will have one before too long.

Mr. Taylor: Madam Speaker, I rise on a point of order. These lists for the festivities accorded President Reagan were all made up before President Reagan came here. Why is it taking so long to bring them into the House?

• (2050)

Mr. Smith: Madam Speaker, these inquiries are under way. I am delighted to do this on behalf of the hon. member.

Mr. Beatty: Madam Speaker, perhaps the parliamentary secretary would address himself to questions Nos. 3,051 and 3,052 which were placed on the Order Paper on December 1. It is a request for information with regard to the government's advertising budget. When will we be able to get information with regard to the advertising budget for 1979-80, 1980-81 and the projected budget for 1981-82? Also, when he will be able to give us information about the Canadian Media Corporation? What is the reason he has not yet come back with this information?

Mr. Smith: Madam Speaker, I do not have a status report off-hand. I would point out to the hon. member that at this point in this session we have answered 3,473 questions. I can assure the hon. member I will be very happy to look into these matters on his behalf.

Mr. Beatty: Madam Speaker, while the parliamentary secretary is doing that, would he also look at question No. 3,506, which was placed on the Order Paper on December 2, requesting information about public opinion surveys commissioned by the government? Why has the parliamentary secretary been incapable of getting an answer to that question?

Mr. Smith: Madam Speaker, I have always made inquiries any time the hon. member has asked me to do so. I would be pleased to do so again in this instance. I cannot give him an answer tonight, but I will be happy to look into the matter for him.

Mr. Scott (Hamilton-Wentworth): Madam Speaker, I would like to inquire about question No. 4,229 which the Minister of Consumer and Corporate Affairs (Mr. Ouellet) requested that I place on the Order Paper in early April. I raised this matter with the parliamentary secretary, asking him if he would look into the information kiosks established by the Metric Commission across the country and the people who were to be employed in them. He said he would look into the question, but I still do not have an answer. If the minister cannot answer the question now, I would respectfully request that the parliamentary secretary get me an answer before this Parliament adjourns for the summer recess.

Mr. Smith: Madam Speaker, I can assure the hon. member that these matters are in hand. I think we will have an answer before too long.

Mr. Siddon: Madam Speaker, I would like to ask about question No. 4,053, which I placed on the Order Paper on February 23 of this year. It is a very detailed question dealing with the shipments of uranium hexafluoride from Canadian ports, through the Soviet Union, for processing for other countries. As the residues and one of the uranium isotopes can be converted to plutonium and weapons grade uranium, the answers to these questions are very urgent. I would ask the parliamentary secretary what progress he has made in the last two weeks to obtain the answers to these questions which I asked him about two weeks ago.

Mr. Smith: I have made inquiries. The hon. member is correct, it is a lengthy question. It goes on for two pages. I hope to have a progress report for him on the status of that question very soon.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House resumed from Wednesday, July 14, 1982, consideration of the motion of Mr. Johnston that Bill C-124, respecting compensation in the public sector of Canada, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, when the House rose yesterday afternoon, we were discussing the

problems facing thousands of Canadian businesses which forced them to close down because of the present economic situation and lay off thousands of workers. It is clear that the bill now before the House concerning a wage freeze in the public service is meeting with some resistance on the part of employees, but I think that all employees affected by this bill will agree that in the industries I was referring to earlier, we have people who have no job security at all. In situations like the one we are in now, workers are faced with mass lay-offs. In the public service, however, including Crown corporations and all the agencies listed under Schedule II of the bill, employees will agreee that they do have some degree of job security, and what is more, that their particular group does not have to cope with the pressure experienced by employees faced with lay-offs and by their families who have to cope with all kinds of family problems as a result. As I have just said, Mr. Speaker, the employees in the public service and Crown corporations who are affected by Bill C-124 and the wage freeze do not have to face that kind of problem. I think the federal public services, the provincial public services and most of the municipal services are very fortunate in having job security to the extent that they do.

In fact, what we are asking the people affected by this bill is to share with their fellow Canadians some of the benefits they have been able to obtain and acquire during the years they have been employed in the public service. We are also asking them to share these benefits with other fellow citizens who are faced with the extremely difficult situations we are seeing today. We are not asking them to make such sacrifices gladly. We are simply asking them to share with other Canadians what they have been able to obtain, so that at the end of the two-year period imposed by this bill, there will be new confidence in Canada. We want all Canadians to continue to believe in the vast potential of this country and we want people who have their own business to help as many Canadians as possible obtain jobs and earn a decent wage so that they can make a living and raise their families. Mr. Speaker, it seems that the opposition parties agree to some extent with the wage freeze and the temporary wage reduction in the public service. Each and everyone of our friends opposite may have devised various solutions or commented on some provisions of this bill, Mr. Speaker, but all have agreed that the government had to take concrete steps to solve the economic problems facing Canada. Of course, we would have liked to obtain useful ideas and suggestions from our hon. friends opposite during this debate but, as usual, they merely criticized the bill without giving us the co-operation we are seeking from all Canadians at this time. Again today, the Prime Minister (Mr. Trudeau), the Minister of Finance (Mr. MacEachen) and other cabinet ministers responsible for economic matters have met with groups and unions in an attempt to obtain from them the co-operation I referred to earlier. It is clear that if we fail to obtain their co-operation, it will be difficult for us to overcome this economic crisis.

• (2100)

If the Prime Minister of Canada, the Minister of Finance, all the Ministers and all members on the government side can meet with people who do not always share their views, why can our friends opposite not do likewise? Why can the Leader of the Opposition not try to convince his friends across the country that we must address the current problems and seek solutions all together? Why can the Leader of the New Democratic Party not try to sit with his trade unionist friends to consider with them the kind of solutions likely to deal with inflation in Canada? That should be the thrust of our action, Mr. Speaker. It is with this purpose in mind that all members of the House, all groups and individuals concerned with the economic situation in Canada, and eager to find solutions to our economic problems, may help the government perform the task it has taken on.

Mr. Speaker, it is clear that the private sector will also have a major part to play in this endeavour. If the Prime Minister, the cabinet ministers and all the people concerned about the economic situation meet with representatives of all sectors of private enterprise, it is precisely to try to convince them that they should contribute to the solution of the problem. It is important that the private sector should stand by the government to solve this problem. According to recent press reports, especially following the budget and the meetings the government had with business circles, their representatives are willing to co-operate with the government in seeking solutions. With your permission, Mr. Speaker, I should like to read into the record part of an article published in *La Presse* which shows the willingness of businessmen to cooperate with the Minister of Finance's efforts to grapple with the economic situation. I quote:

> The meeting which Prime Minister Trudeau and several of his ministers had with about 40 businessmen representing major Canadian businesses ended on an optimistic note. The Canadian business community is willing to co-operate with the government to bring the inflation rate down to 6 per cent and accordingly companies will attempt to limit their price increases to this level.

Mr. Speaker, the chairman of the board of Power Corporation, Mr. Paul Desmarais, gave the gist of the meeting in these words for the reporters: "There has been a consensus; the businessmen who were there have given massive support to the government. It was unanimous! We have to fight inflation together, the federal government, the provinces, business and labour! We have to bring the deficit and interest rates down to the lowest possible level!" Mr. Speaker, I believe that such a statement following a meeting with 40 businessmen is self-explanatory. If we now have in Canada—and I shall give other examples later on, Mr. Speaker—businessmen willing to co-operate with the Canadian government to reduce inflation, everyone will have to do his share.

Mr. Speaker, this article in *La Presse* speaks of a consensus, but first we must obtain a consensus in this House and this is

what I am asking of my friends opposite. Why would they not give this government the consensus which business, unions, workers and organized labour throughout the country are willing to give? Why is it that our friends opposite are not able to do their part, disregard political partisanship and the few votes they could gain in some constituency somewhere in Canada and give us this consensus so that we may use the next two years to get out of the current economic mess? Mr. Speaker, they readily admit that we must fight inflation and attempt everything to solve our present economic problems, but I wonder why they do not want to give this consensus to the government. Businessmen and unions are willing to do their share. I am certain that our friends on the extreme left are not very happy to hear that the President of the Canadian Labour Congress came out of a meeting with the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. MacEachen) saying he was confident we would find solutions.

Obviously our friends do not really like the president—I was going to say the president of their party—making such statements. However, in view of the present situation, this man was able to sit down and tell the Prime Minister and the Minister of Finance: "It is true that we have problems, but I shall put aside some of my opinions, which may be political or labour oriented, to see whether we can resolve these economic problems together." We have been asking for co-operation since the budget speech. We now ask our friends opposite to co-operate and do not understand their reluctance. While many of their constituents have given this kind of co-operation to the government, why will they not for once, Mr. Speaker, forget their political partisanship? Then this House of Commons and the other place can say that henceforth we shall try to work ourselves out of this economic situation within the next two years so that each Canadian, in each constituency, in each region, in each province, can enjoy his share of the wealth of this country.

Comments throughout the world make it abundantly clear that Canada is a country of plenty that inspires envy. We should all think about this and consider that, for once, we are given the opportunity to unite and co-operate so that Canada may continue to be one of those countries which every head of state wants to take as a model and say: "This is a country whose people, heedless of their own personal and political interests, try to find together a way out of an extremely difficult economic situation which affects the entire world." This is the only thing, Mr. Speaker, we are asking of our friends opposite and the Canadian people. Of course we realize we may be blamed for selecting a group of individuals who are readily identifiable and, as I pointed out earlier, who enjoy some privileges over other Canadians. Employees of the Civil Service and Crown corporations indisputably enjoy advantages and privileges other Canadian workers do not have.

• (2110)

Mr. Speaker, you surely have had the experience in your own constituency office, along with the majority of members, of a 45 or 50 year-old man calling on you because his company has recently closed down. He has come to ask you for a job in a related field of employment and tells you that he had been working with the same employer for 25 or 30 years and never expected his company would close down. He tells you that he has two or three school-age children and can't get a job. Each and all of us have dealt with such cases, but this government has taken steps to put an end to such a situation throughout the country.

We have taken measures to help those people. I may have the opportunity to describe a few programs later on. What I wish to point out to you, Mr. Speaker, since your constituency is made up of public servants, is that I would be quite surprised if you told me that you had received the visits of public servants complaining they had lost their jobs because their company had closed down. I do not think there is any prospect of the federal, provincial or municipal governments doing that. Job security is a great advantage government workers have over the others. This is why, Mr. Speaker, we are seeking their co-operation, so that other Canadians who do not enjoy such job security may get secure employment also. We have taken steps, developed programs and implemented plans in Canada to meet those expectations. Allow me to point out that we have just passed new legislation on occupational training at a cost of $1 billion this year to cope with layoffs throughout the country affecting workers of all ages as a result of technological changes in some industries.

These training programs will enable thousands of workers to acquire new skills in certain fields to meet the challenge of today's technology and to work for other companies in different sectors. Perhaps some of my friends opposite think that we are dreaming, but they ought to face reality and see that courses are now being given throughout the country to retrain workers and enable them to gain experience in new technology so they will get jobs in new fields and in industries which have changed considerably in recent years. Mr. Speaker, those are the various areas where our government has invested considerable amounts of money to retrain the labour force.

Naturally, we do not believe that our new budget and the new programs which have been announced will produce instantaneous results and that they will have concrete repercussions throughout the country tomorrow, the day after or perhaps even next week or in the next few months. Our aim is to take steps right away so that in the coming months and especially in the coming year all Canadians everywhere in Canada will respond and co-operate as we expect them to do, because our objective is to develop the whole Canadian economy so that within a few years it will reach what we believe to be its full productive capacity.

Of course, Mr. Speaker, some of our friends say that we always blame other countries, but we do have to keep in mind the international economic situation. My friends opposite and all Canadians who believe that the new budget or the new programs to be launched will enable Canada to solve the economic problems of the world have another think coming. We live in a very prosperous country where natural resources are plentiful, but there is no way that 24 or 25 million Canadians can possibly come up with a solution to the economic problems of the United States, Japan, Italy and West Germany. One of my friends said a moment ago that we are dreaming in colour. Mr. Speaker, they are the ones who are dreaming in colour when they ask the government to find a solution to all the problems of the world.

Naturally, a good many people think that we are taking drastic measures, but we have to, Mr. Speaker. First of all, we must show the Canadian people that they have a responsible government that is prepared to do its utmost over the next two years to restore confidence and the economic climate we had before from coast to coast. It would be utopian to think that within our own country we can take measures that will solve the problems of all other countries. Those who think that, be they in the opposition or ordinary Canadians, are dreaming in colour. We will start off by doing whatever is required within Canada to restore that climate of confidence and help the Canadian people.

If I may, Mr. Speaker, I should like to touch on another aspect of Bill C-124 which in the next two years will enable the government to recoup some funds by limiting salary increases to 6 and 5 per cent, and then reinvest that money in the regions of the country that need it most. Allow me, Mr. Speaker, to speak of my own region, eastern Quebec, the Gaspé Peninsula, and in particular of the riding of Bonaventure-Îles-de-la-Madeleine. It may be that our honourable friends opposite and a few other members of this House are not aware of the fact that in the Gaspé Peninsula and the riding of Bonaventure-Îles-de-la-Madeleine, the rate of unemployment now ranges from 50 to 60 per cent. The people in those areas are Canadians like all the others, Mr. Speaker, they are entitled to the same rights, privileges and opportunities as all other Canadians. There lies the responsibility of the government, Mr. Speaker: it must see to it that funds are garnered in other sectors of activity and reallocated with a view to helping the people in underdeveloped areas who also want to share in the wealth of this country. Indeed, with the funds that are reallocated and reinvested in direct job creation, we can, through community development projects, give jobs to those people who, in many cases, some time this summer or in early fall, will have exhausted their entitlement to unemployment benefits without having had over that period, because of the current economic situation, the opportunity of going back to the seasonal jobs they had in previous years. Those are the people we will help, Mr. Speaker, by allowing them to work for periods of 20 to 40 weeks and so to provide for their wives and children as other Canadians do across the country.

Those then are the decisions this government had to take, Mr. Speaker. And we took them because our party has always strived to ensure that all Canadians, throughout the land, wherever they live and whatever they do, have the same opportunities, the same advantages. Mr. Speaker, obviously, through Bill C-124 and the measures proposed by the budget, we are asking the majority of Canadians, some sectors of the Canadian population, to make sacrifices. But we must, through this bill and the other measures, convince ourselves that we can, if we are to come out of these difficult times, first of all, as the government—and this, I think we have proved—be assured that we can do so. Above all, Mr. Speaker, I feel that every hon. member, every Canadian, must first convince himself that we are able, that we have the necessary means, that we have the ability, that we have the natural resources and wealth throughout the country to come out of this economic crisis.

Mr. Speaker, it is difficult for an individual to try to convince his fellow citizens or friends if he is not convinced himself that we have the means to do so. That is the attitude, the way of thinking that each and every Canadian must cultivate within himself. With all we have in this country, with our tremendous wealth in natural resources, we can pull out of this economic impasse. That is the only way, Mr. Speaker, for every Canadian, every group, every association, every labour union, every businessman, to convince those around them that we can, that we will achieve that economic renewal we are all seeking and will achieve by the end of those two years, provided every individual does his part. That is what we are asking: first, that everyone do his part in overcoming the current economic situation, and second, that everyone convince himself that we can do so, Mr. Speaker!

• (2120)

[*English*]

Mr. Friesen: Mr. Speaker, on a point of order. Setting aside the merits of what my friend has just said, I want him to know it is a lot more fun listening to, and certainly watching, his cousin.

Mr. Deputy Speaker: That is not a point of order. The hon. member for York-Sunbury (Mr. Howie).

Mr. Benjamin: Where were the Tories yesterday, and the day before?

Hon. J. Robert Howie (York-Sunbury): The important one is here now, Mr. Speaker.

Canada is in trouble, big trouble. We have a desperate need for a solution to aid those suffering from unemployment and all Canadians who are subject to all-time high inflation rates. We need action and we need it fast. The social conscience of our nation demands it.

Our unemployment rate is comparable to the rates during the Great Depression when unemployment ranged from 11 per cent to 20 per cent. The unemployment rate of our public sector now effectively stands at 15 per cent. These figures are terrifying and unacceptable to every thinking Canadian. Coupled with unemployment is inflation which is running at an annual rate in excess of 11 per cent. We have record bankruptcies and small business failures, and a lack of confidence in our dollar which really reflects the lack of confidence in Canada as a nation. That hurts, Mr. Speaker, because we know what wonderful, abundant resources this country has; resources in the land as well as its people.

Why, you may ask, why has this happened? How can a country like ours end up in such a mess? I will tell you why. As the President of the Treasury Board (Mr. Johnston) put it, there has been an alarming drop in commercial investment and profits. The demand for goods has diminished both here in Canada and in our foreign markets. One quarter of our production capacity remains idle. Over the past few years, our industrial productivity has been rising at the second slowest rate of any major industrialized nation. Borrowing costs in Canada are higher than those in most other industrialized nations. What a sorry state for such a rich country!

To come to Canada's rescue, the jaded knights in shining armour, although sadly tarnished at this point, have devised a plan for the economic recovery of the nation. First there was a budget—the third one—born of desperation rather than inspiration. Shameful is the only word to describe the unjust treatment of the old age pensioners who subsist near the poverty line. They are restricted to the same 6 per cent cost of living increase as the presidents of our renowned Crown corporations. These people are the Canadians who created a better way of life for us than they enjoyed, and in more difficult times than these. This is the way the Liberal government thanks them.

I think all Canadians would prefer that we treat our fathers and mothers and the fathers and the mothers of all members of our generation with compassion and respect and eliminate this disgraceful provision. Then there is Bill C-124, the public sector compensation restraint act, as it is called, created to curb the wage increases of public servants in an attempt to quell inflation.

Mr. Speaker, restraint is an admirable goal when practised in the right direction. But are we really talking about the same thing? It seems to me that the government has a slightly different interpretation of the term "restraint". Its record makes its dedication subject to proof. The government, in its November budget, aimed to curb its spending at 22 per cent. However, only seven months later, its spending did not reduce but, instead, increased by 20 per cent. Is that the example the Canadian people are expected to follow?

The government should show leadership, but it certainly has not to date. Bill C-124 shows inequitable treatment of those categorized as public servants. Lower ranks in the military, for example, paid at very low levels, are asked to risk their lives in crisis times, to move their families and themselves on short notice, to pay increasing accommodation and utility costs and to use outdated equipment and bear the burden of understaffed personnel. They are being restricted to the same 6 per cent income increase as top military brass, cabinet ministers and generals and admirals. We should not penalize the lower ranks further.

The potential for creating union problems is manifest in the provisions regarding transportation unions which have traditionally bargained in the same sector. Provisions which make restraint measures applicable against the CNR are not similarly applicable against the CPR. Measures which cap the wages of Air Canada employees do not similarly cap the wages of employees of Canadian Pacific Air, Eastern Provincial Airways, or other regional carriers. It is to be hoped that these measures would in effect apply with equal fairness to all persons within the transportation sector.

Such equity is not envisioned by these measures. While I can support the principle of restraint, I look forward to correcting these inequities in committee so that I, and indeed all Canadians, can support the substance of the bill when it is before us.

I would prefer that the government place before Parliament a comprehensive program to reduce expenditures by supplying government services to all Canadians at the lowest possible cost. It should invest in committees the right to make accountable all those who in the past and in the future by their decisions have or can cost Canadians millions of dollars in waste, extravagance and mismanagement. Cuts or delays in discretionary spending in most departments are imperative. To lead the economic recovery of our nation I recommend the elimination of the capital gains tax and major changes in FIRA in order to attract badly needed capital investment. I feel the use of our resources and the advantages to Canadians can be controlled without discouraging investment in the manner now being done. I suggest the revenue from the capital gains tax is small compared with the benefits which will accrue through taxation of income generated by investment. I recommend that major tax incentives be provided for industrial research and development which can give Canadian industry a badly needed edge in competition for world markets essential to the economic recovery and development of our nation.

• (2130)

Finally, Mr. Speaker, more flexible caps on indexing, ranging from full indexation for low-income people to none for fat cats earning $50,000 and over, including the top brass such as ministers, deputy ministers and Members of Parliament is, in my view, a more equitable and fair method of leading the war on inflation.

Mr. Les Benjamin (Regina West): Mr. Speaker, I just forget who said it, but there is a saying that those who do not learn from history are condemned to repeat it. That is what is happening today, and that is what happened in 1975. There is another quotation I would like to give you, and I hope some hon. gentlemen from the government side or the official opposition can identify the person who said it. It was to the

effect that labour is prior to and superior to capital, and without labour, capital cannot function. I am not sure that any of my colleagues in the other two parties can identify who said that, so for their edification let me tell them that it was said by Abraham Lincoln in 1856. If you have $1 million of capital and no one will work for you, your capital is worth nothing.

The principle of this bill, Mr. Speaker, is wrong. The bill itself is wrong. If you limit through legislation the pay and allowances of one group, if you limit their rights, if you can do it to that one group, then of course the door is wide open to do it to any other group. One would think in these times that the government and this Parliament would bring in legislation which challenges the entire nation, which makes us all equal in this battle, this national economic emergency, and which will bring us out of an economic depression. It is a depression, so let us not delude ourselves with a milder word like "recession". I said that those who do not learn from history are condemned to repeat it, and one only has to look at *Hansard* between 1928 and 1938 to see the truth of that. Let me give some quotes, such as the following:

> During the summer, coming events began to cast their shadow over international finance . . . The proposals of President Hoover for a one-year moratorium were heralded as a signal for returning world confidence, but the optimism was unfortunately short lived . . . Well may Canadians look back with satisfaction over what has been accomplished.

That was a fellow by the name of E. N. Rhodes, Minister of Finance, April 6, 1932, as reported at pages 1749 and 1750 of *Hansard*. He was a Conservative. Let us go to another one. This one was a tirade, and it reads as follows:

> There were increases in the public debt, bringing the public debt to a point higher than it has reached at any previous time in Canada . . . Where we might have hoped for some evidence of decreases in the general cost of government, there has been but little.
>
> Hon. gentlemen opposite have endeavoured to make it appear that this condition has been due to world conditions.

That was the right hon. leader of the Liberal official opposition, one William Lyon Mackenzie King, April 26, 1932, as reported at pages 2363 and 2364 of *Hansard*.

Let us go to another one, which reads:

> The evidence of business recovery is written incontrovertibly in the recorded facts of our industry and trade.

That is again the Minister of Finance, Mr. Rhodes, as reported on April 18, 1934, at page 2267 of *Hansard*.

Let us move now to another regime because I am endeavouring to show they are, both of them, still the same old bunch. Here is another quote:

> With respect to the income tax, charged as we were with increasing it, the minister was frank the other evening in saying that he had increased it slightly. And so all along the line we have the same position.

That is one R. B. Bennett, March 2, 1937, as reported at page 1391 of *Hansard*. Mr. Speaker, the then leader of the opposition, following his government from 1930 to 1935, moved an amendment to the Liberal budget which said:

> This House regrets that the government has failed to take effective measures to deal with the problem of unemployment.

What we are getting today? The Herbert Hoover's, the R. B. Bennett's and the Mackenzie King's are now telling us again—they have not learned from history—to tighten our belts, show restraint and pick out some people who are easy victims, easy to pick on. The fellows who said in the dirty thirties that prosperity is just around the corner are telling us the same thing again. All you have to do is to slap on a 6 per cent limit for public servants and Crown corporation employees, and then somehow or other that will automatically result in everyone else in the economy rushing to volunteer to restrict increases in their incomes to not more than 6 per cent.

I have not heard any mad stampede or scramble outside the doors of this chamber, or anywhere else in this country, to volunteer, but the ones who do not learn from history and are now repeating it say things like:

> Yes, I would continue to back Mr. Bouey. I agree that our interest rates have to track those in the United states.

That was said by the hon. member for St. John's West (Mr. Crosbie). Imagine that.

• (2140)

Here is another quote which reads:

> We have looked for a solution other than the government's, but we couldn't come up with an alternative . . . At this moment, I don't have a better solution.

I presume he meant, other than horizontal with the Liberals. That was the right hon. gentleman from Yellowhead (Mr. Clark) as reported in the *Toronto Star* on May 5.

By the way, the quotation I read from the hon. member for St. John's West (Mr. Crosbie) is from a CTV interview on June 7, 1981. The Liberals had not even been in office all that long, and he was already telling us how great Governor Bouey and the Liberals were doing.

We must consider the whole matter of honesty and integrity in federal politics. I have another quote which reads:

> —our leaders have got to be a little less honest . . . we're not being devious and tricky enough . . . I'm criticizing us for that.

That was the hon. gentleman from St. John's West from the "Watson Report" of February 4, 1979.

The same gentleman is reported in *Maclean's* magazine for July 12, 1981 as saying the government:

> —is adrift; it has no answers. If I told you what I would do, we'd never get elected.

The hon. member for St. John's West said that, I did not.

With respect to controls and wages, here is another quote:

> What is in the budget? There is one important initiative . . . the introduction of restraint on public sector salaries. That is a field in which the government has lagged behind several Canadian provinces. All of which, by the way, during times when we had Tory governments.

This quote continues:

> We are relieved that it is beginning to accept that government spending is a major cause of current economic problems . . . it is a step in the right direction.

Those words are from the Right Hon. Leader of the Opposition pertaining to the restraint measures on the public servants and the Crown corporation employees in Canada.

Neither one of the parties have learned anything. Neither one of them have the courage to adopt something different from and more than what they tried before.

I am just an innocent prairie boy and I always understood that if you charged people more, it will cost you more. I did not think there was anything complicated about that. If you have higher interest rates, that means the cost of everything goes up. I thought, even when I was in public school, that was automatic. You pay higher prices for everything you buy. You pay higher mortgages. You have higher unemployment. You pay higher costs of production if you are a producer, and generally you have higher costs of living if you raise and keep raising or keep interest rates high. The evidence is in. The jury does not even have to meet. The high interest rate policy has meant higher unemployment, a higher cost of living, bankruptcies and the whole litany.

Why does the Liberal government and the Conservative opposition still clutch on to something that went out of date in the dirty thirties? It did not work then. It is not working now, and it will not work now.

A number of my colleagues have talked about the freedoms that are denied in this bill. I was in this chamber when we voted on the War Measures Act. Those of us who said it should not happen, and those of us who were ruled out by closure were subsequently vindicated by the right hon. gentleman, the former member for Halifax and the former leader of the Progressive Conservative Party—and if the Tories had had any brains they would have kept him and he would be prime minister right now—who said a few years later that he wished he had done what Tommy Douglas did; he wished that he had voted against the implementation of the War Measures Act. It may be in the makeup of the person who is the leader of the official opposition to say down the road a few months or a few years that he wished he had voted against this bill because it denies the integrity of a bargaining unit.

This bill does away with protection from sexual harassment. It does away with negotiating for parental leave, it does away with pensions for part-time workers, vacation leave, paid holidays, pre-retirement leave, job classifications, job security, technological changes, contracting out, dental and health plans, improved bereavement leave and grievance procedures. All of those things are done away with. This is a new War Measures Act. This is not the kind of length a Parliament or any political party has to go to in order to bring about an alleviation of what we all know to be an economic national emergency, an economic depression. It is plain for everyone to know, to experience and to see.

We suggest there is a different way. I cannot say we are 100 per cent certain that it will work 100 per cent. But I can say that it is something different, something more than and different from what has been the conventional wisdom. I want to suggest that in order to deal with this matter, in order to get the co-operation, in fact, the enthusiastic support of our fellow citizens, we have to bring in measures that are not only fair but are seen to be fair. The perception out there in our riding is that all of us in this war should stop the depression and start an expansion of our economy and that everyone should be treated fairly and equitably. I do not believe and I do not think anyone else does that this legislation is going to result automatically in fellow Canadians saying, "Well, they have limited the public servants and the Crown corporation employees to 6 per cent next year and 5 per cent the year after." And as a result of that, they are all going to volunteer and take the pledge to limit their increases.

• (2150)

I have talked to my lawyer, my doctor, my chartered accountant and my real estate buddies, and none of them have volunteered to follow suit. In fact, they are laughing. I have not heard of Mr. Bronfman volunteering to fall in line with what is happening to public servants. He only received $1,064,288 last year. I have not heard him volunteering to take only a 6 per cent increase next year and 5 per cent the year after. I do not know why he would not, because 6 per cent would mean another $63,800; then he would be living up to the spirit of this legislation. Then there is J. A. de Grandpré from the mother Bell outfit. Last year the poor fellow only made $626,000. Not even he has rushed forward to volunteer to follow the example which was arbitrarily laid upon public servants and employees of Crown corporations by limiting his increase to 6 per cent, which would amount to a paltry $37,500. I do not see him rushing forward.

Let me turn to the area of Crown corporations. Well, by law CNR employees will receive 6 per cent next year and 5 per cent the year after. Dr. LeClair, the new president of the Crown corporation, only received something in the order of $240,000 last year.

An hon. Member: It was $200,000.

Mr. Benjamin: Perhaps it was only $200,000. Eventually we will find out from the interstate commerce commission of the United States, but let us assume that it was only $200,000. The poor fellow will have to volunteer to take an increase of only $12,000 next year, which is what janitors and other low-paid workers in the public service receive in the way of entire incomes. I fully expect a grand announcement in another week or two that Dr. LeClair has agreed to a freeze in his salary. He was only obtaining $200,000, but who would not agree to a freeze on $200,000 which will amount to another $12,000.

This is not the way to attack inflation or to solve a national economic emergency. We should not do what was done in the dirty thirties nor what was tried in 1975; it did not work. I listened to a previous speaker talking about putting people to work. This was done by R. B. Bennett and Mackenzie King. I saw the relief camps of the dirty thirties—two bits a day and your grub. Their solution is to attack the victims, not the perpetrators. The first people they pick on are the first victims of inflation and the first victims of economic depression—wage earners, pensioners and low-income people. The Liberals, supported by the Tories, as was the case in the dirty thirties, attack these people.

If they want to set an example for all Canadians to follow, they should start at the top and work down. They should say to the corporate elite, to financial institutions and to high income people, including Members of Parliament, that they will lead the way. To leave out those who in fact are the causes of economic depression is the worst kind of injustice.

The Minister of Finance (Mr. MacEachen) and the former minister of finance both think that Gerald Bouey is the best thing since sliced bread. Both of them have said that his policy on interest rates is also their policy. They are fundamentally wrong. In order to get out of this economic depression, this national emergency, square one is interest rates. We say that the government must instruct the Bank of Canada to reduce interest rates tomorrow to the level of inflation or not more than one per cent above it. If that means selective foreign exchange controls or total foreign exchange controls, so be it, for the length of the national economic emergency.

Whether someone wants to send $300,000 or $3 million out of the country, we would not allow it. But the ones who want to send hundreds of millions of dollars out of the country to invest in what can be nothing more than greed, selfishness, and traitorous behaviour, in order to make fast bucks out of shopping centres, luxury apartments or real estate in the United States, should be told that they cannot do so. If this country is big enough to make a profit out of, it is good enough to invest in. For a change, the people with investment capital, whether it is a lowly widow, a millionaire, a bank or a trust company, should be called upon to invest in the nation. If they do not, they should be made to do so. They should be given two choices—it is either compulsory or they have to.

This is the case in western European countries and Japan. They not only have planned economies, but in effect they have controlled economies; they always have had. Countries with inflation rates of 7 per cent or 9 per cent or interest rates of 7 per cent or 9 per cent have controlled economies. They have investment policies which collect public and private investment capital to be directed into what are the priorities of the nations.

Surely the priorities are here into which we could direct investment, and investors could obtain a reasonable return on their investment. Let us start with housing. We should not horse around with $500,000. Let us make it $1 billion per year for the next ten years. Then let us turn to transportation and invest in it $1 billion per year for the next 15 years. In fact, $1 billion per year for all modes of transportation would not be enough, but it would be the minimum and it could be public and private investment capital.

Mr. Kelly: From where will you get the money?

Mr. Benjamin: The money is there. We do not need any more sinkholes like Candu. We could take 20 of the fancy fighter planes of the Minister of National Defence (Mr. Lamontagne), which are no good to us and we can never use anyway, and put that money into housing. The capital is there. It is owned by Canadians. That is the tactic, that is the ethic, that is the plan we should be using, not what is in this bill.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

PUBLIC WORKS—FUTURE OF DALY BUILDING IN OTTAWA

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Yesterday, Mr. Speaker, following a report in the media, I put a question to the Minister of Public Works (Mr. Cosgrove) concerning the demolition of a building in my riding, the Daly Building. Yesterday morning a newspaper in the national capital reported that Treasury Board would have approved the demolition of that building. That report caused quite a stir in my riding, and in Ottawa as well, because some time ago the City of Ottawa has designated that structure as a Heritage building.

The Daly Building, Mr. Speaker, is a federal property that comes under the jurisdiction of the Minister of Public Works and not under the jurisdiction of the President of the Treasury Board. This is why I directed my question to the Minister of Public Works, because we know he is responsible for the management of federal buildings. This point has to be clarified, because if the minister applied to Treasury Board, it was probably for some supplementary estimates not earmarked in the budget of his department for that building.

In reply to my question, the minister indicated that he would appeal the decision of Treasury Board and that he intended to put the issue in the context of a study now under preparation of the total accommodation within the Ottawa capital region. Since this is a very controversial issue, I would like to provide a brief history of that matter which has been under consideration for at least seven or eight years. The Daly Building is strategically situated in the centre of the national capital within walking distance of Parliament Hill. This prestigious location offers exceptional view and access. The building is located on the corner of Rideau Street and Sussex Drive, next to the Rideau Centre project, now under construction, as everyone knows, and which brings about $200 million in economic activity to the National Capital. The seven storey Daly Building, which was built at the turn of the century, has a total area of 18,600 square meters; it stands on a lot measuring 4,332 square meters. Designed and built in 1905 as a large department store, the Daly Building was converted in 1919 into federal government offices and was to be demolished in 1979 with several obsolescent government buildings, namely the so-called temporary buildings on Sussex Street which were indeed demolished at the time. The building was purchased in 1921 by the federal government and in turn accommodated various departments. However, since the early seventies, the building has become increasingly outdated which has meant

that major repairs have had to be made. In 1974, a first study was made to assess the situation and determine whether there would be any point in renovating the building or whether it would be more appropriate to tear it down. In the meantime, consultations were undertaken with various groups in the private and public sectors, which could have been interested in acquiring the building. It was thus offered to various government levels, provincial and municipal, and private interests, including a co-operative, a group of private interests, Crown corporations and many others, but always without success. In fact—and this is quite amusing, Mr. Speaker—in 1978, the Ottawa municipal council even decided that the building should be demolished.

We know the building has been vacant ever since. For the last three years at least, no one has occupied the building except the rats. However, this does not mean that it is not costing anything since it must still be heated and maintained to prevent complete deterioration in case a decision should be made to preserve it. In my opinion, our decision must be based strictly on economic considerations. If renovation is economically justified, the building should be renovated. However, if renovation costs exceed the cost of a new building, it should obviously be demolished. With this in mind, in 1978 I got in touch with the then Minister of Public Works, Mr. Buchanan, to get an idea of the costs. The minister then indicated in a letter that the study on the feasibility of renovation made in 1974 showed that it would cost over $10 million, $10.3 million to be exact for the building to comply with safety standards. At the time, it was estimated that it would cost approximately $250,000 to tear it down. In view of these facts, the decision to demolish the building was made in April 1979 for several reasons which would be too long to explain now. This was not done and we are now facing the same situation as in 1979, namely a controversy. I do not have the exact figures here, Mr. Speaker, but we can assume that since it would have cost over $10 million to renovate the building in 1978, it would certainly cost between $18 million and $20 million in 1982. As for the cost of demolition, it can be estimated at nearly $400,000. Moreover, according to the 1974 study to which I referred earlier and which had to do with the amortization of renovation costs over a 25-year period, it would have been necessary to raise the rent by as much as 50 per cent over that of a new building. One can reasonably assume that the situation has not changed in 1982 and that the same figures apply, although they may have to be readjusted because of inflation.

Yesterday, the minister told me that he would reconsider the situation. I think, therefore, that we would be well advised to wait for these new findings, in order to understand better the costs involved. That is the reason why I support the Minister in his appeal of the decision of Treasury Board and I will wait for the results of the study of the total accommodation of the federal government within the National Capital Region, study which should be completed by this Fall.

• (2205)

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, as parliamentary secretary, I am very pleased to be able to answer my hon. colleague and to confirm what he just said, namely that, yesterday, the minister did indeed say that he would appeal a decision made recently by Treasury Board concerning the demolition of the Daly Building, and that he also was considering the feasibility of using the building for the benefit of the National Capital Region. The federal government has been using the Daly Building since 1918, and I would like to take this opportunity to confirm that, since then, the building was occupied without interruption by various federal departments until 1980 when the last federal tenants left the premises.

In 1977, the building was declared surplus to federal needs, because it no longer met present office standards. Since then, Mr. Speaker, the issue has been a very controversial one and has given rise to some very heated debate. In March 1981, Public Works Canada called for proposals from renovators with a view to using the Daly Building again. After due consideration, the Treasury Board ministers reached a decision regarding the future use of the building. As I said before, the Minister of Public Works is prepared to ask his colleagues to review their decision as you requested, in the light of an overall plan for accommodation in the National Capital Region. Furthermore, he intends to make a thorough study of the cost involved in using the building to accommodate federal offices. In this analysis, full consideration will be given to trends in the office building situation in Ottawa and to effective utilization of government resources.

In concluding, I wish to thank the member for Ottawa-Vanier who raised this question in the House. His abiding interest and continued efforts to improve the downtown area of the National Capital are well known. The Daly Building, and especially the building's prestigious location near the Parliament buildings, demands a serious planning approach. For many years, the member for Ottawa-Vanier has put forward excellent arguments in support of sound urban planning in the National Capital downtown area.

[*English*]

SOCIAL SECURITY—FUNDING FOR SERVICES. (B) CANADIAN MENTAL HEALTH ASSOCIATION MEETING

Mr. Jim Hawkes (Calgary West): Mr. Speaker, I rise this evening to again bring to the attention of the government the fact that bad economic policy produces unemployment and bad economic policy produces stress for human beings. I would remind members of this Chamber that in December 1979 this House rejected a budget that would have created jobs, that would have reduced inflation, that would have produced more help for the poorest segment of our society. Instead, we have

bad economic policy, increased unemployment and a financial crisis in many homes.

• (2210)

It is well known that social science literature is full of facts which indicate that when you create unemployment in society you create stress for people. That stress shows up in increased debt, in increased mental health breakdowns, in increased heart attacks, in increased alcoholism, in increased wife beating, and in increased child beating.

If we project on the basis of some of the best scientific literature, when we consider the 3 per cent increase in unemployment which has occurred in the last year, do you know what we are looking at in the year ahead? We are looking at something in the order of a 12 per cent increase in suicides, a 15 per cent increase in homicides, a 12 per cent increase in prison admissions and a 10 per cent increase in hospital admissions. Those people will be the social victims of our bad economic policy.

I have tried to bring those statistics to the attention of this government on more than one occasion, Mr. Speaker. The last time I had an opportunity, on June 14, I brought them to the attention of the Prime Minister (Mr. Trudeau) during question period. Prior to that, statistics of this same kind were rejected by the Minister of Labour (Mr. Caccia) and by the Minister of Industry, Trade and Commerce (Mr. Gray), who comes from Windsor, Ontario, where there is evidence of those statistics right on the street. If he got out and visited the people in the riding he represents and talked to them, he would find those kinds of social consequences. That is all he would have to do.

The Minister of Labour yelled out that this was not true. I would like to bring to the attention of the House just three studies; the first being a Statistics Canada paper called "Health and Economic Activity" written by O. B. Adams. That kind of information is contained in that study.

Another study was conducted for the Minister of Labour. It is referred to in popular literature as the Carruthers Report. That kind of statistic is given there. Another one was conducted by the Canadian Council on Social Development. Its report was sent to every Member of Parliament in November 1980.

It is incredible to have to stand here, for the fourth of fifth time, to try to bring to the attention of this government the fact that there are social consequences. There is increased debt, increased homicide, increased suicide, increased alcoholism, increased wife and child beating, which is predictable from bad economic policy. People who are losing their jobs, who are losing their homes, are put under stress. Sometimes that stress is unbearable and these consequences flow from it.

I tried to bring these statistics to the attention of the Prime Minister on June 14. I said: "Mr. Prime Minister, when I see this new, marvellous budget, will there be increased funding for the social service sector, for hospitals, for prisons and for treatment facilities?" The Prime Minister said: "Watch, wait and see. Be patient."

• (2215)

We now have the budget, and the tragedy is that there is no increased funding for hospitals; there is no increased funding for prisons; there is no increased funding for social services. The government is creating victims but is not meeting its obligation to go even a little way toward helping those victims. That is a tragedy for the country and for the victims.

The only significant cut this government has made in its exorbitant spending up to this point is a cut out in transfer payments to the provinces. The provinces deliver these social services, yet each day we are seeing in our newspapers increased evidence that the money is not adequate to help the victims of the policy of this government.

I hope the parliamentary secretary will stand up tonight and make a commitment to increased funding for these groups.

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, federal contributions to the provinces for health care are made under the established programs financing arrangements. Under these arrangements the federal government will contribute some $8.5 billion in 1982-83 in respect of three health-related programs: hospital insurance, medicare and extended health care. The formula on which these contributions is based contains an escalator which is derived from a three-year moving average of nominal gross national product. This escalator was chosen to ensure year-to-year stability of the growth of federal contributions.

As far as social services are concerned, the federal government is continuing to pick up 50 per cent of the provinces' cost under the Canada Assistance Plan. The program is open-ended and supports services to persons in need or likely to become in need. Because federal contributions &d4069;-1 are tied to provincial expenditures on the basis of a cost-sharing formula, federal payments rise automatically in line with provincial spending.

In terms of the hon. member's second question concerning the Canadian Mental Health Association meeting, it should be noted that although the Department of National Health and Welfare undertakes a number of joint activities with the CMHA, Department of National Health and Welfare officials were given no notice of the meeting to which the hon. member refers. The mental health division of the Department of National Health and Welfare contacted the CMHA and was informed that this meeting is a private meeting of an internal committee of the CMHA and is viewed by CMHA as a preliminary step toward defining the problem areas and identifying possible or desirable action.

It is perhaps worth noting that the Department of National Health and Welfare, primarily through its mental health division, has had a long-standing relationship with CMHA. In addition to the department's sustaining grant of $39,000 for head office administration, several joint projects have been undertaken between CMHA and the mental health division. These were supported by departmental funding. Examples of these are the production of parent education pamphlets, each advising parents on one particular behavioural problem in childhood and a national symposium on perspectives on the

care of the longer-term mentally ill held in February, 1982. The proceedings of this latter symposium are expected to form the basis of a more detailed report on the care of the chronically psychiatrically ill in Canada. Finally, a CMHA proposal to promote and maintain mental health in the workplace is currently under review within the health promotion directorate of this branch.

• (2220)

In summary, excellent working relationships exist between Health and Welfare Canada and the Canadian Mental Health Association. Officers of the mental health division serve on a number of CMHA committees, though not on the committee to which the hon. member for Calgary West (Mr. Hawkes) has apparently referred.

Regarding the specific meeting in question, the department would be glad to receive any suggestions for possible action on preventive strategies to reduce mental health service demands, consequent to employment loss.

MEDICAL CARE—EXTRA BILLING BY PHYSICIANS—MINISTER'S POSITION. (B) FEDERAL FUNDING

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, on June 11 I asked the Minister of National Health and Welfare (Miss Bégin) a question about extra billing by doctors. At that time I was after the minister for agreeing with provincial health ministers to control extra billing rather than eliminating it, a position which in my view meant she was backing down from her previous views on extra billing.

On July 14 I asked the minister what she intended to do about lay-offs in health care services in Nova Scotia and the introduction of user fees in the hospitals of that province.

On both those occasions I tried to make the point that the Minister of National Health and Welfare seriously damaged her bargaining power with the provinces when she allowed the reduction in treasury transfer payments to the provinces proposed by the Minister of Finance (Mr. MacEachen), and which took effect when the established programs financing arrangements were pushed through in the spring of this year. I said then, as I say now, that it will be difficult to bargain on the one hand for clarified, tougher and enforceable national standards for medicare when, on the other hand, payments to provincial governments are being reduced.

Nevertheless, in spite of the regrettable mistake of this spring, I wish the minister well in her efforts to bring in, with provincial approval, a new Canada health care act by next year. This would consolidate all existing legislation and incorporate new ways to maintain and strengthen the principles and quality of medicare. It will not be easy to do this when there are so many Conservative governments that are, at heart, actually hostile to medicare for long-standing ideological reasons.

If I have time, I should like to address another related matter. Recently, the Canadian Medical Association commenced a study on the rationalization of health care, claiming that under-funding is causing doctors to have to make life and death decisions, and that some way will have to be found to decide who will receive treatment and who will not. This is a vicious tactic by the doctors and shows how low their leaders are prepared to stoop. It is embarrassing I am sure, to the many fine, dedicated physicians who still live and work in Canada.

The question of rationalization will not go away. It must be dealt with. Before medicare, the marketplace, tempered by the discretion of altruistic doctors, rationalized health care in this country. Medicare was intended to overcome this problem and it did. As long as there was economic growth and abundant funding, there were no great structural problems. Now that we are in the era of the shrinking economic pie, however, the principles of medicare are being tested.

The response of some, like the Canadian Medical Association, has been to argue for the reintroduction of private, user-based funding which will mean a return to rationalization by the marketplace. Those of us who favour single-source public sector funding will have to do more than just dig in against private funding mechanisms. We will have to find a way to make sure that health care is not rationalized by politics, per se, by federal provincial disputes over funding and by economic policy in general. Perhaps we will have to find a way to separate health funding from the raising of general revenue by governments, so that people can support increased health funding without giving up their opposition to government spending policies in general. Otherwise, Mr. Speaker, the pressure to reintroduce private money into our underfunded system will become unbearable, and people will finally rebel against the rationalization of health care, and thus their very lives, by the ministers of finance of the country.

This problem must be faced and solved. It must be faced and solved by pro-medicare people, or the anti-medicare people, of whom there are more than meets the eye, will eventually win the day. I invite the minister to respond to these observations.

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I appreciate the hon. member rushing his question. He knows I only have a few minutes and that I read slowly, so that helps me. I also appreciate your indulgence, Mr. Speaker.

In reply to the hon. member's question, the position of the Minister of National Health and Welfare (Miss Bégin) with respect to extra billing is well known. It has been the goal and belief of the minister, reinforced and supported by the views expressed by Mr. Justice Hall and the majority of the members of the parliamentary task force on federal fiscal arrangements, that extra billing should be eliminated. The way to achieve this goal is through the co-operation of the provincial governments. As you know, the division of responsibilities under the Constitution does not permit the federal government to unilaterally legislate on the delivery of personal health care. Any actions taken by the federal government must not be regulatory in matters falling within provincial jurisdictions. We were able to implement national health insurance programs through provincial co-operation. Therefore, in order to

maintain these programs, it is essential that the conditions for the federal contributions be as fully acceptable as possible to provincial governments. The federal government wishes to strengthen national Medicare, not take any action which will weaken or destroy it.

• (2225)

At the May 26, 1982, federal-provincial conference, the Minister of National Health and Welfare (Miss Bégin) expressed her goal in her opening statement as follows: "I would hope that all of us can agree that we must take steps to eliminate extra billing." It was the minister's hope that all provincial ministers of health would be prepared to work towards the elimination of this practice. As it happened, this was not the case. They did agree, however, that control of extra billing must be addressed in order to protect accessibility.

In this regard, the Minister of National Health and Welfare was certainly successful in moving the provinces closer to the federal government's view, in that for the first time all provincial ministers are in agreement that extra billing is a problem which could be a threat to medicare, and its control is essential. The question of extra billing is now one that will be addressed. Controlling it will be part of program conditions aimed at ensuring that medicare is accessible. The Minister of National Health and Welfare is pleased with, and enthusiastic about, the demonstrated determination of the provincial ministers of health to approach upcoming discussions with a spirit of openness and co-operation. Proposals made by the Minister of National Health and Welfare are to be discussed at the ministerial and official level prior to the next conference of federal and provincial ministers, presently envisaged for this fall. These discussions are already under way. A significant step forward has been taken toward strengthening medicare for all Canadians. I hope this answer will satisfy the hon. member.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, July 16, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

PORTS

ALBERTA INVESTMENT IN CONSTRUCTION OF PRINCE RUPERT GRAIN TERMINAL—MOTION UNDER S.O. 43

Mr. Bill Wright (Calgary North): Madam Speaker, whereas Premier Lougheed of Alberta has come forward with extra loans to the consortium building the Prince Rupert grain terminal, ensuring that the project will go ahead as planned, whereas the proposed terminal would have been scrapped without this increased funding, and whereas the terminal will become an integral part of the grain handling system of Canada, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House commends Mr. Lougheed's action, which shows the type of political and economic leadership at the provincial level that is sorely lacking at the federal level.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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TOURISM

NEED FOR MORE PROMOTION IN UNITED STATES—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. At a value of less than 80 per cent of the American dollar, the low Canadian dollar should be drawing record numbers of American tourists to our beautiful country but, instead, travel to Canada by Americans this summer has dropped badly, up to 30 per cent in some areas. Therefore I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

That this House demands that the Minister of State for Small Businesses and Tourism do everything in his power to let Americans know what a bargain it is to holiday in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

HONDURAS—INVOLVEMENT WITH NEIGHBOURING COUNTRIES—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I rise under the provisions of Standing Order 43 on the urgent matter of deterioration of peace and international order. Present deliberations by the Standing Committee on External Affairs and National Defence on Canada's relations with Latin America and the Caribbean are testimony to the fact that this House, and Canadians, are critically concerned about events in that part of the world. Honduran armed forces and mercenary involvement in two neighbouring countries, El Salvador and Nicaragua, has now been made clear. I therefore move, seconded by the hon. member for Nanaimo-Alberni (Mr. Miller):

That this House and the Canadian government protest growing military assistance by Honduras to El Salvador, continuing Honduran armed forces harassment of border area refugees, and Honduran based mercenary attacks on Nicaragua; and that Canada review the status of Honduras as our targeted country in Central America for foreign aid.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FEDERAL-PROVINCIAL AFFAIRS

DUPLICATION OF SERVICES—MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, bearing in mind the desire of most Canadians to have the federal government reduce its deficit, now accumulated to a total of $135 billion, a deficit which is known to create an unacceptably high level of taxation, both direct and indirect, as demonstrated by the fact that when Canadians purchase $15 worth of gasoline they pay only $5 for gas and a whopping $10 in taxes, and in light of the study commissioned by the western provincial governments which identified 100 areas where duplication

exists in federal and provincial services, and the western premiers' task force on constitutional trends third report, which identifies nine areas of duplication which should receive immediate action for efficiency, I therefore move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That this House recommends that an all-party parliamentary committee be struck to consider the suggestions of the western premiers with respect to duplication of services by government and that that committee report to Parliament in the fall of 1982 with the objective of pointing out where the Government of Canada, via co-operation, can save taxpayers' dollars.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

CALL FOR CONTROL OF GOVERNMENT SPENDING—MOTION UNDER S.O. 43

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, in view of the nearly 10,000 additional industrial lay-offs reported today by the Canadian Press, together with the announced 60 per cent increase in farm bankruptcies, and in view of the forecast of failure by the Minister of Transport (Mr. Pepin) of the government's restraint program because, as he put it, "Canadians are rather spoiled," I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House demands that the call by the Canadian Federation of Labour and the Canadian Manufacturers' Association for the federal government to control its spending be heeded by this spoiler of people's dreams, the Liberal Government of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AIRPORTS

FUTURE USE OF MIRABEL—MOTION UNDER S.O. 43

Mr. Howard Crosby (Halifax West): Madam Speaker, the review carried out by the Minister of Transport (Mr. Pepin) and his officials respecting the plight of Mirabel Airport has apparently concluded that forced transfers of passenger flights to Mirabel would be ludicrous and damaging to the air transport industry. There is now a report that cargo operations will be diverted to Mirabel. Accordingly I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

• (1110)

That this House instruct the Minister of Transport to recognize the errors of his Liberal predecessors and find some use for Mirabel that will not continue to inflict damage on the Canadian air transport industry and its users.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PENSIONS

CALL FOR INCREASE IN PENSIONS—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. Yesterday the Canadian Centre for Policy Alternatives joined the growing number of organizations and individual Canadians who are calling for much needed reform of our public pension system as being the best way to help our elderly, many of whom are living in dire poverty. I therefore move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this House calls on the government to increase immediately benefits provided under the Old Age Security Act to bring all seniors above the poverty level, and raise benefits under the Canada Pension Plan to 50 per cent of the average industrial wage, and further, that the government be directed to stop attempting to destroy the universality aspect of the old age security system as witnessed by the recent decision to cap cost of living indexation of this plan.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE CHARTER OF RIGHTS

STUDY OF ABORIGINAL RIGHTS PROVISIONS—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Since the Department of Justice has recently done a study on the aboriginal rights provisions in the new Canadian Charter of Rights and Freedoms which apparently suggests that any special treatment according to native peoples would discriminate against non-natives, I move, seconded by the hon. member for Erie (Mr. Fretz):

That this study be made available to Members of Parliament and native people in order that they can better prepare for the coming constitutional conference.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INTERNATIONAL JOINT COMMISSION

LAKE ERIE ICE BOOM PLACEMENT—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, as a result of a resolution passed by the town of Fort Erie, and in light of the fact that the ice boom placed in Lake Erie at the mouth of the Niagara River for several years has resulted in lower temperatures in Fort Erie, Fort Colborne, and Wainfleet, a later planting and growing season, additional heating bills, and a hampering of the shipping industry in the area, I move, seconded by the hon. member for Ontario (Mr. Fennell):

That the Canadian government, through its spokesmen on the International Joint Commission, reject the future placing of the ice boom in Lake Erie at the mouth of the Niagara River.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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LABOUR CONDITIONS

UNEMPLOYMENT AMONG SOUTHEAST ASIAN REFUGEES—MOTION UNDER S.O. 43

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, unemployment amongst the Indo-Chinese boat people has reached 25 per cent across Canada, while in Toronto estimates are that only 25 per cent have been able to find full-time employment. These southeast Asian refugees have a difficult time in the job market because of an inability to speak English, and because they cannot afford to take training to improve their skills or gain trades certification. I move, seconded by the hon. member for Beaches (Mr. Young):

That this House urge the Minister of Employment and Immigration to take immediate action to provide jobs, language and trade training so these refugees are no longer forced to lose face and can be the contributors to society that they strongly desire to be.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

INDIAN AFFAIRS

FUNDING OF SCHOOL SUPPLIES FOR STUDENTS LIVING OFF RESERVE—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, the Department of Indian Affairs and Northern Development has arbitrarily and unilaterally cut off financial assistance for instructional supplies for elementary and secondary school children of treaty Indians who live off reserve in Alberta. This attack on the treaty rights of indigenous peoples is in direct opposition to the Government of Canada's legal obligation to uphold its treaty commitments. Approximately 20 per cent of Alberta treaty Indians are forced to live off reserve because of the lack of viable economic development activity within the reserves. Whereas the fully sanctioned rights of treaty Indians are not to be denied because of place of residence, I therefore move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That this directive be immediately withdrawn and that the treaty Indian students of Alberta be assured that the right to education will be respected, and further, that this government recommit itself to meaningful dialogue with the native peoples of Canada, reject unilateral action, and uphold the recently endorsed Charter of Rights.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1115)

ORAL QUESTION PERIOD

[*English*]

AGRICULTURE

GOVERNMENT ASSISTANCE FOR FARMERS

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is directed to the Minister of Finance. In the first six months of this year compared to last year farm bankruptcies in Quebec are up 243 per cent, 533 per cent in Manitoba, and over 60 per cent in Canada as a whole. Since farmers are facing a 17 per cent decrease in their net income this year over last—we do not even have the figures for forced farm liquidations—can the minister state that his present economic policies, which may help only 600 of the over 300,000 farmers in Canada, are adequate to meet our food production requirements?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe the hon. member will have to make up his own mind on that subject. In my view the policies put in place in the budget are essential to bring about recovery in the Canadian economy. The way to succeed, the way to improve the situation, is to make the

difficult changeover from the 12 per cent society we are presently in to a 6 per cent society. That is the basic approach of the government, and I believe it will lead to success. I hope the hon. member will find that approach satisfying and will join the growing number of Canadians who now see the justification for the approach taken by the government.

Mr. Schellenberger: That is little comfort to the hundreds and hundreds of farmers being forced off their farms by high interest rates, taxes, and product prices far below the cost of production.

REQUEST FOR INTEREST RATE RELIEF

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, bearing in mind that the average age of Canadian farmers is in excess of 50 years, and noting that the majority of bankruptcies are the young farmers of this nation who are attempting to put into practice the most advanced technical methods in the field of agriculture, what real assurances can the Minister of Finance give this country that there will be people to take over from the older farmers who are retiring? Why will he not act quickly to bring about some real interest rate relief for this sector, and move in the farm fuel tax area? Can he not give these young farmers some hope?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member will recall that in the budget there is additional support for farmers facing financial difficulty, and a program will be administered through the Farm Credit Corporation which will substantially reduce the interest costs of farmers. That is a very important step taken in the budget.

The hon. member is quite right in underlining the importance of bringing down interest rates, and I am encouraged by the report yesterday that the bank rate and the prime rate have both decreased, in combination with a strengthening of the Canadian dollar. Both those trends justify the policy course established by the government in the recent budget.

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RAILWAYS

CROWSNEST PASS RATES—FUTURE COSTS TO FARMERS

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my supplementary is directed to the Minister of Transport. Given that the current price of wheat, barley and oilseeds in Canada is far below the cost of production and that there are real doubts that the world will have the ability to pay much more in the near future, can the minister assure us that he has the funds available from the Minister of Finance for his Crow rate package in the fall, or are we to believe the memo which has recently been released? Madam Speaker, is this whole process doomed to place farmers in an even more tenuous financial position in the future?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, my hon. friend is aware, he is saying it now, that the world price of grain has gone down. But my hon. friend is also aware that the quantity of Canadian exports has been going up tremendously. As he knows, this year Canada is going to hit all-time export records in almost all types of grain. So there is somewhat of a compensation there of quantity for price.

• (1120)

On the subject of the availability of funds for the western transportation exercise that we are now in, the Minister of Finance has assigned $1.35 billion on top of an existing $1.8 billion in the next four years. That is money available now. There is no doubt about that.

Mr. McKnight: Is this the western development fund?

Mr. Pepin: Consequently, planning for western rail transportation is going full steam ahead.

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AGRICULTURE

TAX ON FUEL USED IN FOOD PRODUCTION

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is for the Minister of Agriculture. On January 31, 1980, during the last election campaign, the Minister of Agriculture, in a speech in Alvinston, Ontario, stated the following:

> Fuels used in farm production will be exempt from any excise tax and a special price structure established.

What happened to that price structure? Why has the minister not been able to convince his cabinet colleagues to relieve the farmers of Canada from the federal rip-off of 60 cents a gallon on the price of farm fuel, constituting some 40 per cent of the price? If the minister is not able to convince his cabinet colleagues to fulfil his election promise, why does he not do the honourable thing and resign?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member and some of his colleagues make great sport out of what the price of fuel is for farmers producing food products in Canada.

Miss MacDonald: It isn't funny.

Mr. Whelan: When we are making this accusation we are insinuating that farmers we compete with are paying less for fuel. Let us put some of the facts on record. Apparently farmers in P.E.I. pay 34.5 cents per litre and in Maine they pay 32.6 cents per litre. We can go on down the list. You will find in comparing most of the states in the U.S.A., the western states and the eastern states, with the provinces, that there is not much difference in what the farmers are actually paying for fuel. We would all like to see the amount we are paying for fuel less than it is. We all know that the whole energy program is a Canadian program, and I am all for it.

LABOUR CONDITIONS

DOFASCO ANNOUNCEMENT OF FALL LAY-OFFS

Mr. Bill Kempling (Burlington): Madam Speaker, my question is for the Minister of Finance. We were all shocked at the announcement by Dofasco that 2,100 employees will receive indefinite lay-off notices to be effective in October and November, and that, if there is not a turnaround in the economy, a second wave of lay-offs may be necessary.

Dofasco is one of the most stable employers on this continent, with good productivity levels and high morale. In fact its advertisements state "its strength is people". Inasmuch as the thrust of the budget is restraint, which will have little immediate effect on the market supplied by Dofasco, can the minister advise whether he can see any options open to the government that will hold off the second wave of lay-offs suggested by Dofasco?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member is aware of the budget provisions. What I know about the situation is that these lay-offs are not to take place for some time, that Dofasco has all the good assets which the hon. member has mentioned, and because of that it has been operating close to capacity. It is projecting these lay-offs because of a decline in economic activity and because of the recession. I assure the hon. member that the quickest way to assist Dofasco and other firms is to succeed in reducing inflation in this country and to put ourselves on the road to recovery by reducing the rate of inflation from close to 12 per cent to 6 per cent. I enlist the hon. member's support in that campaign in the months ahead.

CAPITAL COST ALLOWANCE BUDGET PROVISIONS

Mr. Bill Kempling (Burlington): Madam Speaker, my supplementary question is also for the Minister of Finance. The minister knows that Dofasco feeds the automotive industry, the heavy transportation industry, and the appliance and housing industries. We cannot seem to get straight back-to-back answers from the minister responsible for housing and the Prime Minister on the white paper on mortgage policy. The appliance industry is tied directly to housing starts. The automobile industry is not operating at anywhere near capacity, and the downturn in heavy transportation can be linked directly to the national energy policy.

• (1125)

Will the minister assure the House that he will again, on an urgent basis, examine the capital cost allowance provisions in the budget to see whether they can be returned to the pre-November 12, 1981, status, and to see whether a new form of financial instrument can be put in place to encourage investment in industry so that some hope for an upturn can be seen?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member raised two points. One has to do with the capital cost allowance. It is true that in the budget of last November the capital cost allowance was changed, not to increase the total liabilities of any firm under the tax law but to advance those payments. The change was made basically to assist in the reduction of the deficit. Hon. members have asked in the intervening time to go back, as the hon. member repeated today, to the pre-existing situation. If I had accepted that advice I would have added another $1 billion and I thought that would not be acceptable to members of the Conservative Party who are deploring the already large deficit which we have at the present time.

* * *

THE ECONOMY

REQUEST FOR ACTION ON INTEREST RATES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I also want to ask the Minister of Finance a question related in many ways to the questions just asked. He will be aware that in the announcement by Dofasco it indicated that it was not its overseas or out-of-the-country sales that were the problem primarily, that it was its domestic sales which had dropped off so dramatically that the company was now faced with, or at least was announcing the lay-off of almost 20 per cent of its work force.

In view of these facts, along with the fact that the Steel Company of Canada has 2,600 people unemployed who would normally be working, and Algoma has announced that 2,600 people will be laid off within the next few weeks who should be working—all of which are related directly to the fact that consumers in Canada cannot afford to buy the products of Canadian manufacturers—will the Minister of Finance move to bring down interest rates to a level which will allow consumers to purchase? Will he place quotas on the importation of automobiles from offshore in order that Canadian automobile manufacturers can get back on track and get their share of the market re-established? Will he make a decision in favour of Canadians, for once in his life, and forget about the problems of other countries?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member asked that we take action to reduce interest rates. We have taken action; we have taken direct action to reduce the rate of inflation. If we can get the rate of inflation down to 6 per cent, as we propose to do with the assistance of the main economic factors in the economy, then I assure the hon. member that interest rates will come down. They will not come down in the way we want until we get the rate of inflation down. There is no magic wand which can be waved to bring down interest rates. The only group in the country which has that naive idea is the New Democratic Party.

Mr. Deans: The Minister of Finance talks a lot of rubbish. He knows full well that interest rates in the United States are running in the mid-teens, while inflation is reported to be down

around 5 per cent, 6 per cent or 7 per cent. I say to the Minister of Finance that that kind of argument just will not wash, that interest rates sit by themselves in isolation and they do not necessarily bring about any assistance to the inflationary spiral.

• (1130)

REQUEST FOR ACTION TO RESTORE DOMESTIC MARKETS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, we have unemployment on the east coast. We have major unemployment in Quebec. We have unemployment in the Province of Ontario the likes of which we have not seen since the Depression. We have 5,500 out of 6,000 woodworkers in Port Alberni laid off and not likely to return to work. How long must the people of Canada wait for this government to take action to re-establish a consumer marketplace and therefore re-establish the manufacturing sector?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not know of anyone in the country any more who is not convinced that there is a direct relationship between interest rates and inflation. The hon. member has not made that connection. I met with the representatives of the Canadian Labour Congress some time ago who tabled some suggestions in which they said that interest rates should not be more than 2 per cent above the rate of inflation, thereby acknowledging that there is a direct link between the rate of inflation and interest rates.

Mr. Blackburn: How about the U.S.?

Mr. MacEachen: The hon. member shouts about the U.S. Let me ask him to look at West Germany, Japan, and Switzerland. All of these countries have much lower rates of interest than Canada because they have much lower rates of inflation. That is the fact.

* * *

SHIPBUILDING

PLACEMENT OF ORDERS IN JAPAN

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I have a supplementary question for the Minister of Employment and Immigration. I ask him to look at Canada. Is the minister aware that yesterday the Government of British Columbia gave approval to an LNG project, a $3 billion liquid natural gas plant on the west coast to be built by Dome Petroleum, and that five ships will be used? They will be built in Japan. Is the minister aware of this quote from Mr. van der Linden who is the project manager for Dome, who said:

> Initially, we were looking at construction in a Canadian shipyard. That is not entirely out of the question, but there seems to be very little interest by the Canadian and B.C. governments.

We are not looking for a magic wand, but would the minister explain to the House why, in this concrete example of where we could use Canadian steel to build Canadian ships, are he and the government not interested? What has happened to the government's industrial strategy and job-creation strategy of creating jobs from spin-offs of megaprojects? This is a concrete example. No magic wand is needed for the minister to answer that.

Madam Speaker: Order.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, to begin, I am somewhat surprised at the hon. member criticizing a very important announcement that would provide major economic development in British Columbia. He is obviously not interested in supporting those kinds of initiatives that will bring a major degree of economic activity to his own province. I do not know what the purpose of this question is.

Mr. Waddell: What about the ships and the steel?

Mr. Axworthy: The fact of the matter is that we have negotiated a significant hiring program for Canadians in the shipbuilding and marine industry, under the Canadian oil and gas administration and under our manpower planning agreements.

An hon. Member: What about the ships?

Mr. Axworthy: We have been able to negotiate those agreements in the past year to provide additional job opportunities for Canadians in those industries under the administration of this government, which clearly demonstrates our interest in employing Canadians.

* * *

MEDICAL CARE

USE OF HEROIN IN TREATMENT OF TERMINALLY ILL PATIENTS

Mr. Al MacBain (Niagara Falls): Madam Speaker, my question is for the Minister of National Health and Welfare. I am advised that the minister met this morning with Dr. Kenneth Walker of Niagara Falls to discuss the question of the possible use of heroin by the medical profession in the treatment of terminally ill patients. I would be pleased if the minister would inform the House of the outcome of that meeting.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, in most countries of the world heroin, for the time being, is not permitted for medical use further to a resolution, which is about 30 years old, of the World Health Organization. Therefore, in the name of Canada, we will refer that matter and the excellent report of the Cancer Society on the use of heroin for medical treatment to the World Health Organization, and we will refer other work, such as a monograph, to Canadian doctors to make sure they are aware of the equivalent existing drugs to alleviate pain.

THE ECONOMY

REPORTED STATEMENT BY MINISTER OF TRANSPORT ON RESTRAINT PROGRAM

Hon. Jake Epp (Provencher): Madam Speaker, my question is directed to the Minister of Finance. The Minister of Transport is quoted as saying that he does not think that the government's restraint program to reduce inflation to 6 per cent can work. Does the Minister of Finance share the views of the Minister of Transport?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker, I share the views of the Minister of Transport, but they are not the views that have been quoted by the hon. member as the views of the Minister of Transport.

INCREASE IN GOVERNMENT RATES

Hon. Jake Epp (Provencher): Madam Speaker, if the restraint program is to work one thing that has to apply is credibility. That seems to be the factor which is lacking with this government, that Canadians just do not believe what the government is saying. The answer which the Minister of Finance just gave does not assure Canadians that that difficulty between the Minister of Finance and the Minister of Transport has been resolved. With respect to credibility, if the 6 per cent restraint program is to work then business leaders, labour leaders and Canadians generally are saying that the government as well—

Mr. Chénier: You do not want it to work, eh?

Mr. Epp: If you want to speak, maybe you will get a chance later.

They are saying that the government as well should hold the user fees which it charges for services to 6 per cent. Could the government indicate why it is raising rents, for example, in Pinawa at Whiteshell Atomic Research Housing by 15 per cent, by letter, a day after the budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has again stated that there are differences of opinion between the Minister of Transport and myself about the restraint program. There are absolutely no differences of opinion. The Minister of Transport is solidly behind this program and he has demonstrated that, by exhorting all the agencies for which he has authority in the government to observe the guidelines of 6 per cent and 5 per cent.

I made it very clear in the budget speech, but hon. members have tended to overlook that sentence which stated that the government will monitor the price decisions of the regulatory agencies within its jurisdiction and take appropriate action where exceptional increases cannot be justified. Now, the hon. member has referred to the alleged rental increases by Canada Mortgage and Housing. That was dealt with yesterday by the minister responsible for housing. I believe the hon. member ought to continue his interrogation of that minister because I found his answers very effective as I read them this morning in *Hansard*. I would hesitate to reach his level of competence in answering questions. But I would say to the hon. member—I think it is important to say so—that it was stated in the budget that there were exceptional cases where increases might be justified. Among these exceptional cases that I would include would be the need to control the deficit and the necessity of controlling government expenditures. I do not think that he would espouse the idea that we should remove a justified increase in certain cases—I emphasize the word "justified"—from the person who is using that service and transfer the burden to the general taxpayer through an increase in taxes. That is one of the principles which will be used in defining these exemptions to which I have referred in the statement.

* * *

MEDICAL CARE

USE OF HEROIN AS PAIN KILLER—SUGGESTED COMMITTEE STUDY

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Minister of National Health and Welfare and it is supplementary to that put to her by the hon. member for Niagara Falls. As the minister knows, there is a division of opinion in the medical profession on the use of heroin and its effectiveness as a pain killer for patients who are terminally ill, the victims of cancer or other dreadful diseases. There is also a division in the House, I am sure, but from information which I am prepared to give to the minister there seems to be considerable support among the general public for the proposition that it be used as a pain killer, especially in the treatment of these patients.

• (1140)

Given this division of opinion, even in the medical profession, would the minister consider permitting the appropriate standing committee of this House, as one possible instrument, to look at the proposition so that the debate on the matter could be opened to the public and so that those organizations and groups, including the medical profession, which have some views on the matter, could deal with the question? I ask the question of the minister because I would like the debate to be a public and an open one, and it seems that such a committee might be a vehicle. Would she at least consider that?

Hon. Monique Bégin (Minister of National Health and Welfare): Yes, I will, Madam Speaker, although I must underline the deep emotions surrounding the issue of the use or rejection of heroin. I think we may first want to address the question within the scientific community on the premise that suffering Canadians should have access to the complete spectrum of choices involving relief from pain. I would be pleased to hear the views of hon. members as to the premise that I am offering. At this stage I do not think we want to enter into public debate because we may settle the issue within

the medical community, but I will consider the option and discuss it with hon. members.

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RAILWAYS

CROWSNEST PASS RATES—CONDUCT OF GILSON NEGOTIATIONS

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is directed to the Minister of Transport. Given the fact that a leaked cabinet memorandum dated last January, dealing with western rail transportation, bears a strong resemblance to the recommendations made in the report on western grain transportation conducted by Dr. J. C. Gilson, could the minister assure the House that the consulting process conducted by Dr. Gilson and now in the hands of his ministry is a legitimate "hands off" one and is not being stage managed by the same Ministry of Transport officials who wrote the cabinet document in the first place? In light of that document, how can the minister assure us that the Gilson process was not merely a matter of Dr. Gilson playing Charlie McCarthy to the ministry's Edgar Bergen?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have just returned from a tour of the west. If my hon. friend wants to consult with those who are taking part in the decision-making process on how to implement the Western Development Fund with respect to western rail transportation, he will not find many people who will not say that there have been great changes since we started this exercise. As a matter of fact, there have been tremendous changes. If my hon. friend wants to compare the leaked document to which he is referring with the decision of cabinet as announced in Winnipeg on February 8, with the recommendation of Gilson on a number of subjects, he will come to the conclusion that there have been many changes as we have gone through the process. However, the subject is the same, so there are bound to be some resemblances.

REQUEST FOR FARMERS' REFERENDUM

Mr. Vic Althouse (Humboldt-Lake Centre): Can the minister go a step further and unequivocally state that this government has not arrived at a plan or decision with regard to the Crow rate and the action that will be taken? Will he again reiterate the statements made by the Prime Minister several months ago that no final decision will be taken without reference to all the farmers of western Canada and the people who will be directly affected by any proposed change? Will there be a referendum, or some reference to the producers involved?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am very sadly surprised that my hon. friend, who is an expert in this area, does not yet understand what is going on. In February, in Winnipeg, I announced on behalf of the government that there were a number of "principles" which the government held dear, one of them was that the Crow rate should be replaced by a statutory framework, et cetera, et cetera—as the Minister of Agriculture would say. At that time we also said there were a number of "issues"; for example, we asked, "to whom should the payments be made"; are variable rates acceptable or not"; what should be the statutory framework"; all issues on which the government sought the views of the interested parties. The views of the interested parties have been formulated through the Gilson recommendations. There are still ongoing discussions on this subject, and the government will act on the final results of these discussions. That is the process, which is highly democratic. My hon. friend should hold it in great admiration.

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[*Translation*]

AIRPORTS

INQUIRY RESPECTING GOVERNMENT'S INTENTIONS TO MAKE MIRABEL PROFITABLE

Mr. Robert Gourd (Argenteuil-Papineau): Madam Speaker, my question is also directed to the Minister of Transport. Could the minister inform the House whether, as usually well informed sources have it, his officials have recommended that one of the runways should be closed to make Mirabel a going concern. If so, which one is to be closed, the landing or take off runway? And if this is not the case, how does the Minister intend to make Mirabel a profitable enterprise?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the runway issue is only one of the subjects now being discussed in the cabinet committee on the future of Mirabel. Today, I am unable to confirm or deny rumours in this respect, but I believe cabinet is going to make a decision on this question very shortly and that the usual announcement will be made.

* * *

[*English*]

FINANCE

GOVERNMENT EXPENDITURES ON TAXIS AND TELEGRAMS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is directed to the Prime Minister. Last week the Prime Minister refused a request by my leader that a parliamentary committee be struck to investigate ways of cutting fat from government spending. In view of the fact that since that time figures have been released showing that between March of 1980, and June of 1981, the government spent some $7,000 a day on taxis and over $275,000 a day on telegrams and other message services, will the Prime Minister reconsider his decision so that Parliament can act by showing restraint instead of simply preaching it to other Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I understand that the President of the Treasury

Board has undertaken to look into any such alleged abuses which are brought forward. I am confident that if any money can be saved in any of those areas, he will see that it is done.

Mr. Beatty: Madam Speaker, the Prime Minister is presiding over a government which, this year, is spending the taxpayers' money at the rate of $170,000 a minute, yet he feels that Parliament has no role to play in cutting the fat out of government spending.

DEPARTMENT OF TRANSPORT EXPENDITURES ON TAXIS AND TELEGRAMS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): My question is directed to the Minister of Transport—if I could have his attention. In view of the fact that in the same period, between March, 1980 and June, 1981, his department was the big spender for both taxis and telegrams, and other message services, spending fully some $422,219 on taxis and some $7,119,711 on telegrams and message services, how could he justify this sort of expenditure at a time when he was planning to cut back public transportation services on the grounds that he did not have enough funds?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am not familiar, of course, with the details.

Mr. Nielsen: Why not?

Mr. Pepin: I will look into the matter immediately. However, the Department of Transport is a big one. There are 23,000 employees from coast to coast.

Miss MacDonald: Do they all take taxis?

Mr. Pepin: There are many people wanting immediate information and decisions on rates, tariffs, accidents and so forth. Therefore, it is justified that the Department of Transport, which is in the transportation business, should have a high communications account.

* * *

• (1150)

INDIAN AFFAIRS

BRITISH COLUMBIA REGIONAL OFFICE—COMMITTEE RECOMMENDATION

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. In a press story in the Kelowna *Courier*, the office of the minister announced a restricted, internal, peek-a-boo look at only one aspect of the very serious issues which prompted the call by the House standing committee for a full and independent inquiry into affairs of the British Columbia regional office and of the Westbank Indian Band. Madam Speaker, I ask the minister how is it possible to put such a low valuation on the work and the integrity of a committee of this House. How can it possibly be suggested that this cop-out of an in-house review is a reasonable undertaking of the minister's responsibility to those who have addressed serious allegations to him directly?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, ever since the standing committee made that recommendation I have received representations from the hon. member, and I have received representations from many of his colleagues in the House of Commons with respect to this issue. I have made available senior officials of my department, both to the hon. member and to other hon. members of the official opposition. Not once has the hon. member or anyone else turned over any names of those to whom they are directing their allegations. They have not given me one document in writing, of any kind, substantiating any type of misconduct on the part of officials. After months of nothing but innuendoes of the most disgraceful kind, they have failed to supply me with one iota of evidence.

Madam Speaker, may I say that the proper course for the hon. member and his colleagues to take, if they have some evidence, is to turn it over to the RCMP, if they feel that they have got some evidence of misconduct. That is what the RCMP is for, and that is what the responsibility of the hon. member is.

Some hon. Members: Oh, oh!

Mr. Munro (Hamilton East): Once and for all, if he is not prepared to take that type of action, would he cease and desist from these allegations for which he is not prepared to offer any substance whatsoever.

Some hon. Members: Hear, hear!

REQUEST THAT MINISTER TAKE ACTION

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, I suggest to the hon. minister that that is a dramatic cop-out. It is a falsehood. I have provided many—

Madam Speaker: Order, order!

Mr. Nielsen: Get on with it.

Mr. King: All right, I will get on with it.

Madam Speaker: That is right. Now get on with the question.

Some hon. Members: Hear, hear!

Mr. King: Madam Speaker, I would ask the minister this; in view of the names and information that I have provided to him, and that others have provided to him, when will he be willing to take straightforward steps to address the issues which many persons have brought to him directly, and which prompted the standing committee to urge the minister to set up an independent inquiry? When is he going to be willing to

do something that will remove the stigma of cover-up from his department?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, it is precisely because I would be irresponsible if I did anything other than what I am doing. If the hon. member is not prepared to back up in any substantive way his allegations, and if he continues to resort to innuendoes, I would be irresponsible if I were to appoint some type of independent inquiry which would be nothing but a witchhunt, to which the hon. member would continue to make innuendoes—

Some hon. Members: Oh, oh!

Mr. Munro (Hamilton East): —but he would not be prepared to offer any assistance. I again challenge him to take his allegations of misconduct to the RCMP, if he has them.

Mr. Siddon: You take them to the RCMP.

Mr. Munro (Hamilton East): Or, if he will give them to me, I will turn them over to the RCMP.

Some hon. Members: Oh, oh!

Mr. Munro (Hamilton East): Madam Speaker, despite the yellings from some of those McCarthyites over there, I just want to—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Order, order. I will have to whistle to stop everybody from yelling. Order.

Mr. Paproski: On a point of order—

Madam Speaker: Order.

Mr. Munro (Hamilton East): Madam Speaker, I have appointed my Assistant Deputy Minister, Mr. Goodwin, together with senior officials of my department—

Mr. Nielsen: That will be independent!

Mr. Munro (Hamilton East): —to look into the two letters that I have received alleging misconduct against the chief and band council involved, as well as any other matters brought to the attention of my Assistant Deputy Minister that any member here wishes to bring to his attention. The hon. members already met with my deputy yesterday. If they will now turn over to this special task force under Mr. Goodwin any information they have, he will have a complete investigation made and report to me within a month.

An hon. Member: It will be thorough?

Mr. Munro (Hamilton East): Yes, it will be a thorough review, done by senior officials of my department, whose integrity—

Mr. Hnatyshyn: A witchhunt?

Mr. Munro (Hamilton East): No, it is quite different. That is precisely the point, Madam Speaker. To have senior officials of my department conduct a review of allegations that members of the opposition make is one thing; that is not a witchhunt. To do it in the irresponsible way the opposition is suggesting, is. That is the difference. It is too bad they cannot appreciate the distinction.

LEGAL ACTION INVOLVING TEMAGAMI BAND—RELEASE OF DOCUMENTS

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is also for the Minister of Indian Affairs and Northern Development. He knows that the Temagani Band is the only group of Ontario Indians not covered by treaty. Their aboriginal rights are still intact. At present they have a federal land claim and are also involved in a court action with the Ontario government. Why has the federal government not recognized that the Temagami have a comprehensive rather than a specific land claim?

Also, why has the Department of Indian Affairs and Northern Development released confidential documents of the Temagami Band to the Ontario government, instead of honouring its trust obligation to keep these documents confidential unless there is a court order to release them?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, inasmuch as this matter, as the hon. member himself has just indicated, is before the courts, it would be inappropriate for me to comment further. I agree with the hon. member that it is a very significant question of law. Whatever documents we have turned over or made available through the court process, have been turned over as a result of legal advice I received from independent law officers of the Crown.

* * *

MINES AND MINING

LAY-OFFS IN NORTHERN MANITOBA

Mr. Rod Murphy (Churchill): Madam Speaker, I have a question for the Minister of Finance. Yesterday Sherritt Gordon, which has already laid off one third of its work force permanently at Lynn Lake and Leaf Rapids, announced that it would be extending its summer lay-offs by another eight weeks in those two communities. Since Sherritt Gordon is joined by all the other mining companies in northern Manitoba in having lay-offs occurring, I am wondering what one step the Minister of Finance is going to take to get those miners back to work?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member is asking me for a step to bring the miners back to work. I hope he understands that the situation is a little more complicated than one that can be solved by taking a single step. The mineral industry is in trouble, because of a recession that is

world-wide and a recession that is being experienced very deeply in this country. It is obvious to me that it is impossible for the Government of Canada to ensure that the production of each and every plant in the country is maintained when markets throughout the world are either weak or have disappeared. The Government of Canada does not have the resources to stockpile every product at a time of deep recession. Surely the hon. member understands that, and knows that the surest way to assist every worker and every industry in the country is to take the very big step of providing a way to ensure economic recovery in the country as a whole.

* * *

• (1200)

ENERGY

DEVELOPMENT OF EAST COAST OFFSHORE RESOURCES

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question concerning exploration and development of east coast energy resources which I would like to address to the Prime Minister, in the absence of the Minister of Energy, Mines and Resources. I hope the Prime Minister will take a personal interest in the plight of Nova Scotians who face drastic unemployment and whose hope for the future is the development of offshore resources.

Recently the executive vice-president of Petro-Canada, Mr. Joel Bell, accused Mobil Oil, the major operator on the east coast, of corporate foot-dragging and not getting along with the work of developing those resources. Will the Prime Minister indicate whether he is satisfied with the pace of development and, if he is not satisfied, will he take steps through his cabinet sources to see that development is accelerated so that there will be jobs created for Nova Scotians and others on the east coast?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I take this question as a representation into which I will, of course, look in consultation with the minister. I have utmost confidence in Petro-Canada and in Mr. Joel Bell. I know that is not universally the case on the other side of this House, but I can assure the hon. member that, as far as Petro-Canada is concerned, it can be relied upon to do what is best for the country and for Nova Scotia.

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[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Thursday, July 15, 1982, and that he finds that they meet the requirements of the Standing Order as to form.

[*English*]

PRIVILEGE

MR. PAPROSKI—ALLEGED TERM USED BY MR. TRUDEAU

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, I rise on a question of privilege. I would like to know what the Prime Minister (Mr. Trudeau) called me, whether it was a frog or a fraud. Whatever it was, I would like him to withdraw it.

Madam Speaker: Hon. members are not required to withdraw language in the House unless it is considered to be unparliamentary. If the hon. member does not know which of those two words have been addressed to him, he can hardly have a question of privilege. Perhaps he would like to look at *Hansard* tomorrow.

Mr. Paproski: I think they are both unparliamentary. Shame on the Prime Minister.

[*Translation*]

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Public Works): Madam Speaker, if the hon. member for Edmonton North (Mr. Paproski) is offended by the term used by the Right Hon. Prime Minister (Mr. Trudeau) in referring to him, perhaps he will recall that Tuesday evening, he himself said—

Madam Speaker: Order, please. The question of privilege raised by the hon. member for Edmonton North was not accepted by the Chair, so it is obvious that there is no point of order.

ROUTINE PROCEEDINGS

[*English*]

TRANSPORT

PRESENTATION OF THIRTEENTH REPORT OF STANDING COMMITTEE

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, I have the honour to present the thirteenth report of the Standing Committee on Transport, in both official languages.

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

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CANADIAN DAIRY COMMISSION

TABLING OF REPORT OF AUDITOR GENERAL ON COMPREHENSIVE AUDIT

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, in accordance with the provisions of Standing Order

41(2) I would like to table, in both official languages, the report to the Minister of Agriculture by the Auditor General on the comprehensive audit of the Canadian Dairy Commission.

* * *

POINT OF ORDER

MR. CROSBY—PETRO-CANADA HIRINGS

Mr. Howard Crosby (Halifax West): Madam Speaker, I rise on a point of order. The Prime Minister (Mr. Trudeau), who is in the House, has expressed great faith in Petro-Canada. I want him to know that Petro-Canada recently hired 16 Norwegian and French workers contrary to the laws of Canada.

Madam Speaker: Order, please. That is not a point of order.

* * *

PETITION

MR. TAYLOR—RECONSIDERATION OF GUN CONTROL LEGISLATION

Mr. Gordon Taylor (Bow River): Madam Speaker, the Progressive Conservative members for Prince George-Peace River (Mr. Oberle), Cariboo-Chilcotin (Mr. Greenaway) and Okanagan North (Mr. Dantzer) join with me in presenting a petition on behalf of some 436 Canadians from the province of British Columbia, including the areas of Ashcroft, Cache Creek, Williams Lake, Clinton, Kelowna, Kamloops and others, and some from the province of Alberta. This list includes areas represented by NDP members, and their constituents have sent me the petitions because the NDP supports gun control.

The petitioners oppose the passing of Bill C-451 for many reasons, including the following: the bill does not stop a criminal from obtaining a gun; the administration of this bill, if it passes, would create another bureaucracy; and it would make all citizens who legitimately own and use guns second-class and third-class citizens.

It is the inherited right of Canadians to possess guns, as long as the firearms are used in a proper and responsible way. No Canadian government has the right to confiscate all guns, as this is the action of a police state.

We urge hon. members to refuse to pass this bill.

Mr. Deans: Madam Speaker, I rise on a point of order. I would like to ask that this petition be checked very carefully for accuracy. It is my understanding that there is a statement contained in that petition referring to the NDP that is blatantly inaccurate.

Mr. Skelly: Madam Speaker, I rise on a point of order. The reference to support by the New Democratic Party of Bill C-451 is absolutely false. Could you check that again?

Madam Speaker: Order. Petitions cannot be debated before they are read.

Mr. Taylor: Madam Speaker, the hon. members should tell their constituents. They are the ones who told me.

Madam Speaker: Order.

Mr. Skelly: Madam Speaker, I wish to attempt to put a question of privilege before you and to ask for some clarification from you. I feel that my rights as a member of this House have been abridged and seriously harmed because of a comment made by an hon. member. Can Your Honour assure me that the petition presented by the hon. member for Bow River will not come before this House? It is wrong in its content. I think the hon. member presented that petition in a way which should not be permitted. We are clearly on the record as being on the other side of that. Would Your Honour give me the assurance that that petition will not come forward in its present form?

Madam Speaker: The petition has been presented to the House. What will happen now is that the Clerk of Petitions will look at it and examine it as to form. The Clerk of Petitions will give an opinion as to the form of the petition only. Debate on the petition is another matter. That can occur much later, if it is read.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF EXECUTIVE VICE-PRESIDENT OF UNIVERSITY OF NEW MEXICO AND MRS. JOHNSTON

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, just to change the subject for a minute, I would like to take this opportunity to introduce one of President Reagan's educational advisers who is sitting in the Leader of the Opposition's gallery, Mr. Marvin Johnston, who is the executive vice-president of the University of New Mexico. His wife Stella is with him.

Some hon. Members: Hear, hear!

Madam Speaker: I am sure this person is very welcome in the House of Commons, but only the Speaker may recognize visitors in the gallery.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,686, 3,286, 3,370, 4,112 and 4,212.

[*Text*]

GOVERNMENT EXPENDITURES ON LIQUOR

Question No. 2,686—**Mr. Beatty:**

From March 1, 1980 to May 31, 1981, what amount was spent by the government to purchase liquor?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Records kept in accordance with Treasury Board Directive do not separate the cost of liquor and food. In all occasions where hospitality was extended and liquor was served, cost was combined with the cost of food.

See reply to question No. 2,674 tabled this day.

CABINET MEETING AT INGONISH, NOVA SCOTIA

Question No. 3,286—**Mr. Cossitt:**

1. Was a cabinet meeting held at Ingonish, Nova Scotia in the fall of 1981 and, if so, what was the total cost, including transportation to and from, accommodation, food, beverages and the cost for the staff of cabinet ministers and of the Prime Minister and any others in attendance?

2. For what reason was the meeting not held in Ottawa and would it not have been at a considerably less cost to the taxpayer?

Hon. Yvon Pinard (President of the Privy Council): 1. Yes. Total invoiced cost; $19,069.09.

2. The cabinet committee on priorities and planning met at Ingonish, Nova Scotia, in September, 1981, in keeping with the practice established as customary in 1979, when the inner cabinet of the previous government met at Jasper, Alberta, and in 1980, when the cabinet committee on priorities and planning met at Lake Louise, Alberta. The reason for conducting such meetings away from Ottawa is to enable many ministers to (1) become acquainted with local problems, issues and concerns in areas of the country where direct access to ministers is normally limited and (2) consider the government's over-all priorities and expenditure plan.

POSTAL SERVICE TO AND FROM CALGARY

Question No. 3,370—**Mr. Malone:**

1. What is the average length of time for a first class letter leaving (a) Toronto (b) Vancouver (c) Edmonton to arrive in Calgary?

2. Does it take longer for mail to travel from Edmonton to Calgary than from Vancouver to Calgary or from Toronto to Calgary and, if so, for what reason?

3. Are there any specific initiatives planned to give better postal service out of the Calgary post office and, if so, what are they?

4. Can those persons who are serviced from the Calgary Central post office expect improved services and, if so, within what time frame?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): The Canada Post Corporation has informed me as follows:

1-4 A number of variables such as fluctuating volumes, availability of transport, manpower levels, weather conditions, shift schedules, etc. determine the delivery times to and between the cities cited in the question. Recent improvements in productivity resulting from a change in allocation of physical and human ressources have rendered previous delivery standards obsolete. We can say, however, that delivery times have and are reduced. Revised standards and statistics will be available in the not too distant future.

In particular, mail delivery service in the Calgary area has been improved as the result of the expansion of door-to-door and group box service in the metropolitan area combined with the introduction of new programs directed at upgrading sortations, improving mail make-up, by reducing staff turnover and systems to simplify sortation. It is Canada Post's number one priority to improve service and this is already happening in the Calgary area.

CONSUMPTION OF DIESEL FUEL AND GASOLINE ON CANADIAN FARMS

Question No. 4,112—**Mr. Cossitt:**

1. What is the average annual consumption of (a) diesel fuel (b) gasoline on farms in Canada per farm acre or on the basis of any other measurement kept by the government and, of that amount, what is the average for that portion of the country (i) east (ii) west of the Manitoba-Ontario border?

2. Did the government make an estimate of the effect on farmers of the steadily increasing price of diesel fuel and gasoline and, if so, what are all the details?

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

1. Statistics Canada reports as follows: At present there is no consistent source of information on farm consumption of gasoline or diesel fuel by province or region in Canada. In provinces that have farm gasoline tax rebate programs or marked gasoline or diesel fuel (marked for off-road use such as farming, mining, logging, fishing, emergency generators) some rough estimates have been made of farm consumption. These estimates however, are only available for a few provinces and the information available is not consistent among provinces.

The most reliable indicator of fuel use on farms is the fuel, oil and lubricant expenditure estimate made by the Agriculture Statistics Division of Statistics Canada which in 1981 was estimated at $287.7 million east of the Ontario/Manitoba border and $691.2 million west of the border. Unfortunately, there is no distinction between gasoline and diesel fuel. Though there is a lack of data at the moment, a Statistics Canada Farm Energy Use Survey to be conducted in July, 1982, will provide farm diesel and gasoline consumption data by early 1983.

2. Agriculture Canada: Yes. Some of the estimated impacts of a $1-a-barrel increase in crude oil price and equivalent natural gas price increase on selected farm inputs are in table 1 below and on production costs for selected commodities in table 2. It is virtually impossible to "make an estimate of the effect on farmers of the steadily increasing price of diesel fuel and gasoline—" because the Canadian economy is far too complex and farmers buy goods and services produced in many sectors.

A $1-a-barrel crude oil price increase and natural gas price increase would reduce net farm income per acre in western Canada by 2.8 per cent of the 1980 level; in central Canada by

1.6 per cent of the 1980 level and Atlantic Canada 1.5 per cent. Food prices are expected to increase by .2 to .5 per cent of their 1980 level depending upon the item and the food component of the consumer price index would increase by .35 per cent.

All these impacts are short term with no consideration given to higher fossil fuel transportation costs, input substitutions that may occur over longer-term changes in farm product prices or other adjustments in production levels and methods farmers may make.

Table 1: Estimated price increases of a $1 a barrel crude oil price increase

Item	Amount of Increase Per unit
Fertilizer Ingredients	
Nitrogen	1.28 cents a kilogram
Phosphate	0.55 cents a kilogram
Potash	0.37 cents a kilogram
Fertilizers	
Urea Fertilizer	$ 5.88 a tonne
Anhydrous Ammonia	$10.54 a tonne
Diammonium Phosphate	$ 4.85 a tonne
Muriate of Potash	$ 2.21 a tonne
8-32-16 Blend	$ 3.38 a tonne
Fuels	
Gazoline and Diesel Fuel	0.8 cents a litre
Pesticides	less than 1 per cent

Table 2: Estimated production cost increases caused by a $1 a barrel crude oil price increase

Region	Amount of Increase Per Unit
Western Canada	
Wheat and barley on summerfallow	46 to 48 cents an acre
Rapeseed on summerfallow	57 cents an acre
Wheat and barley on stubble	63 cents an acre
Rapeseed on stubble	78 cents an acre
Hogs	37 cents a head
Feedlot finished beef	$1.16 a head
Cow-calf	63 cents a head
Eggs	18 cents per 100 dozen
Central Canada	
Grain corn	$2 an acre
Soybeans	61 cents an acre
Barley	50 cents an acre
Winter wheat	65 cents an acre
Eggs	20 cents per 100 dozen
Broiler chicken	0.4 cents a bird
Dairy	$3.11 per cow
Greenhouse (average)	$1,200
Atlantic Canada	
Potatoes	$3.22 an acre
Oats and barley	78 cents an acre
Hogs	37 cents a head
Dairy	$2.24 a cow
Feedlot finished beef	$1.87 a head

RCMP—PUBLIC ACCOUNTS

Question No. 4,212—**Mr. Robinson (Burnaby):**

With reference to the estimates of the Department of the Solicitor General at p. 27.13, volume II of the 1980-81 Public Accounts of Canada (a) how does the Solicitor General explain the increase in revenue for the RCMP from "Proceeds in Sales" from zero in the fiscal year 1979-80 to $3,494,568 in 1980-81 (b) what is the explanation for the increase from zero to $13,532 under the heading "Proceeds from the sale of ammunition to members"?

Hon. Bob Kaplan (Solicitor General): 1. (a) Up to and including 1979-80, the RCMP was authorized to use working capital advances for clothing and kit procurement/distribution (sale of uniform cloth to manufacturers, purchase back of finished garments from manufacturers, sale of kit to members and to provincial auxiliary units) and mess operations (purchase of raw food, cash sales and payroll deductions on meals provided to personnel). The revenues shown after the first five items under the "Proceeds from Sales" heading in 1980-81 public accounts were credited against expenditures within the above working capital advances in 1979-80 and, therefore, would not be considered as non-tax revenue for reporting purposes.

The above working capital advances were ordered cancelled by the Treasury Board effective 1980-81. Expenditures previously charged to these advances became chargeable to the RCMP Vote 15 and revenues previously credited there were deposited to the Consolidated Revenue Fund. This explains the appearance of the first five items under the "Proceeds from Sales" for the first time in 1980-81 public accounts.

The remaining two minor items under the heading "Proceeds from Sales" in the 1980-81 Public Accounts were "vote netted" up to and including 1979-80 and therefore not shown as non-tax revenue. In order to more accurately reflect RCMP operations and improve visibility within financial statements, these items were recorded as revenue credited to the Consolidated Revenue Fund commencing 1980-81.

(b) Comparable sales of ammunition to members of the force, for purposes of weaponry proficiency, were made in 1979-80 but "vote netted" as opposed to being credited to the Consolidated Revenue Fund. These sales were credited to the Consolidated Revenue Fund in 1980-81. See also the answer to part (a) above.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,674 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the

House that Question No. 2,674 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

COST OF GOVERNMENT HOSPITALITY

Question No. 2,674—**Mr. Beatty:**

What was the total amount paid by the government for hospitality in (a) 1977 (b) 1978 (c) 1979 (d) 1980 (e) the first six months of 1981?

Return tabled.

• (1210)

[*English*]

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

Mr. Hargrave: Madam Speaker, would the parliamentary secretary to the government House leader please look again at question No. 4,328 which deals with stabilization in the beef cattle industry of costs and prices? I am sure that if he would talk privately to the Minister of Agriculture he would find that the minister has the answer in his hip pocket. Would he look into this for me, please?

Mr. Smith: Madam Speaker, I will be happy to do that for the hon. member.

Mr. Beatty: Madam Speaker, on July 8 I asked the parliamentary secretary about question No. 4,041 which deals with the various reports of the Standing Joint Committee on Regulations and other Statutory Instruments, the regulations with reference to the Economic Council of Canada, the report of the task force on regulatory reform and the government's reaction to them. At that time I specifically asked the parliamentary secretary what action he took to investigate why there were unnecessary delays and I asked him to make inquiries. Perhaps he could give an answer today, eight days later.

At the same time could he explain why question No. 1,439 which asks for routine information about the government's advertising program, should have taken more than two years to be answered?

Mr. Smith: Madam Speaker, with regard to the first matter, I did make an inquiry and I have not received a reply. I will look into the matter again.

With regard to the second question, it is a complicated matter but the answer is in progress.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House resumed from Thursday, July 15, 1982, consideration of the motion of Mr. Johnston that Bill C-124, respecting compensation in the public sector of Canada, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Mr. Les Benjamin (Regina West): Madam Speaker, when the House adjourned last night I had listed three alternatives, or three policy decisions that the government could make. I am struck by what I can only call the sleazy discussion of the Conservative Party, a recent example of which is the remarks made by the hon. member for Bow River (Mr. Taylor) which were typical of their McCarthyite paranoia.

Bill C-124 has been called unfair by the hon. member for Halifax West (Mr. Crosby), it has been called unfair by the hon. member for Richmond-South Delta (Mr. Siddon) and it has been called unfair by the hon. member for Prince George-Peace River (Mr. Oberle). All three hon. members say they will vote for unfairness, Mr. Speaker. They are all in favour of unfairness.

This coalition of Conservatives and Liberals, this coalition of the right, of the reactionaries who have not learned anything since the dirty thirties, means that the first victims of inflation are being attacked—the low-income earners and old age pensioners. These great official opposition Conservatives support the Liberal government in chiselling old people out of a few dollars a year. It is plain chiselling and I have to use the word sleazy.

As an innocent prairie boy I still want to learn something and I need some more instruction and explanation from the Minister of Finance (Mr. MacEachen) on how higher interest rates mean lower inflation. I still cannot figure that out. In this country higher interest rates have meant higher inflation. That has resulted in people losing their homes, people losing jobs, people losing farms and people losing businesses. But somehow or other, as R. B. Bennett and Mackenzie King proclaimed in '32, '34 and '37, keeping interest rates high was supposed to solve our problems.

Last night I suggested that the Government of Canada should declare a state of national economic emergency and do what was done when there was a declaration of war, only this time it should be a declaration of peace with all that that implies. It should be a declaration of peace that puts people in Canada to work, because there is so much to do.

The Conservatives want to vote for Liberals unfairness, Mr. Speaker, but may I suggest an alternative. For those who earn more than $75,000 or $100,000 per year—pick your own figure—we should amend the Income Tax Act and tax the amount of increases back 100 per cent. Anyone earning less

than $20,000 or $25,000 per year—pick your figure, maybe $30,000—should be left alone. They are not the cause of inflation, they are the victims—the first victims of it. Surely if the government were to blow the dust off the report of the Carter Royal Commission of 1966 and bring in revised income tax provisions and tax people on the ability to pay, then, if you were fighting inflation, you would first of all tax those who cause inflation. They are the profit takers and money takers—not the profit makers but profit takers. An income tax act should allow a reasonable return of profit, a reasonable return on investment. Anything beyond that should be regarded as pure selfishness and greed. The money changers have snuck in the back door of the temple again and the Grits and Tories keep them there.

As I said yesterday, Mr. Speaker, the first target is interest rates. Until they are brought down nothing else will decrease. The costs of that policy are greater than the costs of inflation. The cost of high interest rates has caused the lay-offs in our steel industry at Ipsco, Dofasco and others and also in the forest industry. The evidence is in, Mr. Speaker; high interest rates mean higher and continued high inflation.

In 117 years we have had Conservative governments, Liberal governments, Conservative governments, Liberal governments, Liberal governments, Conservative governments and Liberal governments. For all the barbs that are thrown around, Mr. Speaker, I do not know of any social democrats or democratic socialists who have brought these policies about. Why blame me? I am NDP.

It was not the wild-eyed radicals, the wild-eyed socialists, who put 1,300,000 people out of work in this country. It was not wild-eyed socialists who caused the bankruptcies of hundreds of farmers and thousands of small-business men. It was the free enterprise Grits and Tories and their alliance that preserved a system that has outlived its usefulness. They do not have the courage and imagination to make fundamental changes in the direction, the nature and the purpose of our system. The appeal to greed and selfishness, to make all you can and to hell with everybody else, perpetuated by Liberals and Tories for 117 years in this country still continues. That alliance is unethical, unchristian, unseemly and obscene.

• (1220)

I want to suggest, Mr. Speaker, that this Parliament should stay here and make a fundamental change in what the government is proposing. It should do that as we did in wartime. We declare a national economic emergency and do as we did then. We challenge Canadians because we have energetic and hardworking people, we have the money and the resources. We should invest—not spend—in the creation of employment and the satisfying of the genuine needs of the Canadian population. That means $1 billion a year for the next five years in housing, the ramifications of which are obvious. It means $1 billion a year for the next 15 years invested in transportation, and the ramifications of that are obvious. It means further large investment in the production of food. We can do it, Mr. Speaker, so for a change let us do what this country is capable of doing. Let us make a declaration of peace, as we did when we made a declaration of war. We have had enough of these frightened and small-minded men who cannot change their minds. We have had enough of the old parties and the old policies.

I have quoted ministers of finance and leaders of the opposition, both Grit and Tory, from 1932 to 1938. We get the same kind of speeches and the same kind of budgets out of the same kind of Liberals and the same kind of Tories now as we did in the dirty thirties. Mr. Speaker, this Parliament should sit and make a declaration of a national economic emergency and turn this country back to work; we are capable of doing it and have the resources to do it with.

Mr. McKinnon: Mr. Speaker, I wonder if the hon. member would permit a question.

Mr. Deputy Speaker: The hon. member's time has expired. He would need the unanimous consent of the House for a question at this point.

Some hon. Members: Agreed.

Mr. McKinnon: Mr. Speaker, I am just curious whether the hon. member has read the bill. He said that the Conservatives, if they voted for this bill, would be voting against senior citizens and old age pensioners. There is no mention whatsoever of old age pensions in this bill. It deals with judges, ministers of the Crown, members of the Senate and the House, and wage rates for civil servants. There is nothing at all in here about pensions, so I am curious whether the hon. member has read the bill completely.

Mr. Benjamin: Mr. Speaker, my remarks may have got a little convoluted, but I was referring to the fact that three Conservatives are already on record as saying this bill is unfair and they are going to vote for it. That means they are going to vote for unfairness, and I mentioned old age pensions in the context of the budget and chiselling old people—

Mr. Epp: It is not in the bill.

Mr. Benjamin: This bill chisels low-income earners in the public service. If the hon. gentleman—

Mr. Deputy Speaker: Order, please. At this stage the rule of relevancy has to be brought to the attention of the hon. member.

Hon. Ed Lumley (Minister of State (International Trade)): Mr. Speaker, I appreciate the opportunity to participate in this debate on Bill C-124 respecting compensation in the public sector, and to explain why I strongly support the leadership the government is giving with this bill to resurrect our economy with a new 6 per cent society. I do want to say, though, to my respected friend, the hon. member for Regina West (Mr. Benjamin), concerning his comments about the free enterprise system, that it was this system, the working relationship between the public and private sectors and the ingenuity of Canadians, which built this country into the great society we

have today. I do not think it was some of the policies he has been advocating in his speech, as much as I respect him as a friend, which built Canada into one of the greatest nations in the world.

There have been many speeches in this House, Mr. Speaker, in the past week, on this bill, with I think some very constructive suggestions which my colleague, the President of the Treasury Board (Mr. Johnston), has indicated will be listened to in committee by the government before the bill comes back to the House for report stage and third reading. In the debate the details of the cause of inflation, our present economic situation and the OECD report have been outlined by several speakers.

In particular, I would commend hon. members to read the speech of our colleague, the hon. member for Lincoln (Mr. Mackasey), who I thought gave a very competent speech with respect to the situation and how we can resurrect our domestic situation. I would like to divide my speech into two parts, one with respect to my specific responsibilities concerning trade—because there have been many comments made by hon. members on both sides during the past week about the importance to Canada of exports and how they can lead us out of the present economic situation we are experiencing. Second, Mr. Speaker, I would like to make a couple of comments as an individual Canadian and Member of Parliament.

First of all, in reading some of the speeches I see that there has been a substantial lack of understanding of what the export market means to Canada, its makeup and mix, and how it affects the various regions of this country. Much of the viability of the Canadian economy as a major trading entity depends upon its ability to compete in export markets. This in essence is what the Minister of Finance (Mr. MacEachen) is doing in trying to get Canada back to a 6 per cent society and make us more competitive. Almost one third of Canada's GNP is generated by trade in goods and services.

Approximately one-third of all goods manufactured in this country are destined for export markets. It is estimated that almost two million jobs in the manufacturing sector alone are directly the result of the production of goods and services for export. It represents roughly 20 per cent of the total labour market and work force in this country. I think it is imperative that we all understand the significance and magnitude of these facts. Our trade performance has allowed Canadian industry to specialize and become more efficient. It has encouraged investment, both domestic and foreign. Above all, it has brought real income gains and higher living standards to Canadian workers.

Equally imperative is the need for Canada to maintain and improve its international competitiveness. Failure to do so will harm Canadian industry, discourage investment, and erode the living standards of all Canadians. Today inflation is eating away at our competitiveness. It is no accident—and I think this was alluded to by my colleague, the Minister of Finance, in response to a question this morning—that Japan and the Federal Republic of Germany, the two industrialized countries which have been most successful recently in penetrating foreign markets recently, have also enjoyed the lowest rates of inflation within the OECD countries.

Canadian wage and price performance has recently moved seriously out of line with that of our major trading partners. For a country like Canada, with such an open economy, so dependent on trade for its economic wellbeing, it is important that our wage and price structure, as well as other cost components, not move out of phase with those prevailing in our major markets. We simply cannot afford a loss of international competitiveness. Devaluation offers no long-term, viable solution. We must bring inflation under control. We are asking all Canadians to take up this challenge and join with us in our fight against inflation.

I want to spend a few moments talking about Canada's recent trade performance, Mr. Speaker,—the changing composition of Canadian trade, and the reasons why it is so crucial for our future trade success to get better control of our wage-price performance. Recent Canadian trade performance remains a bright spot and source of strength for the Canadian economy. We have had a trade surplus for over 24 consecutive months, a record matched by very few countries in the world. Our over-all surplus in the trade of goods during the last 12 calendar months is approximately $10.4 billion.

• (1230)

During the first five months of this year our merchandise trade balance was running at a seasonally adjusted annual rate of nearly $15 billion. We registered a current account surplus in the first quarter of this year. While the services deficit is increasing, we anticipate the current account will be in near balance for all of 1982. Contrast this with the massive merchandising trade deficit which the United States has incurred during the last couple of years and also the European community. You will see that this indeed is a bright spot in the Canadian economy.

In the 1981 calendar year, Canada achieved its second highest ever merchandise trade surplus of $7.4 billion. This came about as the value of exports increased 10 per cent. The volume of exports in real terms increased by over 3 per cent. These gains occurred in a year when world trade actually fell.

A very significant point which should be understood by all our colleagues here in the House is that while international trade fell, Canada had record trade surpluses during this two-year period. This was achieved in a time of little or no world growth and it enabled Canada to increase its share of world markets to 3.6 per cent from 3.2 percent in the preceding year. More important is that Canada's share of manufactured exports to developed country markets increased to 4.2 per cent from 3.7 per cent. The fact that we are increasing our share of markets when the world market was down augurs well for the future of all Canadians when the world economy turns around.

This marks another important feature that I want to highlight for you, Mr. Speaker. It is the labour-intensive side of our trade, the manufacturing side, not just end products but also

semi-processed goods. The most important gains which Canada achieved in the value of exports in 1981 came from three of the four top segments in the manufacturing sector. This reflects the dramatic increases over the last 20 years of the share of manufactured products in Canada's export trade.

In 1961, finished manufactured goods represented 8.8 per cent of Canadian exports. In 1981, this share stood at 31.2 per cent. In the first five months of this year, this share is showing increased strength. Unfortunately, this is a fact little known and little appreciated by Canadians.

Many Canadians have been concerned about our perceived role as "hewers of wood and drawers of water". Of course, Canada has been blessed with a large resource endowment in agriculture, minerals, forestry and energy. Canadians have built on this strength and we should make no apologies about this fact. It means that Canada does not need to import these products and that Canada has a much wider range of products available for export. But this does not mean that Canada is not a major exporter of manufactured products as well.

There is a mistaken tendency to consider that only end products, as defined by Statistics Canada in its commodity trade classification, can be classified as manufactured goods. According to this definition, only about 30 per cent of Canada's total exports in value terms would have qualified as manufactured exports in 1980. However, if one broadens the definition to Statistics Canada's industrial classification, fabricated materials, primary manufactured, and end products, finished manufactured, as well as certain processed food products, we would find that over 70 per cent of Canada's total exports on a value basis would have qualified as "manufactured goods" exports.

For the purpose of making some international comparisons let us use the official United Nations definition for manufactured goods. On the basis of this definition, 55.4 per cent of Canada's total value of exports was classified as manufactured goods exports in 1979. This is in the same range as that of Denmark, The Netherlands and Norway and considerably ahead of Australia's 23.4 per cent. The U.S., which is considered to be the industrial giant of the world, has a comparatively moderate 67.4 per cent proportion of its total exports in the manufactured category.

Looking at volume, Canada's manufactured goods exports increased by 52 per cent in the period 1975 to 1981, a faster rate of growth than that achieved by any other industrialized country except Japan. It was considerably faster than the 26 per cent increase for the United States and compares favourably with the 37 per cent increase for the total European Community.

Another major element in our strong trade performance has been our success in winning major capital projects with the support of the Export Development Corporation. Capital projects have been a major priority for this government during the last couple of years for three simple reasons. First, success in projects means sales of capital goods, which is the labour-intensive side of trade. Capital goods sales will accrue to all regions in the country if we are successful in capital projects. Second is our image abroad as suppliers of high technology goods and services, which is increasing dramatically. Third are the success stories which are being passed from one Canadian company to another, thus encouraging more effort in this area.

Never has there been another time in our history when Canadian businessmen and women have been competing for major capital projects around the world in the megaproject range, which we classify as over $100 million. Not only have we been bidding on them but we have been winning these contracts. The best example, I think, is the contract which Bombardier Corporation achieved in New York the other day. It is our largest contract in history, a $1 billion manufacturing contract which really says something for the future of this country.

I think the record speaks for itself. Canada has made significant strides in diversifying its export base and increasing the range of manufactured goods which it exports in addition to its primary goods exports.

A major impetus in our desire to be competitive and in our preparedness to be competitive to this development was the depreciation of the Canadian dollar during the latter half of the 1970s and the fact that wage and price developments were in line or below those of our major trading competitors. This allowed Canadian businessmen to strengthen their role in the world markets and penetrate new ones. However, we cannot always rely on the exchange rate to improve our competitive position. Instead we must achieve this through improving productivity and keeping costs under control.

For example, Canada at mid-1981 ranked sixth among the ten major industrial countries in terms of hourly wage compensation levels in manufacturing. This relative ranking, which has remained reasonably unchanged since the mid-1970s, played a major role in improving Canadian competitiveness. However, the gap in the absolute wage differentials has narrowed considerably since earlier in the 1970s, leaving Sweden as the only country where wage compensation levels were still as much as one fifth higher than in Canada. While we still hold a competitive edge in wage compensation levels in manufacturing, this edge has narrowed considerably since 1980. Small shifts can have a significant impact on our competitiveness.

We have seen the results of what can happen before. In the early 1970s Canadian wage compensation levels were second only to those in the United States. Canadian competitiveness suffered primarily from a decline in productivity and an increase in unit relative to our major trading partners. This led to a swing from a fairly strong surplus to a deficit in merchandise trade and an even greater deficit in the current account. Investment faltered, imports increased and the Canadian manufacturing base suffered.

As I indicated, exchange rate changes and better price-wage performance changed this picture dramatically in the latter part of the 1970s. However, the current level of inflation and increases in unit costs once again threaten our competitive position internationally. In the last quarter of 1981 wage settlements were in the range of 12.7 per cent on average. This compares with a figure of 5.6 per cent in the United States.

The U.S. is our largest trading partner representing approximately 65 per cent of our imports and exports. The consequences of such a divergence in our wage, and hence cost, performance, it seems to me, are clear.

Canadian future economic prosperity will be largely influenced by our success in the international marketplace. Yet as we all know, more and more countries are becoming keen exporters as rates of domestic growth slow. As well, recent years have witnessed the emergence of the so-called newly industrializing countries as strong competitors for a broad range of goods. The competition is becoming fierce.

To be successful, Canadian goods will need to be competitive in price, quality and delivery. But there is also another element to success in the international marketplace and that is the role of export financing. Competition in this area, particularly with government supported credits, has become particularly severe. While we have sought to make competitive financing available to Canadian exporters, it is clear that over the longer term Canada cannot hope to win a subsidy battle of national treasuries. The only way to win over the longer term is to lower inflation so as to bring interest rates down and thereby be more competitive in the financing we can offer.

What are the consequences if we fail to act? The most immediate consequence is likely to be a lower merchandise trade surplus. Canada requires a large merchandise trade surplus to balance its current services deficit. In these circumstances a declining surplus can lead only to a higher current account deficit. This, in turn, will impact on the exchange rate. The end result will most likely be even greater inflation and we will be trapped in a vicious circle from which it becomes increasingly difficult to extract ourselves.

• (1240)

Now I should like to turn to the area of domestic effects on trade. I have talked about the role exports play in strengthening Canadian economic performance. But trade plays another role as well in helping to keep inflationary costs down in Canada, and that is through imports. We must not forget that trade is a two-way street. A country can pay for its imports over the longer term only if it earns sufficient foreign exchange through its own exports. Canadian imports help in providing foreigners the means by which to buy our goods. As well, imports provide a source of competition, competition which helps to ensure that we keep our wage and price structure competitive, competition which allows Canadian industry to specialize in the areas where they are most efficient.

In the face of the current recession, we increasingly hear loud voices both in Canada and abroad calling for increased protection against import competition. However, we must avoid resorting to protectionism because of the cyclical downturn. This would not solve the problem of Canadian industry. Protectionism here will only be met by protectionism abroad, and our exports would suffer. Protectionism in Canada would also remove an important stimulant to Canadian industry to adjust and to become more internationally competitive.

There have been exceptional circumstances where the government, as well as our trading partners, have acted to restrict import competition faced by certain industries because of exceptional and special social and economic circumstances. However, I want to reiterate that these are exceptional cases.

These measures are not permanent solutions, and Canadian industry should not consider them as such. The only long-term answer is adjustment and improved competitiveness. Canadian industry must make use of the temporary respite provided to ensure that they are in a position to compete both in Canada and abroad when these special measures are lifted.

[*Translation*]

As far as our trade interests are concerned, my message to you is very straightforward. The viability of the Canadian economy as a large trading unit depends mostly on Canada's ability to compete on our export markets. This country has made significant strides in diversifying its export base and increasing the range of manufactured goods which it exports abroad. However, prices and wages in Canada are rising dramatically above those of our principal trading partners, especially the United States. The result will be, if we do not act, a decline in our competitiveness internationally and also a decline in our foreign trade balance. This, in turn, would only feed inflation and further complicate an already difficult situation. The only viable solution in the long term is to control inflation and thus improve our cost price.

That is my message. It is a challenge addressed to all Canadians, asking them to help us overcome this crisis.

[*English*]

In my 11 years of public life, Mr. Speaker, this will be the third time that I have participated in a reduction in salary. I think it is important not to use the scapegoat theory. For many of us who come from various professions, we took a substantial cut in compensation to become Members of Parliament, mayors, councillors or provincial legislators. We did not choose this profession because of any monetary gains. For most of us this reduction is what occurred when we first entered public life.

At one time I was the mayor of a community which had the highest unemployment rate in Canada. That was the reason I entered public life. To set an example, I cut my public pay cheque by approximately 10 per cent. I can recall the first negotiation meeting I had when the person opposite me at the table said, "Just because you are foolish does not mean that we have to be." I do not happen to believe in the scapegoat theory, but I believe that these are extraordinary times and, therefore, we must take extraordinary measures.

As I travel across Canada, as I am sure my colleagues on both sides of the House have done, I know the feeling out there is that we in Ottawa are insulated and insensitive to the specific problems faced by Canadians in all walks of life. I am sure my colleagues would agree that in politics perception very quickly becomes reality. It is important that we as parliamentarians, with the control which we have over a substantial portion of the Canadian economy including that with respect

to public servants, should show the leadership necessary to get us out of these economic doldrums.

I happen to be very fortunate to have many dedicated public servants living in my riding. I am not one who thinks that public servants are overpaid and underworked. Collectively, I do not think they are any more overpaid or underworked than people in the private sector. Having come from the private sector and having been relatively successful in it, I think there are as many mistakes made in the private sector as there are in the public sector. They just do not happen to have all the cameras and media people from across the country watching them as we do in the public sector.

In general, I have found that the public servants with whom I have worked in five different departments since coming to Ottawa are as dedicated as any of the employees I met during my days in the private sector. I think, from talking to rank and file public servants in my constituency and here in Ottawa, they are prepared to accept that leadership role.

I should like to talk about a matter which has affected me personally in the last couple of days. Many hon. members throughout the debate on inflation and unemployment during the past couple of months have talked about the tragedies of individuals who have come to their offices. Two days ago my next door neighbour, my best friend and the father of four children of whom I am the godfather, was killed in a tragic accident. It made the front page of the local newspaper because he was a very dedicated community leader. I want to recite, for the benefit of my colleagues in the House, what happened to this particular gentleman and a partial cause of this sad occasion. I am not attributing any particular blame.

He came to this country over 20 years ago and started at the bottom echelon with a small company employing about 25 people. He worked his way to the top of the company, and at one point where several years ago the company employed 500 people. Then a series of disruptions in the postal service over a period of time totally destroyed his mail order business, so much so that in the last four or five months his company was employing only 25 to 30 people as it had over 20 years ago. For months this gentleman had been fighting to try to save the company, not only for him but for the very dedicated people who worked for him during this 20-year period. He ran back and forth between Cornwall and Montreal, and Ottawa and Toronto trying to find some solution to salvage the company. In this process he wore himself down to the point where he fell asleep driving his car, with the resulting tragic consequences.

There is much human suffering with which we as Members of Parliament are very familiar. When we go to our riding offices on the weekends these people come in to see us. This is why I feel so strongly about this particular bill. No one likes to have something which has been, or is expected to be held back. Those of us who are parents and husbands know that when we have to reduce spending in our own families difficulties occur. Some of us know this as managers in our private lives before becoming parliamentarians.

If we listen to our constituents, as I do, we find that Canadians are thinking more about the future for their children than ever before. One of their great concerns is the legacy which we as a society will leave our children. Will we leave as a society the legacy which our ancestors left us? As parliamentarians and as legislators, I think we grossly underestimate the intelligence of Canadians, their understanding of the problems and their resolve to solve them. Also we underestimate the willingness of Canadians to share the bad times as we shared the good times.

I think the budget of the Minister of Finance helps us to share with those in the system who unfortunately have lost their jobs. If we, not just as the government and public servants, but at every level of government and in every business, commit ourselves to following the leadership set down in this bill, then after a short period of time we would be back on the road to recovery which each and every one of us desires.

Inflation affects everyone. Our legacy is very important. It is not only an individual responsibility, but also it is a collective one. We are asking all Canadians to join us in this challenge. The people of Canada expect leadership to start in Parliament. I sincerely hope that every member in this chamber, regardless of his or her party affiliation, will support this piece of legislation.

• (1250)

Hon. Jake Epp (Provencher): Mr. Speaker, I want to put a few comments on the record regarding Bill C-124 as they relate to the Canadian economy as I see it at this time. The first point that I want to make is that I believe restraint in the public sector and the federal government is necessary. It is necessary for a number of reasons. It is necessary when one takes a look at the ever-increasing expenditures that federal governments have been facing and making over the last years. For example, if one looks at the 1968 figures for Canada, one finds that Canada's accumulated deficit was approximately $17 billion. Today, some 14 years later, it stands at about $130 billion.

When one takes a further look at the figures, one finds that for every dollar of taxation collected by the federal government—we must keep in mind that these are dollars earned by ordinary Canadians which they have paid in federal taxes—everyone of those after tax dollars uses 23 cents to service the national debt. That money does not go to pay the national debt, just to service it.

I agree with those who say that cutting back is always difficult, but I believe it has to be done and examples have to be set. While there are flaws in Bill C-124, which I will point out later, it is for that reason that on principle only I believe the federal government must show example.

While members opposite may say it is the reaction of an opposition member, I am sure if the government has sufficient credibility in the country to make this bill work. Inflation may come down but I think as Canadians look at it objectively they may seriously question whether the government has that credibility. This is a serious point I am making because the

program can and only will work to reduce the ravages of inflation on ordinary Canadians if they sincerely believe that government has both the credibility and the willingness to cut back on its own pet projects in order to bring down inflation.

Before I expand on these points, I must say that I find the position of the NDP very interesting. I listened to the speech by the hon. member for Regina West (Mr. Benjamin) in which he said, for example, that anyone who votes for Bill C-124 is voting for unfairness.

Mr. Benjamin: Your own members said that.

Mr. Epp: If you will let me finish I will try to make a point. As I have stated, there is no question that Bill C-124 is rough justice and that it is unfair but the hon. member has also been around here long enough to know that some amendments could be considered and made in committee. I do not think that he should use his position as a Member of Parliament to infer that a bill does something which it does not do. As I read Bill C-124, I do not see any provisions on the old age pension included in it. Yet he made this distinct point that anyone who supports Bill C-124 supports a reduction of old age pensions. That is just not the case.

Mr. Benjamin: It is the same principle.

Mr. Epp: We are not talking about that issue. It is not in this bill. I think the member should at least have the insight to recognize that the bill does not deal with that section. There are many old age pensioners who are concerned about the ravages of inflation on their income today. One thing we should not do in the House is to project something to them which is not the case in this bill. I would ask the hon. member for Regina West to bear that in mind.

He also said that the mess we are in today is because of former Liberal and Conservatives governments. I want to expand on that as well. We in Manitoba are the only province which has an NDP government.

Mr. Nystrom: You are lucky.

Mr. Epp: Let us look at the facts and see if we are lucky.

Mr. Waddell: Are you running for leadership?

Mr. Epp: Any time I can defeat you, I will run. That government made two promises during the election campaign. They were: first, if elected no Manitoban would lose his job; second, no Manitoban would lose his business. What are the details? It was interesting to notice today that the hon. member for Churchill (Mr. Murphy) who supports the NDP got up to speak. I imagine even he reads the report on business in *The Globe and Mail* because there is an article today entitled "Sherritt Gordon extends shutdown of Manitoba mines". There was a seven-week shutdown which was extended to eight weeks. The same thing applies to Inco. No matter how the NDP cut it, one point they have to recognize is the promise they made that no Manitoban will lose his or her job.

Mr. Benjamin: On account of the NDP.

Mr. Epp: You are putting words in that were not there. I am simply saying to you, "Physician, heal thyself"!

They also said that no Manitoban would lose his or her business. One of the first businesses that went down the flue was one known as Schreyer Equipment. Since then, on main-street Manitoba, others have gone broke.

When I speak to businessmen and women they state that one of the reasons for their difficulty is a 1.5 per cent payroll tax. There is a payroll tax at a time when jobs are less numerous and businesses are struggling. What does the NDP government do? They add 1.5 per cent on to the gross payroll of every business. It is a tax to work. Here, they pontificate by saying that they would not do it this way. They do it quite another way; they tax for the right to work in Manitoba. They do this after the promises they made. When the NDP explain to me how they can achieve nirvana, I do not accept it.

Another point I wish to make to them bluntly is that when they say they will vote against the bill, it also means that they will vote against the salary cut of Members of Parliament. When you look at the bill you will see this is one section of the bill they will not support. Surely there is no question that Members of Parliament, senators and senior civil servants have a responsibility at this period of time to constrict their salary demands as well.

Mr. Benjamin: Leave that clause in and delete all the others.

Mr. Epp: When I began my remarks I asked if the program can work. Can we get to the 6 per cent world of which the Minister of Finance (Mr. MacEachen) is so fond of speaking? I said it would depend on credibility. Personally, I seriously question that credibility because of statements that have been made before by the Minister of Finance and the Prime Minister (Mr. Trudeau) especially.

To illustrate this question of credibility, the Minister of State for International Trade (Mr. Lumley), for example, whom I believe to be a sincere person trying to do a good job for Canadians, said that we cannot follow the same course as Sweden, for instance. I agree. It is a country, however, that has remained and frequently been cited by the Prime Minister as a model that he would like Canada to follow.

There is also the question of credibility when the Prime Minister, during a year-end interview, questioned whether the marketplace either works or can work. That had a serious effect on the market economy and business generally.

I notice that it is one o'clock, Mr. Speaker. May I adjourn and continue at two o'clock?

[*Translation*]

Mr. Deputy Speaker: Order, please. It being one o'clock, I do now leave the chair until 2 p.m.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Deputy Speaker: At one o'clock the hon. member for Provencher had the floor.

Mr. Epp: Mr. Speaker, prior to the adjournment for lunch I had pointed out that I believe restraint is necessary, but that restraint can only work if the government has a certain amount of credibility, and I raised doubts as to that credibility. Specifically in relation to Bill C-124, there have been criticisms that it is not fair. I am one who shares that view even though I have said that I support a restraint program.

When the bill goes to committee after the vote at four o'clock this afternoon, there are two specific areas that members of that committee should consider; that is, whether Bill C-124 needs to go so far or whether we need to go so far in relation to the terms of collective bargaining. As one reads the bill, one finds that it would put a cap of 6 per cent next year and 5 per cent the year thereafter on federal public service salaries. What it also does for that period of time, at least in the practical sense, is that it virtually eliminates collective bargaining.

• (1410)

There are areas in collective bargaining that could be and should be maintained even during that period. I will get to those areas, but before doing so I would like to give the reasons why I believe that to be the case. I believe that collective bargaining has worked in the public service. If one takes a look at the number of contracts that have been negotiated between the government and the public service, one finds that the number of times where breakdowns occurred is very limited. Granted, some of those were high profile ones. I would like to see some change there concerning essential services, but I am not speaking of essential services at this stage. Members could very quickly say that that refers to the post office, and I agree with them. I think Canadians should be and are entitled to the maintenance of certain services, and Canada Post is an essential service. But by and large, the record of negotiation and agreement around the table between the public service and the federal government has been good.

Should we, through Bill C-124, suspend that process for two years, I question what would be the climate when those two years end in terms of the collective bargaining process between the public service and the federal government. I said I would raise two points which I would think could still remain open for bargaining during that period of time. Other members will, I am sure, have other instances to mention. One is the matter of health and safety in the workplace. I have no doubt that the issue of health and safety in the workplace remains a legitimate and valid area of negotiation, even during this two-and-a-half-year period that is to start now. I have federal civil servants in my riding who work, for example, as inspectors in abattoirs. There is often a question of health and safety there that it is necessary to examine and this has to be negotiated.

There is also the question of Revenue Canada employees at the international border. I have a number of ports along the Canadian-United States international border. In fact, a study was done some time ago looking at the danger these men and women are often faced with in their work. For instance, there is the new sophistication of smuggling in the area of drugs. For some period of time they have been working with the department and with the public service trying to develop a plan whereby they could address these new, modern problems that these employees face at the border. I see no reason why in this two-year period that kind of negotiation should not go on. In fact, it should be encouraged to go on.

I also see no difficulty, Mr. Speaker, in continuing the concept of equal pay for work of equal value. Those areas should be continued in negotiation form during the next two years. I do not see how that would affect the restraint program in any way. There might be the argument that there would be some reclassification and therefore there might be some additional cost to the treasury, but I think on balance, for the net return and for the climate we can create, those are two areas to be discussed. I suggest to the President of the Treasury Board (Mr. Johnston) that he look at that point seriously in terms of amendments, either from our side or from the government side. We could bring in amendments which would allow those processes to continue, and I think the collective bargaining process would be enhanced during that period of time should we do that.

I mentioned also, Mr. Speaker, the question of credibility. I have no doubt that we have to bring in restraint in terms of the cause of inflation. I have a press release here from UPI in Paris which says that according to OECD, Canada led the western world in inflation in May with a 1.4 per cent rise for that month. The average for the western industrialized nations during the same month was .8 of 1 per cent. In other words our inflation rate was virtually double. So had the annualized inflation rate for the other countries of the OECD, with the exception of Spain and Luxembourg, which had the same rate for the month of May as we did. The average annualized rate was 8.4 per cent and we are in double-digit inflation. Therefore, the case being made that we have to reduce inflation and bring in restraint is backed by very clear evidence.

One area of credibility where the government is seriously lacking—and questions have been addressed to this in the House over the last couple of days—is the fact that the government is saying, "We will cap 6 per cent and 5 per cent, but we will not necessarily reduce the fees that we charge for users of federal government services." I have in my hand, Mr. Speaker, a letter from a federal public servant who lives in my riding. He works in Pinawa, Manitoba. Pinawa is the site of the atomic energy research station that is called the Whiteshell

atomic energy research station. It is a federal civil service community. These people are good citizens. They have worked hard in their contribution to Canada. Here is the first paragraph of that letter from a person who works there:

> Enclosed herein is a copy of a rental increase notice that we received July 3, 1982. It is interesting in the fact that this is the same government that is busy selling the 6 per cent solution to the country which I believe is long overdue. However, it seems inconsistent with what they are saying and expecting others to do.

Here is a public servant saying that the 6 per cent world, or the capping of his income or salary at 6 per cent, is long overdue. When people are looking at the television screen, they should be careful to differentiate between some of the labour leaders and the rank and file who live in our ridings. Here is one person who as a Canadian, is saying, "That is fine". But he is also saying more, in the attached letter. It is surprising that this letter is dated one day after the budget came down. The budget came down on June 28 and the letter is dated June 29. In the letter he says that the housing that he is renting from the federal government is being increased in rent by 15 per cent.

This is what I mean by credibility. The government will have to examine its expenditures and also its fees to see whether or not it can rationalize them and reduce costs in order that the fees that it charges will be more in keeping with the 6 per cent world it is talking about.

Additionally, Mr. Speaker, I have a letter here from the Winnipeg chamber of commerce. They have written to the hon. Minister of Transport (Mr. Pepin) pointing out to him the increases in the air transport tax maximum. For example, they point out that the average tax increase per ticket for Winnipeg travellers—or for Manitoba travellers, as I would put it—will go up $4.69 per ticket. To put it another way, it will be 68 per cent higher than the simple average in other Canadian airports. Now, you cannot have a 6 per cent world with 68 per cent increases. It is not possible. This is the dilemma the country and the government face. On the one hand, we have to rationalize those services; on the other hand, we ask Canadians to restrict themselves to 6 per cent.

I want to be positive and point out some other ways which I think would help in terms of bringing inflation down. Regarding the fairness of this measure, I would have preferred to see a bill whereby there would have been graduated percentages. By graduated percentages of increase, I mean that a person working in the federal public service below a certain salary would have received a cost of living adjustment, a COLA, and that it would have been graduated up to a certain salary level where there would be zero increase. That would have been more fair. I admit I have not got the figures with me and possibly when I make that suggestion I should have them before me, before I make the suggestion, when I am asked what saving there would be to the federal treasury. But in terms of visible fairness, I think that would be a better approach.

• (1420)

There are ways other than this by which we can reduce inflation. I have already mentioned the deficit. There is no way the federal government can achieve the restraint it seeks by increasing the national deficit, as it has been doing. The government loses credibility when in its November budget it says the deficit will probably be $10 billion or $11 billion, and then it comes back seven months later, in June, and indicates it will be $19.6 billion or $20 billion. Anyone in this House who has looked at the figures knows that $20 billion will not be sufficient. It is more likely that $22 billion to $25 billion will be needed. That hurts credibility, and that hurts any restraint program.

The government must come to grips with the deficit. The argument put forward by the government for a "six and five world" is the only one we support. Why does the Prime Minister or the Minister of Finance turn down the suggestion that we form an all-party committee and examine proposed expenditures before they are made? The examination should not take place after the expenditure is made, as we do in the Public Accounts Committee. In that committee we look at expenditures after the fact. Why do we as Members of Parliament not sit down and go through expenditures with a fine-tooth-comb and see where, in some cases, we might eliminate expenditures and, in others, where we might be able to suspend or postpone expenditures? In other cases we might be able to reduce expenditures at least marginally. Surely that is a valid exercise and a traditional role of Parliament. If the government really wants to bring about the restraint it seeks, I seriously question why it does not take that route. We have mentioned this before and I am mentioning it again. That is the way it has to be done.

Canada is a federal state. Without question, a federal state can be costly. We all know there is duplication in the roles of the federal and provincial governments. With respect to division of powers, the Fathers of Confederation felt it necessary that some services be jointly administered by the federal and provincial governments, with primacy being held by the federal government. I know a study of duplication of federal and provincial services has been undertaken. Why can we not undertake that kind of study? If there is duplication of services, let us see how that can be eliminated. That surely would be a valid exercise for Members of Parliament. Surely that would be a valid attempt to reduce the deficit and the current account deficit.

Mr. Baker (Nepean-Carleton): What about that silly decentralization program?

Mr. Epp: And there are other programs. I am talking about duplication, but when we are looking at restraint I think it is important that we do not fix ourselves narrowly on one program and think that somehow we can reverse what I believe has become a colossal problem for Canadians. We have to look

at every opportunity and every angle, and that is why I am putting forward these suggestions today.

There are other matters to which I want to refer. My colleague, the hon. member for Nepean-Carleton (Mr. Baker), came in a moment ago and said, "What about the decentralization program?" Even though decentralization is a valid and worthwhile objective in a federal state, can we afford it at this time? Should we be increasing the deficit at this time? These are hard decisions. I know there are Members of Parliament who would say, "My community will get a certain service, so therefore I am for it". I can understand the politics of that and I can understand the interest, but right now I am more interested in turning the economic ship of state around than simply looking at what might be advantageous at this moment to any one specific area.

Another matter of concern in terms of reducing inflation is the matter of federal-provincial conflict. Recently the Canadian Chamber of Commerce has been having discussions with non-Canadian businessmen who want to invest in Canada. Non-Canadian businesses have not been willing to invest in Canada and feel that the reason Canada's inflation rate is higher than in the average OECD country is federal-provincial conflict. I think it is time for the Prime Minister to stop making statements like "Co-operative federalism is dead". The constant struggle and the constant bickering with the provinces should stop. We should study how we can reduce the level of conflict between the federal and provincial governments. I know that in a federal state there is a natural tension between provincial and federal governments. It has always been so, but at this stage I think it is important that we realize that federal-provincial conflicts have cost us a lot of money—one example is the energy conflict—and we must put some of that behind us.

There are other matters one could, and should, mention. Because of its actions this government has a reputation for being anti-business. Business people point out very quickly that there does not seem to be an understanding either at the ministerial level or on the part of the public service of what business is going through. Over the years it has been easy to tax business. It has been easy to increase tax rates and somehow to feel that business would always survive and continue and that jobs would always be available. However, things suddenly have changed. It is striking that individual Canadians have been saying that the business climate must be improved. These Canadians include business people and workers. Workers are saying that the business climate must be improved because, if it is not improved, workers' jobs will be lost.

The question of restraint is not necessarily the dominant one in the minds of many workers and other Canadians today. The dominant question is how Canadians can retain their jobs. With all the kindness I can muster, I suggest, especially to my government friends but also to my friends in the New Democratic Party, that they reconsider the anti-business words I hear so often. I hear the word "multinationals". I hear the word "transnationals". I hear anti-business words, and I think we should re-examine whether that is in the best interests of Canada. I believe it is not. This country was built by entrepreneurship and risk takers, and Canadian workers as a group have benefited because businesses have prospered.

I want to leave the House with one last thought; Your Honour might ask whether it is relevant to Bill C-124. When I look at the restraint program and Canadian society, I wonder how a government which establishes national goals—and I do not refer just to this federal government—can transmit those goals to the average citizen and make the point that they have validity. We have been able to do that in times of war. We were able to do it during the great depression. There have been other periods of time during which we have been able to do that. However, as I see the ever-increasing growth of the social welfare state and its concomitant larger bureaucracy—I am not trying to paint with a wide brush—and as I see the infrastructure that kind of state needs to support itself, I believe it becomes more difficult to establish national goals, and citizens too often look at what could be a valid national goal not in the national context but, rather, in the personal context or in the context of a special interest group.

Let me give an example. I think most Members of Parliament here would agree that energy self-sufficiency in all forms is a valid national goal. I think we can agree on that quickly. However, when we look at methods we might use to achieve that goal, that is when we seem to fall apart. We are obviously facing restrictions in terms of the ability of government to deliver services, and we must ask ourselves how Canadians react to the restriction of those services. Because there is a larger national goal, and that is to restore the economy and restore potential future prosperity.

• (1430)

I think the question with which this House has to wrestle is whether we want to maintain the social welfare structure. I think every member would agree that we do, but how are we to achieve it if the economy is not able to support that structure? All one has to do is consider the last census which shows an aging population and a very narrow demographic base to support it. What will happen 20 years from now when there may be a struggle because of age between those who are paying and those who feel the system should be paying them a pension?

Another matter that has bothered me in the years I have been here is that this Parliament is not able to establish valid national goals. This is the time when national goals should be established, and only time will tell whether the government will be successful in doing this. The chances of success will be much greater if we do not restrict ourselves to the program before us today but consider reducing expenditures in some of the pet projects of the government. We must seek more co-operation with the provinces and with business. We must also be willing to admit our mistakes and reject those things which have led us to the economic malaise we are now experiencing.

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I am pleased to be able to

comment on this bill. In essence I support it, yet it is difficult to say that it is good legislation because of such and such a thing. The easy thing would be to stand in my place and vote at the appropriate time, claiming that I had to vote for it because it is a government bill and, in that way, I could hide behind the collective will of the government. I am not voting for it for that reason, however.

I support the bill in principle because I think it can be immensely significant if we allow it to be. By itself, it will not bring about any miracles. We are asking civil servants and employees of Crown corporations to accept restraint. Considering the size of the public service and of Crown corporations, a large number of people will be affected. We will even vote to curtail our own remuneration and I know that many people in the country would say hurrah to that. Through this legislation we are trying to show that we believe it is necessary to set an example.

The intent of the legislation will fail, however, if it is an isolated measure. We are asking people who serve this country very well to accept restraint, but I am not sure that all Canadians recognize that they have the same responsibility.

One of the things about the legislation that bothers me is that it may lead some members of the public to fall into the pastime of bashing the civil service. As the hon. member who spoke before me said, Canadians are well served by their civil service, particularly by the federal civil service. I do not subscribe to the idea that it is overstaffed with inefficient people. Indeed, Mr. Speaker, you could walk into a manufacturing plant and see people whom you would think were not really gainfully employed or you could walk into a commercial establishment and find that ten clerks give good service but two do not. There is a people problem in everything.

In my experience with civil servants, I find they serve us very well and often under difficult circumstances. But it is popular to try to lay the blame for our economic ills on the doorstep of politicians and civil servants. Many people believe they should accept restraint because they are overpaid and underworked. I reject that idea. It is grossly unfair.

We have to start somewhere with this program and because of the difficulty that we all know of introducing total controls, which I think are unpalatable unless used as a last resort, we have somehow to get the message across to the people of Canada that we have serious economic problems. We must find ways of setting examples. If we give leadership, then I believe other people will fall into line with it.

No one wants a restraint program, Mr. Speaker. The hon. member who just spoke mentioned the private sector and the necessity of protecting it. I subscribe to that idea. As a former president of a chamber of commerce, I still have an interest in their activities so I subscribe to the free enterprise system. I recognize that it built the country and, in the long run, will continue to contribute to its development.

There is a role for all of us, however. We have to start somewhere, and if we accept the idea that it is acceptable to have total controls but that we must show leadership and hope that the rest of the country will follow voluntarily, I think they will work. If we can involve enough people in restraint, then perhaps the private sector will go along. If we ask our federal civil servants to accept restraint, then our provincial counterparts must ask the same thing of the people who serve them. Then the municipalities, the school boards and other organizations must follow, and in the end a very large number of people will accept restraint.

If that should happen, then in the normal course of events I would think most businessmen would negotiate with their employees, saying, in effect, "I respect what you do and I think you do your job well, but guidelines have been put forward that we think are reasonable and we should fall into line with them." By themselves they will not work, and so there is a domino effect the other way. We get into trouble because of dominoes falling the wrong way, and sometimes get out of trouble if we can have them falling in the proper direction. So perhaps the private sector will also begin to accept that, well, if I just have a modicum of faith, maybe we can live in a 6 per cent environment. If I participate, maybe it will work. I know many people listening this afternoon may say, well, this man is living in a dream world. Maybe I am being a bit of an idealist, but already we see signs that labour is saying that yes, given the difficult times and the example which is about to be set, maybe we can find ways to accommodate the direction the country ought to be going in.

• (1440)

I guess I have taken the long way around, Mr. Speaker, in simply saying to our civil servants and ourselves, the parliamentarians, please accept this restraint. I make the point in a mild manner that we in this House are accepting a reduction, but we are really asking public servants to accept a lowering of expectations in a very real way. However, if we just leave it with them, it is not going to accomplish anything. We have simply made them sacrificial lambs. However, if—and that is a big "if"—all of us say, no matter on what side of the House we sit or what enterprise we are in, that we really need to do something, if we believe the argument, a most valid one, that the biggest enemy is inflation and we will accept restraint, then just maybe other people will accept the same thing.

It has been said with regard to the civil servants, Mr. Speaker, that we are asking them—sure, we are imposing it on them through legislation, but we are really asking them—

An hon. Member: That is called "telling", not asking.

Mr. Masters: All right, we are telling them, but at the same time I am asking them and hon. members opposite to accept the idea that we have to start somewhere. If we continually throw up our hands and say it is always going to be 10 per cent so I want 12 per cent, where do we end up? We just continue the everlasting spiral. The logic is irrefutable. But everyone says yes, I will follow that but I will wait for the next guy to do something. We are trying to set an example for others to follow. And it can happen, Mr. Speaker. Everyone looks to the federal government to be the leader in economic matters. No

matter what the spending at the provincial or municipal levels, we take the rap for it. Well, if we are going to take the rap for it, let us do something about it.

I am glad to say that I did not hear any groaning in this House about not accepting a cutback in our wages because we believe we deserve the remuneration offered. I believe as a member of this House—and I think I speak for all members—I have to do something, and I am going to put my money where my mouth is. We have said we do not really want to go or should have to go to a whole pile of extraordinary measures to bring inflation, and thus the economy, under control. If we can get some support, some recognition, we can do it. You know, Mr. Speaker, I feel like Peter Pan, saying: "Do you believe? Everyone clap if you believe." However, sometimes you have to have that kind of vision and attitude.

An hon. Member: You are closer to Tinkerbell.

Mr. Masters: Yes, maybe Tinkerbell will come and help because we believe.

An hon. Member: You have Tinkerbell policies.

Mr. Deputy Speaker: Order, please.

Mr. Masters: Going back to the matter at hand, Mr. Speaker, I have to tell you that I am most impressed with the messages I have received from the many people who serve this country well in our civil service. That includes a son-in-law, so this process comes pretty close to home. It affects my daughter, it affects my grandchildren and, as I say, it is not an abstract "do it to somebody else" kind of problem.

Mr. Waddell: Wait until the economy of Ottawa collapses.

Mr. Masters: I feel they are behaving responsibly. They are saying no, they do not like it, and nobody is going to jump up and down with joy. But they have said okay, we think we can live with it.

There are problems with certain aspects of this bill, Mr. Speaker, and that is why I am glad that when it leaves the House today at roughly four o'clock—I hope it will be at four o'clock—it will go into committee where there will be an opportunity for many witnesses from many areas of the economy to come forward and be heard.

While we are discussing the restraint on wages side of the economy, I have another plea to make. From the businessman's point of view restraint of wages is a great idea, but I hope the business community knows that they have to be very responsible and honest. I think our business community is honest, but they have to be very careful that whatever price increases they may have in mind are reasonable. Too often in this country we have seen price increases which, at least in my view, are really not that explainable. They have to look at how competitive they really are. If we see wage restraint, beginning with the example set by civil servants, and then we see a spiral of increasing prices, then we know we have a very tough road ahead of us and we will never really get out of the vicious circle in which we find ourselves.

We have a real need for everyone involved to recognize that, if they are not going to play the game fairly, then it is all for nothing. We have then done a great disservice to the public servants of this country by asking them to accept the imposition of restraint measures, and they are going to have to do this in isolation. I keep coming around and around to that point. I do not mean to be naive. I am just saying that if we accept the fact that we have great difficulty in this country and in the world because of inflation, we have to ask ourselves what we can do about it. Obviously, one of the things is to bring down as quickly as we can our cost factors, which include wages, productivity, and all the rest.

• (1450)

There is a saying "Let George do it". It simply means a job has to be done and by golly, it will get done. It will get done as long as "he" does it. Somewhere along the line we had better all start calling ourselves George, because we are all in this together. We all have the power within ourselves to make things work or not to make things work.

Briefly I would like to address myself to the official opposition and to the New Democratic Party on this point. There is a great onus on members of the opposition parties in these difficult times.

Mr. Deans: What about you? You are the government.

Mr. Masters: As there is also on us, yes. There comes a time when we should get away from the partisan line and concentrate on what really has to be done. Everyone here says that something has to be done. We hear different suggestions over open line programs ranging from asking us to spend more to asking us to spend less, or something in between, whatever it might be. But right now we know that one of the prime needs in this country is to find a device to give us a renewed feeling of confidence about the country and to find ways of restraining ourselves so that we can continue to enjoy the extremely high standard of living that we have enjoyed.

We have within this group, in this chamber that we all respect so much, the opportunity to say: "Okay, let us at least give this particular bill a chance to work." Let us see if it will do something. If it does not work because we blindly hope that the rest of the country will take heart by the move and will fall in line, then it is the opposition's turn to come back and say "See, I told you so".

In many areas of this country and in many sectors of our economy there is an opportunity for all of us to come four square behind the principle of letting something work.

Mr. Heap: You should have done it six years ago.

Mr. Masters: I was not here six years ago.

Mr. Heap: You sure didn't learn much, did you? It didn't work then.

Mr. Masters: But it is also the time not to dwell so much on what happened yesterday. It is time to ask right now, today,

what can we do that makes us enjoy today just a little bit more and that gives us a tomorrow that is even better than today? Today is bad for some people. I think sometimes we lose our perspective of things. But for many of us we have pretty good times. I have heard some speeches in the House on this piece of legislation which have referred back to the 1930s and so on. Yes, I do believe that we learn from history, Mr. Speaker.

Mr. Heap: You don't.

Mr. Masters: We take it as something we have studied and we hope we do not repeat the mistakes of the past. But we only use that information as a building block. We have to bring it into the context of changing worldwide conditions, changing public attitudes and so on.

We are asking today for passage of Bill C-124 at this stage so that it can go to the committee. I want the public servants of Canada and the many other people affected to know that when this bill goes into committee there will be an opportunity for them to have direct input into the final form of this bill. In my view, the government has the opportunity to provide a very tangible example to the country, recognizing full well—and I do not think anybody is trying to kid anyone else; things are far too serious to play funny little political games or to take a cavalier attitude toward the individuals involved—that those who, by this piece of legislation, are put in the position of accepting less of an increase than they normally might have expected, are getting one nonetheless.

We are saying that this is something we can do immediately. If we do not know that now is the time to act, we have wasted a lot of valuable time in this House talking about many things that do not mean anything. We have an opportunity in concert with one segment of the economy over which we have some direct control to do something. In most segments of the economy—and this is often forgotten—our controls are all very indirect. But now we have an opportunity in a very direct way to work with people under our jurisdiction. We can say to them: "Will you accept restraint and, while we are making this restraint law, we hope you will accept it in the spirit that we respect you and that we need you to help us set this example to the country."

We are asking people to do this. We are praying fervently as hard as we can that the rest of the country, including hon. members opposite, will recognize that we are in serious times but they can be corrected by a collective will. This goes beyond just the political process. We should not be worrying so much about what our general political philosophies might be. It comes to the point where we have difficulties that are insoluble in isolation but are certainly possible to solve if they are taken collectively. I am coming back to a phrase that has been used about the civil service in this country. We are really asking them to be heroic. That sounds corny but it is not.

• (1500)

Mr. Waddell: You are corny.

Mr. Masters: I hear the hon. member opposite but, by golly, I have had many contacts with public servants during the past week. They have indicated that they accept the fact that they must be example-setters in the area of employment. They accept it, but they hope that the rest of the country realizes that they are not overjoyed. By and large they have agreed to accept it as graciously and as sincerely as they can, as long as we play fair with them. I hope they will see a sign of that fairness.

Mr. Waddell: Why did you take away their collective bargaining rights?

Mr. Masters: That item will be well discussed in committee next week. I think the hon. member has to be careful when he says that we are taking away collective bargaining rights. He should not confuse that with suspending certain portions of them. He should keep in mind that the bargaining process will continue throughout the restraint period.

Mr. Waddell: Why don't you just get out of office? That is what the Canadian public wants.

Mr. Masters: I heard the hon. member opposite. I am afraid that hon. members opposite do not recognize—

Mr. Forrestall: I am sitting opposite and I should like to be associated with that comment.

Mrs. Erola: Then you will be labelled a socialist.

Mr. Masters: The popular thing to do on this particular issue is to use it as a lever for votes.

Mr. Waddell: That is what you are doing.

Mr. Deans: It is the worst move I have seen in 20 years of politics.

Mr. Masters: As an individual Member of Parliament I am prepared to support this legislation.

Mr. Waddell: Because Trudeau told you to.

Mr. Masters: I support it because it is the responsible thing to do at this particular time.

Mr. Forrestall: You were ahead of the game a few moments ago.

Mr. Masters: Mr. Speaker, it is very easy for hon. members opposite to deflect this debate into political arguments of partisanship and so on, but I believe there is a chance for the country to do what it has done so many times in the past. We must come together as one people with a common cause. At the present time the common cause is the fact that there is a totally unacceptable inflation rate in the country and there is a need to examine our ability as a nation to be more productive.

While this particular piece of legislation is asking a great deal of a few, I believe it will work if all Canadian workers rally behind it. They should rally behind the example set and

exhibit the belief that Canada can be an even better place in which to live.

Let me say in conclusion that, as I said earlier, it will not work if we leave it to George, unless we all call ourselves "George" and get behind it.

Some hon. Members: Hear, hear!

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, it is 3.05 o'clock and in 55 minutes hon. members will have to make a fairly fundamental decision. The decision has nothing to do with restraint. Good God, Bob Stanfield talked about restraint in the House 12 years ago. In fact, he talked about it in the 1972 and 1974 election campaigns. Not once during the course of this debate have I heard a member of government rise and say, "Canada, I am sorry I have blown it. I have goofed; I have not run our country well." I have not heard one of them indicate that he or she was prepared to apologize and to take some steps now to try to change the direction. We are hell-bent for hell. Our country is down the drain. In its haste to change the direction—unlike Casey who let her go—the government produced a restraint package.

I am prepared to give the government the benefit of the doubt. In the hasty in-cabinet drafting of this measure, I think government members were not fully aware of the consequences of the suspension of collective bargaining rights for which the nation strived so hard. It was not only public servants who strived for it, but all workers throughout the country. They were not aware of the implications of the wording of their hasty drafting. I doubt very much whether the drafters of the legislation bothered to refer to Dr. Finkelman's report, to the Heeney report, or to the extraordinarily good work of the joint parliamentary committee of the Senate and the House of Commons which dealt with employer-employee relations in the public service of Canada. Indeed, I have searched throughout the bill for some trace of recognition of the development of the collective bargaining process in the history of Canada. There is no trace whatsoever.

Mr. Nickerson: Mr. Speaker, I rise on a point of order. I notice that there are several hon. members of the New Democratic Party who have taken up positions directly behind the hon. member for Dartmouth-Halifax East (Mr. Forrestall). In view of the television camera, it may be that the said hon. member might not take kindly to that. He might not want to be associated with people of that particular stripe. I wonder whether it is within the rules of the House for the hon. member to request that they take their proper seats.

The Acting Speaker (Mr. Blaker): It is entirely open to the hon. member for Dartmouth-Halifax East (Mr. Forrestall) to request those sitting near him to move, but I must indicate to the hon. member for Western Arctic (Mr. Nickerson) that any member may sit in any seat in the House at any time.

Mr. Forrestall: Mr. Speaker, give me ten minutes over there in the seat of the Prime Minister (Mr. Trudeau) and I will straighten out the country.

Some hon. Members: Hear, hear!

Mr. Forrestall: The late hon. member for Prince Albert would say of this rump sitting behind me, "Begone; I am on the track of lions, not of rabbits." Look at them, look at them.

Mr. Rose: We share a concern.

Mr. Forrestall: Yes, I know that.

Mr. Deans: That is right.

Mr. Forrestall: We share a deep concern about the violation of some very fundamental principles. I have said publicly that I cannot support this bill unless there is a clear indication by the President of the Treasury Board (Mr. Johnston) that he is prepared to bring forward or to consider seriously amendments to the legislation at committee stage or at report stage. I hope he will consider amendments which we will put forward to remove the stench and odour permeating what is otherwise an absolutely necessary step for the country to take, that step being restraint.

• (1510)

As for my friends behind me—the four horsemen of the Apocalypse—where would this country be had we given them power? I do not really want to expand on that except to say to them that they had a former distinguished leader, David Lewis, who attempted to move their party from an ideological base to a power base. Their distinguished leader now, the hon. member for Oshawa (Mr. Broadbent), did not have the knowledge and the courage—he had the power and the authority as leader—but he did not know how to move his party from the ideological base to a power base. So they will stay there.

Mr. Deans: Will you vote with us?

Mr. Forrestall: Will I vote with you? You will learn that as I proceed. I do share the concerns of the NDP, but they are not only their concerns. They do not have a—

Mr. Waddell: Monopoly.

Mr. Forrestall: I was paying union dues when that hon. member was still in diapers.

However, Mr. Speaker, this subject is too serious to joke about. I cannot accept the concept of suspending the collective bargaining process. I do not measure it against restraint whatsoever. Restraint is necessary and it must be practised by all Canadians. The leaders of our unions must accept that, and I believe that they do. I was pleased with their reaction and what appears to be a growing consensus that some action must be taken. But this does not mitigate in any way the suspension of collective bargaining principles.

There is still an opportunity for the government side to have a member rise in his place to tell the House what it intends to do about this travesty, this miscarriage of justice to a fundamental and basic human right, before the vote at four o'clock. I understand and suspect it will not do that. Their failure to do so on the grounds that they are afraid of what Jean-Claude

Parrot might have CUPW and the postal workers do, afraid he might take any backtracking by the government as grounds to withdraw services on the principle that there is a mitigation of the suspension of rights and therefore allowing Jean-Claude Parrot to authorize a slowdown or withdrawal of services under a guise within the collective agreement process, is completely unacceptable. If that is the point around which the President of the Treasury Board refuses to indicate to the House and to the people of Canada why he will not entertain or introduce amendments to correct this travesty, then he and the government have taken absolute leave of their senses.

Is he not aware that members of the postal service of this country are not, for the most part, law breakers who willingly and willfully disobey because it is fun or something to do? They are not. God knows it is difficult enough to find a job today. If postal workers were to walk out now, the government knows it could pull a Reagan and fire them. What kind of leadership could we expect Parrot to demonstrate against that kind of pressure?

What I will now say will cause the NDP rump behind me to leave. Half of them have already left. My leader and this party are squarely behind any serious attempt by the government to restrain and control excessive expenditures. We are all aware that the rate of inflation is running at 12 per cent. What I think is damaging beyond comprehension is the fact that we also heard this week that while the public sector is at least sensible enough to restrain themselves to 11 per cent, the government still rambles on at 18 per cent or 19 per cent. If my colleague, the hon. member for Victoria (Mr. McKinnon) were here he would confirm that defence expenditures ramble on at 18 per cent or 20 per cent. Individual departments can be seen to ramble on similarly, while the general public is restraining itself to 12 per cent. It is absolute nonsense.

We have had so much thrown at us in the last four or five days—I suggest in the last 14 years. When I came to this chamber the annual inflation rate was between 2 per cent and 3 per cent. Mortgages were reasonable, the cost of money was reasonable and jobs were available. The country was on the verge of prosperity. Had the government shown any concern or leadership we would not have the problems which exist today. The country was in good shape and ready to capitalize on our wealth and the capacity of our people. That did not happen, and we are now in a mess. Mortgage rates are outrageous, the balance of trade is too great and everything imaginable is in a mess.

The government recently decided to deindex pensions. They decided upon this course of action without any consultation with the people. What does this do to the people? There is no guarantee from the government that this program will work. I hope it will work, and I will contribute to it toward its success, but there is no guarantee that it will be successful. Yet the government arbitrarily demands the deindexation of people's pensions—not necessarily those of public servants only—which was one of the few protections Canadians had against the grasping greed of the government for taxes. If the government wants to suggest a 6 per cent or 5 per cent rollback in my salary and allowances, it can take my whole salary if it will help. I survived before I came into public life 27 years ago and I will survive tomorrow one way or another. I can afford it, but do not take it out on the backs of people who have not been consulted or have no way of contributing to the debate.

I say to the government not to suggest to organized labour in this country that what it has done within the public service it is not going to do in the private sector. But of course they will. That is what I cannot accept.

• (1520)

Now I am asked how I will vote. The House leader for the New Democratic Party asks how I will vote? There is no question in my mind that I cannot support this bill. I cannot support the privation it will cause.

Some hon. Members: Hear, hear!

Mr. Forrestall: I cannot support the suspension of collective bargaining rights. The reasons for that have been mentioned here by others, involving questions of safety in the work place, questions of equality, and questions of special circumstances that arise. I have pleaded publicly and privately with the President of the Treasury Board to give me some indication that the government is concerned about these privations.

Under certain circumstances, people will be deprived of the right to collectively negotiate their services for almost four years. The world in which we lived in 1978, the world in which we live in 1982 and the world in which we will be living in 1986 are entirely different. Our world changes, but not decade by decade as formerly; it changes virtually day by day. To suspend the right of millions of Canadians to collectively bargain would be immoral, if it were accidental, as a result of hasty drafting. If it were deliberate, to try and thwart Jean-Claude Parrot, then it would be immoral. Therefore, I cannot support the bill. My dilemma at home, of course, is that some good Liberal or socialist will stand up and say I am opposing the bill because I want my pay. Well, I have dealt with that.

Mr. Deans: No, no.

Mr. Forrestall: I am not concerned about that. Again, I am concerned because the Inter-Union Committee Against Wage Controls states:

> Bill C-124 effectively denies 500,000 working Canadians—

It is not that I am only concerned about the 500,000 working Canadians in the public service, but I am concerned about the moral authority that the bill will give to the government to extend that denial to the private sector. My fear, beyond the principles involved, is that if the government dares to pick a war with the McDermotts of Canada, it will be in trouble; our country will be in trouble and the government will lose the attainment of its objectives, which everyone in Canada supports at this point in time, I believe.

The Inter-Union Committee Against Wage Controls describes it in the following terms:

This basic freedom, which has been the object of continuing struggle for the labour movement in this country and, indeed, throughout the industrialized world, will be removed for federal public servants and their colleagues in the para-public service. The proposed legislation goes far beyond crude and severe wage controls for federal public service workers. Bill C-124 suspends the Public Service Staff Relations Act—

That is not acceptable to me, it never has been and it cannot be in the future. There are other ways to achieve restraint.

The first part of the measure dealing with suspension is totally unacceptable. This legislation was introduced by former Prime Minister Pearson, legislation for which I have fought for 30 years. They are principles which I believe to be in the best interests of Canada in general, such as the right of employees to come together and say to the employer, "These are minimal rights that we believe are necessary in the work ethic and in the work place. We believe these to be the basic necessities to sustain our families, to clothe, house and shelter them, to ensure that they have access to higher education. We believe these are the minimum necessities if we are to have equality, equal pay for equal work, equality between the sexes in terms of access to opportuntiy through negotiation". And it goes on and on. I do not understand how the government can conceivably suspend all rights to the public servants after 15 years of responsible negotiation. This is not done in the name of restraint, because the suspension of rights is not necessary to the achievement of restraint.

The President of the Treasury Board has left the chamber. He was here earlier. I hope that he has gone out to prepare some notes because I still must decide how I will vote, whether I will abstain or whether I will support restraint, having said what I have said, and give a lie to 30 years of my life, which would be a terrible thing to do. If the government is serious, someone will stand up and say in this chamber, "Look, we are aware of the difficulties in this area. We will move to consider opposition amendments. We will introduce amendments of our own to remove this travesty, or at least seriously to qualify it." I would regret the absence of such an indication from the government, because I would perhaps have to take a position different from that of my party, which I do not want to do. I do not want to be accused, as I was in the French-Canadian press the day before yesterday, of being part of the reason for the flying apart in the Conservative Party. There is absolutely no disagreement between myself and my leader with respect to restraint, nor is there disagreement, I am sure, on the part of the vast majority of people in the country and the majority of hon. members, including those in the New Democratic Party sitting to my left, rather than behind me, where they belong. Oh, that might imply leadership. I am not sure I am acceptable as their leader.

Mr. Deans: Careful, careful!

Mr. Forrestall: I am sure that the government will have the simple, common decency to do two simple things: first, stand up and apologize to Canada for the mess the government has got them into and say, "I am sorry, but this is what we must do. We must get on with restraint." Then, above all, the government should indicate to the House whether or not it will introduce amendments in committee and whether it will seriously consider amendments brought forth by the opposition, amendments which will satisfy my deep concern about the suspension of hard-fought-for fundamental rights, responsibly used. The government should, finally, tell all those people on or very near pension why it was that it imposed deindexing upon them without consultation or public debate. It will hurt them immeasurably.

I have many reasons for opposing the bill and not voting for it. There are a lot of reasons also why I should. Overriding them all—and I speak very privately now—is simply the absolute rejection, my total, complete, utter rejection, of any suggestion that this House or that the government has any right to suspend, to defer, to cancel, to impair the rights of people to negotiate collectively on agreements for their services.

• (1530)

I look forward during the next half hour to hearing from the other side of the chamber some speaker on this matter. I suspect, by looking over there, that there is no one over there prepared to address those two or three questions. That will be a matter of regret for myself. It is a matter of regret, I am sure, for the people, who deserve better. Restraint can be achieved, but it will not be achieved through confrontation. It is wrong for government to impose arbitrarily such an absolutely repugnant condition and to attach such conditions to restraint as to make restraint unpalatable. There is a will to do everything that is necessary, to reduce standards, to take lower incomes—all these things are in place. I say to the government: do not blow it by confrontation.

I implore the government to consider seriously, before four o'clock, the difficulty people are placed in when fundamental human rights are suspended, rights that were long and hard fought for. I thank my colleagues, and you, Mr. Speaker, for the time that I have been given.

Some hon. Members: Hear, hear!

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker—

An hon. Member: He spoke before.

Mr. Kelly: No, Mr. Speaker, I spoke on Standing Order 75C, not on Bill C-124.

Some hon. Members: Oh, oh!

Mr. Kelly: Let me reply to that comment made by the House leader of the New Democratic Party, whose opinions I always look forward to in the House and always respect—and which may not have been caught by *Hansard*—he stated that, by standing, I was denying, I suppose, a member of his party, the opportunity to participate in this debate. I suppose that this is typical of the attitude of that party during this debate.

I want to put it on the record, Mr. Speaker, that in this debate today, the New Democratic Party, which comprises

about 11 per cent of the membership of this House, has taken more than 50 per cent of the speaking time on Bill C-124.

Some hon. Members: Oh, oh!

Mr. Kelly: Mr. Speaker, I think that is an unusual and generous courtesy extended by the government to that party in this particular debate. I think it gives the lie to the sentiments expressed earlier by the hon. House leader.

Some hon. Members: Oh, oh!

Mr. Kelly: Mr. Speaker, I rose to speak only briefly in response to the hon. gentleman who preceded me—and who, I regret, is now leaving the Chamber.

The first point he made was to ask whether we have listened to the points that have been raised in this debate. My answer to him is that of course we have. As parliamentary secretary I have been in the House during the entire debate. Two or three Treasury Board officials have been present in the gallery each day to take note of the representations that have been made. The President of the Treasury Board (Mr. Johnston) and myself have read *Hansard* every day to confirm the statements which we heard orally earlier in the preceding day. If you take all of the things that we have done collectively, Mr. Speaker, I do not think you can reach any conclusion other than that we have listened very carefully to all the arguments that have been made by all members of this House, not only by the opposition but by the members of our own party.

As further proof of that statement, Mr. Speaker, I would like to repeat some of the remarks made yesterday by the President of the Treasury Board in his intervention on the motion to introduce time allocation on Bill C-124. I will quote what he said, and I am speaking through you to the hon. gentleman who preceded me. He said:

> Many speakers have raised the question of the effect of Bill C-124 on the equal pay for work of equal value provisions of the Canadian Human Rights Act. I remind members that in response to a specific question in that regard, I have indicated that it was not the intention that this bill would interfere with those provisions of the Canadian Human Rights Act. I said at the time and I repeat, that to remove any uncertainty in that regard I would be prepared to introduce an appropriate amendment to the bill.

Through that statement the minister gave visible, dramatic and concrete proof that he has been following the debate and is prepared to introduce amendments in committee. It is unfair and ungenerous of members opposite to suggest, as they have, that we have not been paying attention to the statements made in the House in the last four or five days.

Some hon. Members: Oh, oh!

Mr. Kelly: The preceding speaker has called on the government, or a spokesman for the government, to apologize for the present state of the economy. Mr. Speaker, I am not going to apologize to that gentleman or to anyone else for the state of the economy. I firmly believe that the state of the economy would be as dismal as it is now no matter what party was in power.

Some hon. Members: Oh, oh!

An hon. Member: That is not true.

Mr. Kelly: The sentiments of the preceding speaker mirrored the feelings of a lot of Canadians. There is a feeling among Canadians that Canada is a paradise and because it is a paradise we should not be experiencing the same sort of economic problems that are threatening the rest of the world. But, because we are, there has to be a serpent in that paradise, there has to be a source of evil, and the source of evil is the Liberal Party or the Prime Minister (Mr. Trudeau).

Some hon. Members: Hear, hear!

Mr. Kelly: As I said earlier, Mr. Speaker, that is a very prevalent feeling in Canada. There is no question in my mind that it is an inappropriate and inaccurate assessment of the basic character of the Canadian economy. Although we are blessed with riches and although we have a very highly educated and highly trained work force, Canada is a very vulnerable paradise. We do not have in Canada a closed economy that is impervious to the winds of change that are blowing through the international economic world today. Far from having a closed economy, we have the most open economy in the industrialized world; our economy is the most vulnerable to economic change. If we have a paradise, it is seriously flawed.

• (1540)

Mr. Deans: That's right, and you people have been managing it for years.

Mr. Kelly: It is a paradise that is unusually sensitive and that magnifies all the forces which are at play in the international world. If those forces are positive, then we boom; if they are negative, then we dive. There is no way we can escape the realities of the Canadian economy. That is the way we have been developed. That is the way we are, and we cannot escape that. It would not matter if we had a Conservative government in power today or—heaven forbid—a New Democratic Party government in power today; we would still be experiencing the same problems because of the nature of our economic system.

Mr. Baker (Nepean-Carleton): That is not so, and you know it.

Mr. Fisher: That is true.

Mr. King: How about President Reagan? You have not mentioned him yet.

Mr. Kelly: It is an unwillingness to recognize that very basic fact about the Canadian economy which allows hon. gentlemen opposite to continue their unproductive posturing. The longer Canadians posture and the longer hon. members opposite continue to give rhetorical responses to the very real difficulties we face, the longer it will take us to reach the very real and productive solutions we must reach if we are to solve the problems we have.

Mr. Deans: How can we solve them if we benefit when things are good and suffer when they are bad? What are you talking about?

Mr. Kelly: The best thing we can do at the present time when things are bad is to minimize the impact of the four influences to which I have referred. And, we must prepare our economy, our industry and our people for a change in the wind, for a rebirth, or renaissance, of the economic boom I think all of us believe will characterize the international economy in the mid and late eighties.

The last point raised by the hon. gentleman who preceded me was that, in its response to our present situation, the government is trying to take the heat off itself by focusing attention on other groups in society, which the government hopes it can successfully make scapegoats. We are not attempting to do anything of the sort. We are not singling out any group in society. There is not one group in society to which we are pointing and saying, "You are to blame, and therefore you have to bear the brunt of the program of restraint." There is not one, and I resent the implications of some and the direct accusations of others that there is.

What we are trying to do is to break the "What's in it for me" syndrome which seems to have captured the spirit of the Canadian public. Every time there is a budget, the first thing people say is, "What's in it for me?" It does not matter what their position in society is; they all say, "What's in it for me?" What we are trying to do is to ask Canadians to understand that they must stop saying, "What's in it for me?" and understand that they must begin saying, "What's in it for the country?" That is the key. What is in it for Canada? What is in it for our children? What is in it for our neighbours? What is in it for our communities? What is in it for our posterity? That is the key. If we can understand that we are trying to change that "What's in it for me?" attitude to an attitude of "What's in it for Canada?", we will have taken the first step on the road to recovery. If a person can understand that it is important for him to make a concession in order that someone in his family gets a job, someone on his street gets a job or someone in his neighbourhood gets a job, then the chance of his holding on to his job and his prosperity is greatly enhanced. It certainly is greater than if we were to ignore the interests and concerns of our fellow Canadians.

The Acting Speaker (Mr. Blaker): Order, please. It being 3.45 p.m., pursuant to order made Thursday, July 15, 1982, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the second reading stage of the bill now before the House.

The question is on the motion of the President of the Treasury Board (Mr. Johnston). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

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

(*Division No. 231*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bosley
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Chrétien
Clarke (Vancouver Quadra)
Coates
Collenette
Comtois
Cooper
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Dantzer
Darling
De Bané
de Corneille
Demers
Deniger
Desmarais
Dick
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Ellis
Epp
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Fox
Fretz
Frith
Gamble
Garant
Gauthier
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Gurbin
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Harquail
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Huntington
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Kempling
King
Kushner
Lachance
Lajoie
Lambert
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Lawrence
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald (Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Malone
Maltais
Marceau
Massé
Masters
Mazankowski
McCain
McCauley
McCuish
McDermid
McKinnon
McKnight
McLean
McRae
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Nicholson (Miss)
Nickerson
Nielsen
Oberle
Ouellet
Paproski
Parent
Patterson
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan

Messrs.

Reid (St. Catharines)	Scott (Hamilton-Wentworth)	Thacker
Roberts	Scott (Victoria-Haliburton)	Tobin
Robinson (Etobicoke-Lakeshore)	Shields	Tousignant
Rompkey	Siddon	Trudeau
Rossi	Simmons	Turner
Savard	Smith	Veillette
Schellenberger	Tardif	Watson
Schroder	Taylor	Weatherhead
	Tessier	Wright
		Yanakis—170.

NAYS

Messrs.

Althouse	Heap	Mitchell (Mrs.)
Anguish	Hovdebo	Murphy
Benjamin	Ittinuar	Nystrom
Blackburn	Jewett (Miss)	Parker
Broadbent	Keeper	Rose
Deans	Knowles	Skelly
de Jong	Kristiansen	Waddell
Forrestall	Manly	Young—26.
Fulton	Miller	

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and referred to Standing Committee on Miscellaneous Estimates.

Madam Speaker: It being four o'clock, the House will proceed to the consideration of private members' business, as listed on today's Order Paper, namely, notices of motions, public bills and private bills.

Orders Nos. 51 and 52 stand by unanimous consent.

* * *

● (1610)

[*English*]

INCOME TAX

SUGGESTED DEDUCTION OF EXPENSES BY VOLUNTEER FIREMEN

Miss Coline Campbell (South West Nova) moved:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act to allow volunteer firemen who receive no allowance from a government, municipality or other public authority, to deduct from their income expenses incurred in the exercise of their duties as volunteer firemen.

She said: Mr. Speaker, it is a pleasure to rise on this motion today and to express the concern of all the firemen probably in every rural community—

The Acting Speaker (Mr. Blaker): Order, please. I think the hon. member for South West Nova (Miss Campbell) is somewhat at a disadvantage. Those members who are choosing to leave the chamber could perhaps do so in the next moment or two and the Chair will then be able to recognize the hon. member for South West Nova.

Miss Campbell: Mr. Speaker, the purpose of my motion is to amend the Income Tax Act so as to allow a volunteer fireman who is faced with an expense to receive an allowance. The section in Question is Section 6(1)(*b*)(viii). It allows such

power of the aggregate of allowances received by a volunteer fireman from a government, a municipality or a public authority for expenses incurred by him in respect of, in the course of, by virtue of the discharge of his duties as a volunteer fireman, and does not exceed $500.

My motion today is in respect of the many volunteer firemen who do not receive an allowance from a municipal body or from a government. Volunteer firemen have expenses. They have the same type of expenses in rural as in urban areas of Canada. As everyone in this area knows, a constituency such as South West Nova is similar to many other constituencies across Canada which depend on these voluntary services of those who serve fire departments.

I am sure everyone in this chamber will recognize without a doubt that the contribution and expertise of volunteer firemen to communities ensures the safety of people's homes and places of business, and that in general communities are protected against fire and other hazards.

When a call comes, these firemen drop whatever they are doing and answer the call. They could be at work, at a social event, or anywhere else, but they respond immediately. They do not think about what they are wearing or about what is happening except that they must go to fight a fire. They often do so at great expense to their own family's income.

What I am asking is that the extension of the Income Tax Act also apply to those volunteers who do not receive an expense allowance.

Volunteer firemen not only save the people in their communities from expense but they save municipal governments, provincial governments and the federal government. This amounts to many millions of dollars each year.

I am asking that the income tax branch of the department give a special status to volunteer firemen whose expenses are not covered. I am also asking for special status to be given to this volunteer group, in acknowledgement of the fact that there are many volunteer groups across Canada who work very hard on a day to day basis and are not recognized in the income tax system.

I would like the House to recognize the special status which volunteer firemen have. Their jobs go on for 24 hours a day. They cannot anticipate what damage will occur to their own personal clothing, shoes, or whatever. These expenses are often incurred as a result of fighting fires. There should be a tax break accorded to them.

Someone might argue that whatever they are wearing is old clothing. But one has to take into consideration that firemen do not know when a call to fight a fire is made.

In my own riding some firemen have to buy their own dress uniforms even though they may be volunteers in a fire department. Sometimes these people like to have a dress uniform, but there is not enough money in that rural community of a few hundred people to support these purchases. Perhaps through fund raising a local fire department is able to acquire dress uniforms, but the ability to replace them is not there.

Firemen lose a lot of clothing in fires. Some have huge cleaning bills. They have to purchase new shoes in some cases and there is the expense of dress uniforms. All of these things are important enough to warrant special status in the Income Tax Act.

How can this be implemented? I have spoken to some fire chiefs in my riding. They suggest a point system. In working with the Department of Finance, one of the items which that department says will be prohibitive is the deductions of expenses for volunteer firemen, who are not paid any allowances. This would not only significantly increase the cost of this concession, the cost to the Canadian people—and I will deal with that shortly—but it would also increase the administrative cost of ensuring that the expenses are reasonable.

• (1620)

The fire chiefs with whom I have spoken agree with the point system. We could take the activities of volunteer firemen and percentage them. For example, if we took into consideration 100 per cent of the activity of an individual fireman, he would be entitled to 100 per cent of a set deduction; but if another fireman gave 50 per cent of his personal time, he would be entitled to 50 per cent of the same set deduction. The deduction which I am suggesting would be the same as the one for people who receive an allowance, at a maximum amount of $500. I know this point was discussed when there were changes to that budget in 1981. At that time there was a discussion concerning raising the amount from $300 to $500. I think it could be worked on a point system.

Who would administer it? Why not the fire chiefs of each area? They know what is the participation of the volunteers in their own areas. If such a system were adopted, and if fire chiefs were keeping track of the percentages of participation in a given year, it would work. Also it would have the effect of perhaps increasing the awareness of volunteer firemen. It might encourage people within the community to volunteer for work within the fire department. Sometimes it is very difficult to obtain volunteers.

One deterrent to volunteering is the personal expense. It is a personal commitment of time, but it is also a personal expense from their private incomes because they must supply or replace clothing which is lost or damaged during a fire.

Surely it is a terrible feeling if a person is called from work at three o'clock in the afternoon to respond to a fire—if it happens to be a set type of work where the person wears a uniform or special clothes for his work, and he is called away to attend a fire, and, as a result of that call for help in his community, his work clothes are destroyed, he must go out and purchase another outfit in order to return to work the next day. The Income Tax Act does not take this situation into consideration. I would suggest that it should be included in the act.

In fact, I think the Income Tax Act now discriminates. When the deduction was increased from $300 to $500 under Section 6(1)(b)(viii) of the act, one argument was that it would discriminate against full-time firemen versus volunteer firemen. The act discriminates against firemen who give of their time, without receiving any deduction from their personal income taxes or without receiving an allowance from a given municipal body because that body or people in that rural area do not have funds.

Representatives of the department have indicated that perhaps Canadians will not like an additional tax benefit for these people because it would be given to one group of people at the expense of Canadian taxpayers. There are many Canadian taxpayers living in rural communities who appreciate the concerns and problems within municipal and village fire departments. I do not think they are asking for a large deduction. I hope I have the support of the House for this motion which is asking that all volunteers receive the deduction and that there be a point system set up for the active participation of volunteer firemen. I do not think Canadians would begrudge the additional burden which would be created by amending Section 6(1)(b)(viii) to include volunteer firemen who do not receive any financial assistance from a municipal body.

In closing, I should like to say that this subject is of grave concern to local fire departments. I have been pressed by many people within my constituency in this regard. I am sure there are many hon. members in the House who can identify with the problem. Granted, some of them come from cities with paid fire departments and some come from areas with municipal governments which can provide assistance because they are wealthier than other areas of Canada, but I think volunteer firemen across Canada who do not receive expense allowances should be included in the Income Tax Act. I know this may create an additional burden upon some Canadian taxpayers, but we must look at the work done and the many millions of dollars saved by fire departments each year for Canadians and for all levels of government. I think the House should support my motion today.

Finally, I realize there are many volunteers across Canada in different organizations who feel that they should like to have a tax advantage for participating as volunteers. I am not making my request on behalf of that group because I know there is an ongoing study which is looking at volunteers and their roles, but I am asking for a special status for volunteer firemen who cannot pick and choose their hours of work; they are available and on duty 24 hours a day. Their expenses, because of responding to their duties on behalf of communities, are sometimes not recouped anywhere in the system, except out of their personal incomes. We are talking about ordinary Canadians who are giving ordinary people across Canada the benefit of their services. I think volunteer firemen should be recognized. They should be given a tax deduction similar to what is in the act. By allowing the fire chiefs to operate it on a point system, it would work. This motion should be looked at seriously and passed today by the House.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I will be brief and to the point in presenting my party's point of view on this matter. I congratulate the hon. member for South West Nova (Miss Campbell). I hope she does not have to run away

after presenting this motion to the House; hopefully, she will remain to vote on the matter before we finish today.

The hon. member paid a great tribute to many Canadians who volunteer their services to fight fires whenever they occur. I see the resident firebug is now leaving the House, the hon. Minister of Indian Affairs and Northern Development (Mr. Munro). He has done more to burn down the forests of Canada than any other person.

Mr. Munro (Hamilton East): That is not nice, David.

Mr. Nickerson: The hon. member paid tribute to many Canadians who volunteer their services and undertake risky work for which they should receive the thanks of all citizens.

We on this side of the House have supported this idea for some time. It is not a new idea. It has been with us for many years. There were provisions in the budget of the hon. member for St. John's West (Mr. Crosbie) of a few years ago to address this problem. It is strange that at that particular time that budget, which included this important measure, was not voted in the affirmative by members of either the Liberal Party or the New Democratic Party. It was one of the good provisions of that budget which might well have been brought forward by the Minister of Finance (Mr. MacEachen) in his budgets.

• (1630)

The whole question which is raised today demonstrates the inflexibility of the Income Tax Act and the income tax system. After all, what has been asked for are fairly minor technical changes which do not carry any real financial consequences for the Government of Canada. Billions of dollars are not involved. It is something that, with a little bit of thought, we should be able to clear up in a timely manner.

However, this does not seem to be the case. There seem to be many other instances of inequities in the taxation system, similar to the one we are faced with here, which are never dealt with. I do not know the reason. Maybe the people in the Department of Finance do not have the time to address these small details which cause so much consternation on the part of many Canadians.

I would like to congratulate the hon. member for South West Nova (Miss Campbell) on the thought she has given to the details of how this might be put into law. She described a point system which might be one method of dealing with it, but there might be other ways as well. However, we are not talking about amendments to the act or regulations which might be made at this point, just the general concept of recognizing in the income tax system the expenses which volunteer firemen incur in the course of their services.

I hope that this motion, which has been presented by the hon. member for South West Nova, will not be talked out. I hope that the House will be as willing on this Friday to deal with this matter as it was last Friday to deal with the question of the Holidays Act in the quick way in which it got around the problem of changing the name of Canada's national holiday. At that time, when it appeared to be in the government's interest, it just slipped through quickly.

Some hon. Members: All parties agreed.

Mr. Nickerson: I hope that, in the interest of volunteer firemen right across this great Dominion of Canada, we can expect similar treatment this afternoon.

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, on behalf of my colleagues in the NDP I am happy to rise to support the motion of the hon. member for South West Nova (Miss Campbell). Certainly, of all the many voluntary or part time voluntary groups who contribute to our society throughout Canada, none perhaps is more deserving than the voluntary firefighters thoughout Canada in terms of the time and effort they expend in volunteer services and the sacrifices which they are prepared to make and which some have made.

I think the record should not necessarily correct, but clarify, a remark made by my friend, the hon. member for the Western Arctic (Mr. Nickerson) a few moments ago. Along with the defeat of the budget in 1979 was the defeat of a measure it contained which would have increased the exemption from $300 to $500. But that is one of the items that was included in the first budget, following their nine-month period in office, of the current Minister of Finance (Mr. MacEachen), following representations from a number of members from this party and, I am certain, from others as well. It is not enough that the exemption should have been raised from $300 to $500. The request has certainly been made by associations of volunteer firefighters and fire chiefs across the country that expenses of $1,000 would be more appropriate. Perhaps this sum would even more appropriately represent the energies, the time and the potential sacrifices made by these people across the country, most of them men, but an increasing number of women, who contribute to the welfare of their communities in these ways.

A letter which appeared in the February, 1980 edition of the *Canadian Firefighter* written by a volunteer firefighter, I believe is very appropriate. I will quote one paragraph from that letter which reads as follows:

> If you take everything into consideration, the hours we spend, the cost of our vehicles, maintenance, fuel, etc., let alone our clothes, loss of sleep, the freezings we take at 40 degrees or 50 degrees below, we might come close to breaking even, but paying income tax on the little we get for trying to help our community sure as hell looked after that; now I feel we are out of pocket.

The one problem that I see with the motion before us is that it appears to be unduly restrictive and insists that this provision would only be applicable to those volunteer firemen who receive no remuneration whatsoever. Certainly for those who receive some remuneration, the amount is usually so small as to make us feel that they should not be prohibited from receiving some additional assistance where their actual expenses warrant. This would come closer to the reality of facing their costs and situation.

I certainly think that members, especially members from rural ridings across the country, are very aware of the contributions that thousands of these volunteer firefighters make in

many of our smaller communities. Not only are they not paid, many of them who are called out to a fire sacrifice significant amounts of pay from their regular jobs in addition to sacrificing their time and putting themselves at risk in the service of their communities. It is quite an onus on those individuals, who give up wages at $12 to $14 an hour, who are already sacrificing their time to begin with.

I hope that members on the government side as well as those of us in the opposition will see our way clear not to talk this bill out but to act upon it and ensure that these thousands of hardworking and self-sacrificing Canadians finally receive some of the remuneration which we feel is appropriate for their services. I know that in my constituency alone and in the neighbouring area, both in West Kootenay and East Kootenay, there are literally dozens of communities in which these volunteer firefighters not only sacrifice their own time but contribute considerable amounts of money as citizens to pay for equipment. As my hon. friend for the Western Arctic, said respecting areas in the north, there are many smaller villages in our areas where there is no significant tax base to allow for even very basic equipment. In my area people will go out to hold bake sales or raffles in order to acquire money to buy an old truck to fix or to get some equipment which very often is not much better than a garden hose. They will sacrifice their time and efforts and money in order to get better equipment. They sacrifice their time in lost wages as well in order to assist their communities. In the communities of Fernie and Sparwood in East Kootenay, in the community of Creston at the south end of Kootenay Lake and throughout the very small areas which are spread out in my riding of Kootenay, which has long valleys and rivers and mountain passes, there is no way that organized communities would be able to get vehicles and the manpower out there to assist in outbreaks of fire in those smaller areas, even if they were able to. They are almost impossible to reach, particularly in winter weather. Sizeable communities, such as Slocan, Siverton, New Denver, Nakusp, or Castlegar may have a full time chief, but it is the volunteer firemen who play a very valuable role.

• (1640)

Many people who already contribute much of their time and their money work as volunteer firefighters. Many people within industries, whether sawmills, pulp mills or other industrial establishments, contribute their time and effort in training. In some cases, they receive some slight remuneration, but in others they work on a strictly voluntary basis. Of course, it is in their interest to save their work places as well as their communities from fire. Because these people have the training, it is natural that they are often selected or volunteer to assist the community at large.

In addressing ourselves to the House, my colleagues and I certainly hope that this recommendation is supported so that thousands upon thousands of self-sacrificing Canadians will finally be given the kind of treatment under our taxation system that they deserve. I would like to make one final comment. At a time when the government and many Canadians are talking about restraint, what greater contribution could any group of people make than by saving literally hundreds of thousands of dollars in direct ways, from one end of the country to the other, through their volunteer work? Certainly, if we are not willing to accord some measure of proper recognition to those who make all of these sacrifices at their own expense, then our appeals for other forms of restraint will begin to sound rather hollow. The little bit it will cost us to see that these people receive their deserved compensation will be next to nothing compared to the vast amount of money we are saving by their contribution and their sacrifices.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I want to take the opportunity to inform my colleagues in the House that I have no intention of talking this bill out. I assume that the clock runs out at five o'clock, and I will stop speaking considerably before 5 p.m. I also want to take the opportunity to say how much I regret that the hon. member for Western Arctic (Mr. Nickerson), who supports the bill, felt it necessary to take the opportunity of speaking on this bill to attack the Minister of Indian Affairs and Northern Development (Mr. Munro) in a rather needless, immature way and also again to attack the decision of this House a week ago today with regard to the Canada Day bill. He knows very well that that bill was passed by the House with hon. members representing all three parties in the House, and the House supported it. I do not think it behooves any of us to make derogatory comments about the decisions of the House.

In any case, I am happy to be able to lend my support to the motion today. I believe it is a motion whose time is past due. Voluntarism in the country is a very important social force in the fabric of various communities of this nation. There are many hundreds of volunteers who do many kinds of community work, but there are none whose voluntarism is more necessary to literally thousands of communities across this country than that of the voluntary firemen. They not only provide an essential service at no manpower cost to the various communities, but they also put their physical wellbeing and even their lives on the line to protect the lives and property of the communities in which they work. It would seem to me that we must take into consideration the amount of property damage that may be prevented by their voluntarism, which I am sure would run, in any year, into millions of dollars, if not even into billions. We must take into account the amount of injury that is prevented because they are there and willing to go into burning structures to save lives and to save people from injury. We can never calculate the debt the nation owes to these people for the lives they have saved, because how does one put a value on life? They save the country a good deal of money as well by preventing the injuries of which I have spoken. We must bear in mind that when someone is injured in a fire, very often the treatment for such injury is very long and costly. Therefore, every time a fireman helps to prevent an injury, he saves the community money in hospitalization, medication, rehabilitation and other medical fees. Every time a volunteer fireman saves a life, he saves the country the payment of support to the widow and family of the person whose life may be taken by a fire.

I think, generally speaking, the communities in which those people serve show their appreciation in many ways for the efforts of voluntary firemen. I would think that it would be a credit to this Parliament and to the nation if we passed this motion today as a symbol of the appreciation of this nation for voluntarism and particularly for voluntary firemen. It will not cost the nation very much, and I find it a little difficult to accept that it is so hard to devise a regime by which this motion could be implemented. Surely if paid firemen can deduct expenses from income tax, people who volunteer, receiving no pay, should be able to deduct expenses incurred in their voluntary work of saving property and lives. They, too, should be able to deduct the expenses they incur.

I do not think that when we make that request here in the House, we are asking for too much. Through Your Honour, and speaking directly to the Parliamentary Secretary to the Minister of Finance (Mr. Fisher), I ask him to lend his support to the motion so that the House can pass it today and give an instruction to the Department of National Revenue to devise a regime whereby voluntary firemen in this country will be able to deduct up to $500 from their income tax for the expenses they incur in the exercise of their voluntarism in the service to their communities and to their fellow men and women.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, I really appreciate the opportunity of entering this debate. I have appreciated some of the comments made to the House this afternoon, particularly those of my good colleague and friend, the hon. member for Northumberland-Miramichi (Mr. Dionne) and, of course, those of the mover of the motion, the hon. member for South West Nova (Miss Campbell), both of whom have brought to us a sense of the contribution that ordinary people make to strengthen the firefighting work in our country.

In my remarks this afternoon, I will be very careful to indicate that I do not in any way wish to downplay the importance of the contributions by firemen or other volunteers across our country. We live in a time when people tend to think that the government should be doing a lot of things to strengthen our country, and we forget that most of the strengthening and most of the hard work done to improve the quality of life is done by volunteers.

• (1650)

In my own community of Mississauga, for example, we have a special dinner every year, to which are invited just the heads of volunteer organizations from our city. It is always a sell-out. There is always at least 350 to 400 people there. Each of them represent scores and hundreds more in their own organizations. Those people are contributing enormously to the depth of activity and the quality of life in Mississauga. When we approach a topic like this and we talk about it here, we should always remember to be careful to recognize the contributions that such people make. Not everything is done by the government, and not everything that the government does has the same quality or the same importance as that which volunteers do.

Mr. Deans: Look at the budget.

Mr. Fisher: Mr. Speaker, it has been some 26 months since this motion was placed on the Order Paper. In the interval there have been some developments that are very relevant to this specific question. I would like to pass along some of the technical facts, just to get everything into perspective.

For one thing, in Bill C-54, which was passed last year, the Income Tax Act was amended to increase from $300 to $500 the amount of expense allowance which a volunteer fireman could receive from local government authorities on a tax exempt basis. I suggest that this amendment demonstrated that Parliament does recognize the important role played by volunteer firemen in many of our communities, and that Parliament is prepared to provide some financial support in this way.

Of course, the tax system is often used to further our social goals. We find that to be the case when the tax system gets involved with child tax credits, with job stimulants, with pensions, with the health care system, or with transfer payments to the provinces.

Even though the responsibility for providing municipal services, including fire protection, rests on local and provincial governments, the tax exemption that was added through Bill C-54 helps in an indirect way to shift some of the cost of volunteer firefighting services to the federal government. Undoubtedly the cost to municipalities of using volunteer firefighters would be higher if the expense allowances paid to the volunteers were subject to income tax. So the increase in the tax exemption allowances is one development that has occurred since this motion was introduced 26 months ago.

A far more important development, however, has been the material change in our economy during that time and a change in the government's ability to take on very large programs for new expenditures. For example, the budget introduced in June provided for substantial amounts of money to go to job-creation programs, to housing stimulants, to help for small business, to support for families, to extra help for farmers and fishermen. It is also noteworthy that this help for these specific sectors, for these specific programs, came as a result of savings that were generated inside the government's existing revenues. We did not find new revenues and we did not embark on new spending programs. We re-allocated the money so that the new stimulants we provided, or the new programs we undertook were paid for from existing planned revenues.

In the face of the very serious problems that are facing our economy, the Minister of Finance (Mr. MacEachen) has called on all of us to exercise a considerable degree of discipline and restraint. That, to a very mild degree, runs in the face of the motion that we have in front of us here.

The Acting Speaker (Mr. Blaker): The hon. member for Northumberland-Miramichi is rising on a point of order.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I wonder if the hon. parliamentary secretary to the Minister of Finance would accept a question?

Mr. Fisher: Yes, Mr. Speaker, I would be delighted to answer any question that would be helpful to my colleague.

Mr. Dionne (Northumberland-Miramichi): I thank you, Mr. Speaker, and I thank the parliamentary secretary, too. I wonder if the parliamentary can inform us if, to his knowledge, the officials in the Department of Finance have done any cost analysis relative to the implementation of this motion; and, if so, what the figures are? Could he also tell us at the same time whether, when they were doing that cost analysis, if indeed they did it, they made any effort to do a cost analysis of what it would cost the various municipalities across this country, and even some of the unincorporated areas, if there were no volunteer firemen; and how the two figures might compare?

Mr. Fisher: Those are two good questions. I can assure the hon. member that it would be possible to get that information because, as I mentioned a couple of moments ago, we changed the exemptions. We had existing exemptions and we know what those are costing us, so it would not be a very difficult matter at all to judge how much the increase would add to the burden on the federal treasury. The information is there. I do not have it right now but I would be more than happy to collect that information for the hon. member.

The hon. member has asked me a second question. He wants me to compare that information with the cost of the damage by fires, or the cost of professional firefighting services to the local municipalities. I regret I do not have that information available to me at all. I would be guessing if I were to try to answer that question for him. However, we do have the information on the existing exemptions. I will dig that out, and I am sure we can judge how the impact of a higher exemption would affect income.

Mr. Dionne (Northumberland-Miramichi): Thank you.

Mr. Fisher: I was mentioning a couple of minutes ago, Mr. Speaker, that the mood of the recent budget is that we must take great care to find funds before we begin any new programs or expand any existing programs. I note that probably matches the public mood. The public probably is prepared to support a considerable effort toward voluntarism where it exists now or in new areas in the future. I do not think the public will endorse a whole new set of government expenditures in areas where volunteers are already in action.

I mentioned the general financial facts in order to emphasize the seriousness of the economic situation that we are facing at this point. The proposal submitted by the hon. member for South West Nova would not, of course, involve very large amounts or very large costs to the federal treasury; and we will get the specific number. But at a time when we are asking public servants and other people across the country to tighten their belts and to accept a degree of restraint in the fight against inflation, it seems consistent to ask people not to extend their exemptions under the Income Tax Act, whether it be one particular group or volunteers. It seems to me that when we are asking our people here in Ottawa, our employees, to take a lower rate of pay, at the same time we cannot embark on brand new programs that will cost the federal treasury a lot of new money.

It is always an attractive idea for Members of Parliament to support some ideas, some kinds of tax concessions for various taxpayers, but these special tax arrangements involve a cost that must be covered by increasing taxes from other taxpayers or, as was done in the budget, by re-allocating existing tax money. So, if we say yes to one special group, can we really say no to another group that has an equally appealing case?

In my own area, for example, there is a little search and rescue group that is involved in emergency work. They have their own vehicles, they have cars, they have radios in those cars, they have special clothing, and so on. That is a very similar sort of experience as a volunteer fireman.

In addition to that, we have some volunteer rescue people who go out on Lake Ontario when pleasure boats get into trouble. They, too, incur expenses in the same way as volunteer firefighters. I wonder if we should be considering them under this kind of proposal.

The tax exemptions for allowances paid to volunteer firemen is an old long-standing provision that was introduced at a time when their volunteer services, were often the only way that many communities could get fire protection. We must realize that there comes a time, and I think this is one of them, when we must draw a line and resist requests for additional concessions under the tax system. I think that at this point in time the public mood is in that vein as well.

Some hon. Members: Hear, hear!

• (1700)

The Acting Speaker (Mr. Blaker): Before I call it five o'clock, I understand that the hon. member for Hamilton Mountain (Mr. Deans) may wish to transmit the good wishes of all those present in the chamber to all those here, whether in the chamber or in the visitors' galleries, for a good weekend. I am also informed that the hon. member for Burlington (Mr. Kempling) has indicated his desire to express his best wishes that the Chair have a good weekend.

Pursuant to these unsolicited good wishes and pursuant to Standing Order 2(1) I do now adjourn the House until two o'clock Monday afternoon.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, July 19, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

INDIAN AFFAIRS

REVIEW OF BRITISH COLUMBIA REGIONAL OFFICE—MOTION UNDER S.O. 43

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, in view of the disparity between the limited, in-house review by assistant deputy minister Goodwin announced by the Minister of Indian Affairs and Northern Development and the comprehensive independent inquiry recommended by all members of the House standing committee, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House urge the Minister of Indian Affairs and Northern Development to arrange that Mr. Goodwin appear before the members of the standing committee in order that he may be fully informed of those anxieties which resulted in the recommendation from that committee for a full and independent inquiry into affairs and activities of the British Columbia regional office and the Westbank Indian band.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CROWN CORPORATIONS

CALL FOR RETURN TO PRIVATE OWNERSHIP—MOTION UNDER S.O. 43

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, whereas Petro-Canada and over 400 other Crown corporations are in a special income tax position, namely, they pay much less, and in many cases pay no income taxes or direct taxes, and whereas this erodes the tax base resulting in higher income taxes for the rest of us, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the government immediately return Crown corporations to private share ownership so that those companies can pay their fair share of taxes and citizens can receive tax relief.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

STATUS OF WOMEN

SUGGESTED REMOVAL OF SECTION OF INDIAN ACT AFFECTING WOMEN—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise to propose a motion under the provisions of Standing Order 43. It has been seven months since the Charter of Rights was given Royal Assent in Canada. The primary objective of the entrenched charter is to remove all forms of discrimination in Canada. The most blatant contravention of the Charter of Rights is that of the discrimination against Indian women in Section 12(1)(b) of the Indian Act. I move, seconded by the hon. member for Victoria (Mr. McKinnon):

That the government immediately introduce legislation to remove Section 12(1)(b) of the Indian Act and thereby accord the same status to Indian women as to Indian men.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NORTHERN AFFAIRS

CALL FOR INVESTIGATION OF LIVING COSTS IN NORTH—MOTION UNDER S.O. 43

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. A recent survey conducted in three northern communities reveals that the price of essential foods such as milk, hamburger, eggs and bread are, on average, 80 per cent higher than in Ottawa. There is a pressing need to alleviate this disparity between northern and southern prices. Therefore I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House call upon the government to initiate a task force on the cost of living in northern Canada, in order to investigate the causes and identify solutions to the high cost of living in the north.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SUPPLY AND SERVICES

DISCRIMINATION BETWEEN RURAL AND URBAN AREAS—MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, in light of the fact that Canada Post is embarking upon a policy to assure, at higher postage rates, one-day service within a limited number of specified Canadian cities but allows the continuation of unsatisfactory services in many other cities and throughout all of rural Canada, and since persons living in larger urban centres have free door-to-door delivery of mail, whereas rural people of necessity must rent a post office box at rates of $12 to $20 per year, and since urban persons throughout Canada enjoy the privilege of a private telephone while rural business persons may undertake hundred thousand dollar business deals while several neighbours listen to the conversation on a party line, and the same policy applies to cable TV which serves villages but not farm persons, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House deplores the discrimination in public service between rural and urban Canada and will no longer tolerate any further examples of such bias on a rural-urban basis with public funds.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1410)

SMALL BUSINESS

NEGOTIATION OF DEBT PAYMENTS—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Every day small businesses are being forced into bankruptcy and receivership as a direct result of high interest rates. Therefore I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the government immediately table a bill similar to the Farmers' Creditors Arrangement Act which would allow our small business people to negotiate a repayment schedule with their creditors, and save negotiations at gun point such as happened here in Ottawa last week.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

GOVERNMENT EXPENDITURES

CALL FOR SPECIAL COMMITTEE EXAMINATION—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I rise under the provisions of Standing Order 43 to seek the unanimous consent of this House to protest the continued lavish waste of the government. In view of the fact that four Liberal cabinet ministers, led by screech Rompkey, flew on Friday to St. John's, Newfoundland, to hold a farce described by one of the few businessmen in attendance as nothing but a free booze-up, and in view of the fact that the Minister of Energy last month flew to Europe on the Air France Concorde while forcing his staff to fly on Air Canada, I move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

That this House immediately strike a committee composed only of opposition members to look into the drinking and flying habits of the geese and beavers across the way and, in particular, to investigate the $127,000 expenditure of the Solicitor General to design and test Liberal riot control helmets as these may soon be required for Liberal ministers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FAMILY VIOLENCE

IMPLEMENTATION OF COMMITTEE RECOMMENDATIONS—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, across Canada directors of social service agencies and crisis centres, policemen and clergymen, are stating that one of the major impacts of the current economic recession is a noticeable increase in family violence, including wife battering, incest, and child abuse. As one measure which can be taken to alleviate these distressing and brutal symptoms of the economic turndown, under the provisions of Standing Order 43, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That the government move immediately to implement the recommendations of the all-party committee on family violence in Canada, to ensure that the serious problem of wife battering which now exists in Canada is dealt with on a priority basis.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

EXTERNAL AID

REDUCTION IN DEVELOPMENT ASSISTANCE—MOTION UNDER S.O. 43

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The June 28 budget calls for a reduction in development assistance for other countries by $75 million this year and $100 million next year. The government rationalizes this cut in badly needed aid by claiming that we will continue to allocate the same percentage of our gross national product since our GNP has also declined. I move, seconded by the hon. member for Prince Albert (Mr. Hovdebo):

That the government recognize that development assistance must have priority, that it restore the $175 million it slashed, and that it take immediate economic action to stimulate growth in our own economy instead of using a falling GNP as an excuse for cutting aid.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADA POST CORPORATION

DELIVERY OF REGISTERED LETTERS—MOTION UNDER S.O. 43

Mr. Ron Stewart (Simcoe South): Madam Speaker, Canadians are suffering generally from a crisis of confidence and nowhere is this more evident than in the loss of confidence and absolute frustration with our postal service. This is one of a litany of horror stories. A constituent of mine, Mr. Colwell of Barrie, mailed a most important registered letter at a cost of $2.15 on Saturday morning, July 3, 1982, to Toronto, the supreme distance of 50 miles. Post Office officials guaranteed Monday morning delivery. The letter was finally delivered at 11.30 a.m. on Wednesday, July 7, 1982, only after a pressing phone call. Therefore, under the provisions of Standing Order 43, I move seconded by the hon. member for Simcoe North (Mr. Lewis):

That the cost of each registered letter not delivered within 48 hours be deducted from the salary of the president of Canada Post and perhaps he will recognize the plight of Canadians with regard to their postal service.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the government's desperate preoccupation with seeking out scapegoats on which to place the blame for the mismanagement of our economy, the most recent being public servants, low income families and recipients of old age security benefits, I move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

• (1415)

That this House expresses its amazement over the recent assertion of the Prime Minister that the Canadian public are to blame for the government introducing a measure to limit indexation of old age security payments, and that the Prime Minister's name be put forward as the person most likely to be the winner of this century's "making Machiavelli look like a pussycat" award.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

PENSIONS

PRODUCTION OF GREEN PAPER ON PENSION REFORM

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, in the absence of the Minister of National Health and Welfare I direct my question to the minister responsible for the status of women. Less than 30 per cent of working women in Canada are now covered by private pension plans, whereas almost twice as many men, over 50 per cent, have such plans available to them. Every month that pension reform is delayed means that twice as many women are denied the opportunity to take care of their retirement in old age. When will the government, which gave a commitment to come forward with a green paper on pension reform last fall, last winter, last spring, and again this month—and now that has been postponed—come forward with a green paper on pension reform so that it will begin to deal with the pension inequities which exist for women?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, very soon; but I would like to add that no one is more aware than I of the inequities which exist in the pension scheme in Canada as it applies to women. We have been made even more aware of that by a number of seminars which have been conducted across the country, paid for by and large by grants from the Department of National Health and Welfare.

Much of the green paper deals with statistics which have been made available to us through these pension seminars. I assure the hon. member that that green paper will be out very soon.

Miss MacDonald: Very soon is no response to the great number of women across the country who are awaiting and have been awaiting pension reform for years.

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STATUS OF WOMEN

IMPACT OF MICROTECHNOLOGY ON WOMEN WORKERS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I should like to ask the minister another question. It deals with the impact of the microtechnology revolution on the jobs of a million women, women who work in banks, in stores, as clerks and as stenographers, women who stand to lose their jobs in the next few years. Therefore retraining of these women must be on a priority basis. Since the new National Training Act has been in effect for some weeks, what new programs are ready to be introduced by September, by the beginning of the school year, in vocational and technical schools and in plants throughout the country, so that these women who stand to lose their jobs will obtain retraining on an urgent basis?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I am sure the hon. member is aware that by September vocational and secondary schools, which are under the jurisdiction of the provinces, will have to see that proper courses are in place. One major obstacle to retraining programs—I have talked with a number of educators, and this fact is coming forward more and more through the task force which is going across the country headed by Dr. Margaret Fulton from Mount Saint Vincent University—is that those women who have not received proper training in high schools and universities are not in positions to take advantage of the training programs, and that training must begin at the elementary and secondary school levels.

Miss MacDonald: I am not sure whether the minister is aware of the act which the Minister of Employment and Immigration brought forward. It is called the National Training Act and is sponsored by the federal government.

REQUEST FOR PUBLIC INFORMATION PROGRAM

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I should like the minister to tell me whether or not, as part of the program which the federal government could introduce, there is anything in the way of a public information program to begin to inform women of the dangers that lie ahead of them in the employment field because of the microtechnology revolution. At the present time the Governments of France and Japan have major public information programs designed to alert women to the impact which microtechnology will have on their jobs. Will anything of this nature be introduced by the federal government so that women will be aware of the need for retraining and begin to look to nontraditional roles and into training in the new technology?

• (1420)

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I do not know where the hon. member for Kingston and the Islands has been. That is exactly what this government has been doing for the past two years. We have a task force headed by Dr. Margaret Fulton, running across this country ascertaining the problems that exist. The hon. member knows that the federal government sponsored a seminar here just three weeks ago that was paid for by this government to examine the problems of microtechnology and how they impact upon women. She should be better informed.

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HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—BOARD OF REVIEW REPORT

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs. Has the report by the Hazardous Products Board of Review on UFFI been submitted in writing to the minister?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): No, Madam Speaker.

REQUEST THAT REPORT BE TABLED BEFORE SUMMER RECESS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, the minister told the National Advisory Council on UFFI on June 19—that is one month ago today—that he would have that report within two weeks. Will the minister table the report of the Board of Review before this House adjourns for the summer recess?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, it is true that I indicated to the National Advisory Council that I was hoping to get this report within two weeks. This was the indication that I had received, that the report was almost completed. Unfortunately one of the three members of the committee is seriously ill. In fact I told the members of the committee at that time that indeed the member was in hospital. Unfortunately, I understand that he has returned to hospital and has not been able to complete his part of the report. Therefore, we are all waiting for this report. We hope that the gentleman will recover quickly and be able to finish his report in the coming days.

FINANCE

APPLICATION OF GOVERNMENT PRICE CONTROL GUIDELINES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the President of the Treasury Board. On "Question Period" the President of the Treasury Board said, "We must limit price increases." Does that apply to all government agencies and, in particular, does he believe it should apply to Canada Mortgage and Housing Corporation?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am sure the hon. member for Hamilton Mountain has his view on price increases which he has expressed a number of times. It seems to be in firm agreement with my remark. He will have to await the specific details of what the federal policy will be.

CANADA MORTGAGE AND HOUSING CORPORATION—INCREASES IN RENTS AND PRICES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, while I am waiting for the firm details of the government policy, perhaps the minister would be kind enough to tell us whether or not there will in fact be a government policy with regard to price increases, and whether he thinks that it is reasonable that accommodation, which accounts for about 30 per cent of the expenditures of the incomes of the majority of families, should be left free, as is the case of CMHC, to the point where increases in excess of 20 per cent on rents are now being approved, and where increases at the level of $2,000, $3,000 and $4,000 on top of the prices being charged prior to the budget are now being levied on homes being made available for sale by CMHC?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, it seems to me the hon. member is making the House aware of some news that has already been expressed. With respect to the policy, though, the issue of administered prices was specifically addressed in the budget speech of the Minister of Finance.

Mr. Deans: Since the minister seems reluctant to explain to the House what he feels he should have explained to the public, it was the minister, not me, who said the price increases should be limited.

VANCOUVER MARKET RENT INCREASES

Mr. Ian Deans (Hamilton Mountain): Does the minister think it is appropriate to increase the rental costs to the merchants at Granville Island market in Vancouver by 200 per cent to 300 per cent during this period when the government, as it says, is working hard to try to bring the levels of wage increases down to the level of 6 per cent and 5 per cent?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, in his premise to this particular question the hon. member is saying that I would make something available to the public that I have not made available to the House. My recollection of the exchange in "Question Period" is that there were no specifics advanced with respect to any particular area, certainly not the issue of housing—

• (1425)

Mr. Deans: Why are you saying that?

Mr. Johnston: —which he raises, and concerning which he now asks me for a personal view. The fact is that the issue of administered prices was addressed in the budget by the Minister of Finance as a general principle.

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TRANSPORT

MIRABEL—MAISLIN TRUCKING COMPANY—VIA RAIL

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I have a cluster type question to ask the Minister of Transport. When will the minister make up his mind, or at least announce his position with respect to Mirabel, the position with the Maislin Trucking Company, and when will we receive the working paper or the draft bill for VIA Rail?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the question concerning Mirabel is before cabinet, as everyone knows. I believe that in a few days the announcements could be made. On Maislin, which is not my main responsibility, similarly; and on the VIA bill, I have already indicated that I was hoping to give it to the House of Commons Committee on Transport in the fall.

PRESENTATION OF PAPER ON VIA RAIL

Mr. Pat Nowlan (Annapolis Valley-Hants): In terms of VIA, when estimates were being considered by the transport committee the minister said that he hoped the working paper would be before the transport committee in May or June and that Mr. Giroux had it ready, or words to that effect. Will the fact that Mr. Giroux has now been appointed deputy minister of national revenue affect the presentation of the working paper for consideration and meditation over the summer, even before we see the draft bill?

Hon. Jean-Luc Pepin (Minister of Transport): No, Madam Speaker, the discussion paper is quite advanced, but I did not think it would be necessary to push officials to finalize it because the committee will not be studying it during the summer anyway. I thought we could take the extra time to complete it, polish it, and present it in a style which is worthy of the quality of the members of that committee.

CONSIDERATION OF MAISLIN CASE

Hon. Jake Epp (Provencher): Madam Speaker, my supplementary question is directed to the Minister of Transport and it is with regard to the Maislin case. There is much concern in the Canadian Trucking Association involving a loan guarantee

or a grant, whatever the form the government might see fit to decide in the Maislin situation, feeling that a precedent would be created in the trucking industry. With the $20 billion plus deficit the government is carrying this year, does the minister feel that the Canadian taxpayer can afford these bailouts?

Hon. Jean-Luc Pepin (Minister of Transport): Whatever feelings I have on that subject at this time are reserved for expression in the committee of cabinet which looks at this particular issue, but I want to reassure the hon. member that we are quite aware of the possibility that this could be presented as creating a precedent.

APPLICATION OF GOVERNMENT POLICY

Hon. Jake Epp (Provencher): Madam Speaker, I would like to ask the minister one short, supplementary question. To the present time loan guarantees or so-called bailouts have generally been related either to the energy sector or the manufacturing sector. Should this step be taken with Maislin, the government, I would think, would then be strongly moved into the service sector as well. If the government bails out one section of the service sector, such as Maislin, will it use the same criteria for others who will come to the government with the same requests?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am quite aware that up until now the regulations have applied only to manufacturing, and not to services. What I will say is only theoretical as we are discussing ideas now, not decisions; but should this be extended to the services it would be on the basis that services are quite as useful in society as manufacturing, and also provide much employment. Consequently, there might not be justification for treating services separately from manufacturing or resource development.

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EXTERNAL AID

REQUEST FOR DEBATE ON CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Mr. Ron Stewart (Simcoe South): Madam Speaker, in the absence of the Prime Minister and the Minister of Finance, I would like to direct my question to the President of the Treasury Board. Every Canadian knows that the problems and the economic woes of Canada are caused by government mismanagement, excessive spending, and so on. At no time was this more evident than a week ago Sunday when viewers of W-5 were informed of the profligate spending of CIDA involving a mismanaged project in Haiti. The minister will know that there were no specific acts of Parliament establishing CIDA and that no authority has really been given to it. Its operations are legal only through the provisions of the Appropriations Act. Would the minister use his good offices to persuade the Prime Minister that, unlike VIA Rail, and unlike metric, this matter will be debated in the House and a proper act will be forthcoming?

• (1430)

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am not sure what specifically the hon. member wants to debate in this House. We have heard his views, which by and large have been very negative in terms of foreign aid programs, and which I suspect are not shared, frankly, by many other members of his party. If that is the issue he wants to debate in this House, then he might take the opportunity of putting forward a motion and have it debated. It would be interesting to see whether other members of his party share his view.

In terms of the specific CIDA projects, we in the Treasury Board have been concerned with cost overruns or management issues in CIDA projects, just as we are in all other projects. Ministers of the Board have taken an interest in a number of CIDA projects which are subject to particular forces and particular difficulties, for a whole variety of reasons which I would not want to take up the time of the House at this point to explain. In any event, I would like to assure the hon. member that the management questions in CIDA are looked at on an ongoing basis by the Treasury Board.

ACCOUNTABILITY TO PARLIAMENT

Mr. Ron Stewart (Simcoe South): Madam Speaker, we are all interested in the humanitarian aspects of CIDA, but now that we have a Freedom of Information Act I would like to ask the President of the Treasury Board if he will stop the practice of $1 votes which has led to such slipshod mismanagement and the support of such dubious projects with immunity from parliamentary scrutiny, and will he move quickly to bring CIDA's financial operations in line with the accepted norms of estimates, with accountability to Parliament and the people of Canada?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, nothing is of greater concern to members on this side of the House than improved accountability and improved management of all aspects of the Public Service, including CIDA. It seems to me we have taken very important initiatives in that regard including, for example, the new form of estimates which perhaps the hon. member has had the occasion to examine. I do not recall receiving any comments from him, but I would be happy to receive representations if he feels that they are in any way inadequate or not satisfactory in terms of the information he requires with respect to CIDA programs or other programs.

On the subject of $1 votes, Madam Speaker, we have been scrupulous in observing the ruling which you yourself handed down last year in the preparation of the main estimates and in the preparation of supplementary estimates since that time.

UNEMPLOYMENT INSURANCE

AMOUNT OF FUND DEFICIT

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is directed to the Secretary of State for Finance in the absence of the Minister of Finance. In the budget papers which were released on June 28, the Minister of Finance estimated a deficit in the unemployment insurance account of $2.2 billion. In the "Budget in Brief", distributed on Friday, there are figures which indicate that the deficit will actually be $3.1 billion. Which figure is correct?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I will check both documents. I have not seen the document "Budget in Brief" referred to by the hon. member. I will check both documents and also the figures, and I will let the hon. member know which amount is correct. If I am not mistaken, the official figure in the budget documents was $2.2 billion.

[*English*]

QUERY RESPECTING POSSIBLE INCREASE IN INSURANCE PREMIUMS

Mr. Doug Lewis (Simcoe North): Madam Speaker, the figures I referred to in the "Budget in Brief" are on page 10. As I read it, those are the only figures which are different from the original budget figures. In view of this serious shortfall of revenue, is the government considering an increase in unemployment insurance premiums on January 1 and, if so, how much?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member may recall that the Unemployment Insurance Act provides for a mechanism whereby premiums are automatically adjusted annually, in relation to the amounts drawn on the Unemployment Insurance Fund, and every year, cabinet must review the level at which premiums are to be set. This exercice will take place this year as well, but right now I am not in a position to inform the hon. member what the amount of the premium will be.

* * *

[*English*]

CANADIAN DAIRY COMMISSION

INVESTIGATION OF MARKETING PRACTICES

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, on Friday the Minister of Agriculture responded to the very serious problems revealed by the Auditor General's comprehensive audit of the Canadian Dairy Commission by stating that he had asked the RCMP to investigate the Commission's marketing practices. I would like to know why the minister has delayed taking action for such a long time, and why he has not removed the persons responsible for these unacceptable practices from the Commission? Or is criminal investigation, followed by trial and sentencing, the only way these people can lose their jobs? Specifically, will the minister ask for the resignation of the Chief Commissioner, as our party suggested he do last January 7?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows full well, if he has read the Auditor General's report, that what he says is not right. The Auditor General really makes no accusations in the report. He suggests some things, and it is my duty to make sure those things are proven one way or another. Until someone is proven guilty, they should not be condemned or fired as the hon. member is suggesting. That is the procedure I am following, on legal advice. The inquiry will go on, and if there is any wrongdoing then those who are guilty should be penalized.

Mr. Hovdebo: Meanwhile, Madam Speaker, many millions of taxpayers' dollars go by the board.

REQUEST FOR FULL-SCALE INVESTIGATION

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I would like to follow along on that answer and look into the minister's own handling of this situation. The Auditor General completed his report in March, or shortly afterwards. The Commission was permitted to respond in April. The RCMP investigation was announced two and a half months later. Why did it take two and a half months for the minister to change his mind when the Auditor General's report put forward the reasons for criminal charges much earlier, and will the minister guarantee to this House right now that any RCMP investigation will include all activities of the CDC, not just marketing practices?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member makes great sweeping statements about the Dairy Commission. I would challenge him to point out where the wrongdoings are suggested in that report on the Commission. I would ask him to make it clear where those charges are made by the Auditor General. I asked the Auditor General to do an intensive report on the Dairy Commission, and I received it in late May. If you will notice, there is no suggestion in that report about an RCMP investigation or anything. I asked for that myself quite some weeks ago. I do not know how far the investigation has progressed, but it has been under way for some time, not just since the report was tabled in the House.

I say the Dairy Commission is very well run when we compare it to nearly any other organization, and I will stand behind the Commission until I am proven wrong. We have depended on the Auditor General's report in the past, and the Commission is challenging some of the statements in the report and are asking for an independent auditor to come in and make a survey of his report and the Dairy Commission's operations because they are sure they are not operating as badly as the hon. member for Prince Albert has said they are

operating. I am not, nor do I think anyone wants me to be, the kind of person to condemn someone on the kind of suggestion that the hon. member is making, saying that there is a waste of millions of dollars. That has not been proven, and the Auditor General's report does not say that either.

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INDIAN AFFAIRS

REVIEW OF BRITISH COLUMBIA REGIONAL OFFICE

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, I would like to ask the Minister of Justice if he has read the fifth report of the Standing Committee on Indian Affairs and Northern Development, together with the minutes of the committee which led up to the recommendation for an independent inquiry into certain aspects of the B.C. regional office activities. Is the Minister of Justice concerned with the type of limited internal review which was announced on Friday, when it is considered that both the standing committee and officials of the Department of Indian Affairs and Northern Development consider that a full and independent inquiry is necessary?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, this is a problem that comes under the jurisdiction of my colleague, the Minister of Indian Affairs and Northern Development. The minister did not ask my opinion on this matter, and I did not examine the report. I know that legal advisers from my department work at the Department of Indian Affairs and Northern Development, but no report on the matter has reached my office.

• (1440)

[*English*]

PRE-REVIEW RECOMMENDATIONS

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, can the Minister of Justice inform me whether he has made recommendations to the Minister of Indian Affairs and Northern Development to institute the very limited internal review which was announced on Friday, and which many may consider to be a cover-up? I ask that question in light of a recommendation which came from an official of the department suggesting that perhaps the RCMP should be involved.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, a decision was made by the Minister of Indian Affairs and Northern Development to have an internal inquiry. If something is found, we will act accordingly. However, there is no need at this moment to have an inquiry other than the one decided by the minister.

ROLE OF DEPARTMENT OF JUSTICE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, was the Minister of Justice consulted by the Department of Indian Affairs and Northern Development before the Department of Indian Affairs and Northern Development took the decision to reject the unanimous report of the standing committee and opt for an internal inquiry? Was the minister's department consulted?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I cannot say whether my department was directly consulted. I know that some Department of Justice lawyers do work for the Department of Indian Affairs and Northern Development. I cannot say whether they were consulted. I will inform myself and advise the House.

POSITION OF PRIME MINISTER

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, we have an undertaking from the Minister of Justice to report to the House as to whether there had been a legal opinion given by government lawyers before the decision taken by the Minister of Indian Affairs and Northern Development. Will the Acting Prime Minister personally, or request that the Prime Minister personally interest himself in this question which is of extraordinary importance, because the government has acted against the considered recommendation of a unanimous committee of this House of Commons regarding the need for a public inquiry?

Instead of following Parliament's advice for a public inquiry, the ministry has chosen a private inquiry. Will the Acting Prime Minister give an undertaking that there will be a report to this House by the Prime Minister as to whether the Prime Minister is personally satisfied that it was appropriate for this matter to be handled by a private rather than a public inquiry?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I just heard with my own ears the Minister of Justice saying that he was going to do this himself. He is fully grown, intelligent, able, and has a good relationship with the Prime Minister. I am quite sure he can do it on his own. The House and the public are witness to the commitment which he made to the Leader of the Opposition a moment ago.

QUERY RESPECTING POSSIBLE INVOLVEMENT OF ROYAL CANADIAN MOUNTED POLICE IN INQUIRY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister has spent a good part of his life evading questions. He knows that the only undertaking given by the Minister of Justice was the undertaking to report as to whether legal officers had been consulted. I am asking whether the highest level of government, the Prime Minister, approved a private, secret inquiry, against the recommendation of the standing committee for a public inquiry. I would like a report on that at a later time. The minister can take it as notice. Will

the Acting Prime Minister or the Minister of Justice tell me whether the RCMP was involved in any aspect of the case under consideration by the private inquiry within Indian Affairs?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I have nothing further to add to the answer I just gave. In any case, the RCMP is not the responsibility of the Minister of Justice but that of the Solicitor General.

[*English*]

INQUIRY RESPECTING POSSIBLE ROLE OF ROYAL CANADIAN MOUNTED POLICE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me ask the Solicitor General whether the Royal Canadian Mounted Police are involved in any way whatsoever in any aspect of the matters under investigation by the Department of Indian Affairs and Northern Development, the matters referred to by the Standing Committee on Indian Affairs and Northern Development, and by my colleague from Okanagan-Similkameen.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I cannot answer that question. The RCMP does not consult the government about investigations and does not take direction from the government about investigations. It does not require terms of reference for investigations. Its terms of reference are the Criminal Code and other federal statutes. It operates under a tradition of independence which I consider it my mandate to preserve.

* * *

NATIONAL DEFENCE

APPLICATION OF LIMITATION ON PENSION INDEXATION

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Minister of National Defence. The June budget mentioned that indexation of the pensions paid to public servants will be limited to 6 per cent. Can the minister tell us if the 6 per cent maximum will apply in a retroactive fashion to retired servicemen who have not yet qualified for indexation under the 85 rule but who will, of course, qualify at some later date?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the question asked by the hon. member for Victoria is a complex one. I carefully read his speech in the House last Thursday on the same subject. He has made a point which has to be evaluated. I would point out, however, that the funds in the pension fund are not only from the employees. For example, in the pension fund of the defence department, the defence department supplied over $247 million in contributions to the fund this year. However, if we want to reduce the pension indexation factor to 6 per cent at a certain point, in order for this government to bring inflation down to 6 per cent, I think it will be successful. In a couple of years I do not think any employee of the department will lose anything if we have 6 per cent inflation, and their pensions are indexed at 6 per cent.

Mr. McKinnon: Madam Speaker, sometimes in the past the minister has missed my question by quite a bit, but that exceeded the limit.

QUERY RESPECTING INTRODUCTION OF LEGISLATION

Hon. Allan B. McKinnon (Victoria): Madam Speaker, obviously the statement in the budget about capping indexation is going to require that a bill be introduced in the House. Perhaps the minister or the House leader can tell me when it is their intention to bring such a bill into the House. If it is not for quite some time, will the government tell us its interpretation of the indexation catch-up which is part of the 85 rule?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, sometimes the hon. member for Victoria could be more clear in his questions or give me notice when a question is too complex to answer in the House. Otherwise, I suggest he place his questions on the Order Paper and we can answer them. This matter can be discussed with the House leader as far as the bill is concerned, or with the President of the Treasury Board with regard to the time mechanism, whatever is decided.

* * *

AGRICULTURE

MINISTER'S ELECTION PROMISE

Hon. Don Mazankowski (Vegreville): Madam Speaker, I would like to direct my question to the Minister of Agriculture. During the last election campaign the minister promised he would keep farm production prices down and that he would establish a special fuel price structure which would be exempt from federal taxes. Since the minister has resumed his duties as Minister of Agriculture, he has presided during a period of time in which interest rates have almost doubled, fuel prices have doubled, and fertilizer and pesticide prices have increased by 30 per cent. He is now a member of a government that is proposing a 45 per cent increase in the freight rate on grain—

An hon. Member: Ask the question.

Mr. Mazankowski: I will ask the question. I simply ask the minister whether he is satisfied that he has honestly fulfilled his election promise. If not, what action is he taking or contemplating to ensure that that pledge will be fulfilled for the farmers of Canada?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I do not know what research the hon. member is using for all those statements that I made, because if he is reading speeches I gave during the election campaign, those were not prepared.

Some hon. Members: Oh, oh!

Mr. Whelan: They were made in the heat of debate, you could almost say off the cuff, but there isn't any cuff there!

Miss MacDonald: What is on your shoes?

Mr. Whelan: The record clearly shows that my record is as good as the hon. member's in fulfilling promises made during the heat of an election campaign.

• (1450)

I would compare the production costs my farmers in Canada pay with those paid by any farmers in any part of the world with whom Canadian farmers compete. I ask the hon. member to be fair and recognize that the cost of production of food in Canada is, if not as reasonable, more reasonable than the cost in any other part of the world.

Some hon. Members: Hear, hear!

CAPITAL GAINS TAXES

Hon. Don Mazankowski (Vegreville): Madam Speaker, I wonder if the minister would permit me to remind him of another election promise he made in the same speech in Alvinston, Ontario, on January 31, 1980. He said:

Inequities in income tax legislation regarding farmer capital gains taxes will be removed—

He went on to say he would provide the option to farmers of a valuation day of either December 31, 1971, or December 31, 1974, whichever was the greater. He also said his party:

—would also give farmers a once-in-a-lifetime capital gains exemption.

How is the Minister of Agriculture coming along with the fulfilment of those promises?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, as humbly as I can say it, slowly. If we check the budget of November 12 and the budget of June 28, we will see that we have made some terrific gains.

Some hon. Members: Oh, oh!

Mr. Whelan: We are not giving up yet, in any sense. The committee which has been appointed by the Minister of Finance will be looking at this very matter. I would hope such a learned person as the hon. member who asked the question would make a presentation to that committee on just what he thinks should be done. We hear all kinds of opinions on what should be done and what should not be done. Let the hon. member or any of his learned colleagues make a presentation. There are some very brilliant people on the other side of the House. Perhaps they should make suggestions. It would be the first time they made suggestions to overcome some of the difficulties they are talking about. I have been listening and waiting for them to make suggestions, but they have been very slow to make any.

SHIPBUILDING

POSSIBLE CREATION OF MINISTRY FOR MARINE TRANSPORTATION

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, the issue I would like to raise with the Minister of Transport probably does not require the responses of a stand-up comic.

My question deals basically with the announcement the other day that Dome Petroleum has received approval from the B.C. government on the Rim gas project. In the past it was intended that four LNG carriers would be built, two in Canada and two in Japan. Now the announcement is that there will be no shipyard on the west coast of Canada and that five LNG carriers will in all probability be built in Japan.

Federal Commerce and Navigation has built four bulk coal carriers offshore for the northeast Coal project. Two drydocks, one for Dome and one for Burrard, have been built in Japan. A stacker-reclaimer for the coal port was built in Japan. CP Ships has reregistered 23 vessels, half in Hong Kong and half in Britain, instead of in Canada. The government has consistently failed to tie our trade relationship to the UNCTAD convention which would provide that 40 per cent of our exported and imported goods would move in Canadian hulls. Several months ago the Prime Minister gave a commitment—

Madam Speaker: Order. Does the hon. member really have a question, or is he simply making a speech?

Mr. Skelly: Madam Speaker, I will move quickly to it. In aid of explaining where the hundreds of thousands of Canadian jobs have gone, would the Minister of Transport explain whether the government has made any progress in considering the creation of a ministry of state for marine transportation which would implement a marine industrial strategy which would gain for Canadians some of the hundreds of thousands of jobs we are currently giving away?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, there were at least seven questions in the hon. member's introduction. On the question of creating a marine section in Transport Canada with, presumably, a politician responsible for it in the House, I presume this is one of the questions the Prime Minister always has in mind. If he decides to do this, we will be informed of it. The previous government had such a minister in charge of the marine aspect of the Department of Transport. It is a precedent which exists, and might be repeated, but this is a matter for the Prime Minister.

Mr. Skelly: Madam Speaker, I must apologize for the preamble being so lengthy. There was only one question. Thirteen major vessels and hundreds of thousands of jobs have been given away. That is where the minister was confused.

SPIN-OFF BENEFITS FOR CANADIAN COMPANIES

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I would like to ask the minister a second question. The fire sale

of Canadian resources in the petroleum, base metals, forest products and coal sectors has resulted in a problem. Dome Petroleum, which turned off those drydocks, those vessels, those LNG carriers and probably the four carriers to be developed for the Arctic pilot project, is deeply indebted to the Japanese. Because of that indebtedness with respect to financing, would the Minister of Transport agree that it would be very difficult for Canadians to trust this company any further to capture for Canadians the industrial spin-offs which would come from the shipbuilding and allied trades, and would it not make sense for the government to intervene in these contracts to ensure that the spin-offs do accrue to Canadians?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, that is why last year, in spite of NDP opposition, we passed the Canada Oil and Gas Act, which includes a very strong clause to ensure Canadian benefits in terms of goods and services. We had to fight for this clause against the opposition of members of the New Democratic Party. We finally got it in, and now we are establishing agreements with the various companies operating in the oil and gas field in order to ensure the maximum Canadian benefits in terms of goods and services. This is producing results at the present time.

The point raised by the hon. member is exactly the point in question. The proposal Dome has put forward and which has been recommended by the Government of British Columbia still has to be approved by the Government of Canada. I have discussed this issue with Dome representatives—and with Japanese representatives when they came here recently—and stressed the importance we attach to Canadian benefits resulting from those sales. That is what this government is doing consistently, thanks to the legislation we presented to Parliament and passed, despite the opposition of the NDP.

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AGRICULTURE

CANADIAN NATIONAL LIVESTOCK RECORDS COMMITTEE

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, my question is directed to the Minister of Agriculture. As the minister is probably aware, the Canadian National Livestock Records Committee is hoping to computerize its operation, which would give it a complete linkage with the record of performance programs, agricultural fairs and exhibitions. This would have the effect of making all information more readily and more accurately available to the whole livestock industry. I would like to ask the minister if he supports such a worthwhile program and, if so, would he consider giving some assistance, technical or otherwise, to get this program off the ground?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am very much aware of the program. I met with the manager, or director, of livestock records for Canada and went over the program very quickly with him last week. If we can assist with funding, we will.

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NATIONAL ENERGY PROGRAM

EFFECT ON INVESTMENT

Mr. Jack Shields (Athabasca): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. It is now recognized that the national energy policy has caused an outflow of investment capital at an unprecedented rate. This has caused a massive drain on the Canadian dollar, resulting in astronomically high interest rates, business recession across the country, and unemployment at an all-time high. Canada is now not considered by the investment community of the world as a safe place to invest.

Mr. Peterson: Nonsense.

Mr. Shields: When will the minister do something to reverse this situation and make Canada a safe place to invest?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am afraid there is little I can do about the hon. member's personal nightmares.

Mr. Shields: Madam Speaker, I would not expect much more from the minister.

DEVELOPMENT OF OIL SANDS IN NORTHEASTERN ALBERTA

Mr. Jack Shields (Athabasca): Madam Speaker, it is generally accepted that the reserves in the oil sands in northeastern Alberta exceed the known reserves in the Middle East. Is the minister or anyone in his department working toward developing the oil sands in northeastern Alberta?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Yes, Madam Speaker.

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[*Translation*]

PETITIONS

MR. TAYLOR—RECONSIDERATION OF GUN CONTROL LEGISLATION

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the three hundred and eighth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Bow River (Mr. Taylor) on Friday, July 16, 1982, and that he finds that it meets the requirements of the Standing Orders as to form.

Order Paper Questions

ROUTINE PROCEEDINGS

[*Translation*]

AGRICULTURE

PRESENTATION OF SEVENTH REPORT OF STANDING COMMITTEE

Mrs. Éva Côté (Rimouski-Témiscouata): Madam Speaker, I have the honour to present the seventh report of the Standing Committee on Agriculture, in both official languages.

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

* * *

● (1500)

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,162, 4,306, 4,327 and 4,360.

[*Text*]

RCMP SECURITY INTELLIGENCE MANDATE

Question No. 4,162—**Mr. Robinson (Burnaby):**

1. What are the sources of authority for the RCMP's security intelligence mandate?

2. Did the government ever issue guidelines to the RCMP as to how the cabinet directive of March 27, 1975 should be interpreted?

Hon. Bob Kaplan (Solicitor General): 1. Section 44(e) of RCMP regulations and orders, made pursuant to the Royal Canadian Mounted Police Act, specifies that in addition to the duties prescribed in the act, "it is the duty of the Force to maintain and operate such security and intelligence services as may be required by the Minister". The government has provided explicit direction with respect to the investigative services to be provided by the RCMP in support of the personnel security clearance programs of departments and agencies as required under the terms of Cabinet Directive 35. The RCMP may also engage in broader security intelligence investigative activity on the basis of direction provided by the cabinet on March 27, 1975.

2. No.

McDONALD COMMISSION REPORT

Question No. 4,306—**Mr. Robinson (Burnaby):**

1. Did page 1,012 of the second report, volume 2 of the McDonald Commission state that the English and French versions of Section 5 of the RCMP Act differ, causing an ambiguity in the meaning of this section?

2. Did the Solicitor General instruct his department to consider those remarks as it draws up a legislative response to the recommendations of the commission?

Hon. Bob Kaplan (Solicitor General): 1. At page 1012 of the second report of the McDonald Commission, it is stated that "—section 5 of the RCMP Act is open to two interpretations". It is suggested that the English version is ambiguous while the French version is not. At page 1013 the following appears: "We think that the statute should be amended to effectuate the recommendations which we will be proposing, and such amendments would, we believe, eliminate any existing ambiguity."

2. The remarks on pages 1012 and 1013 of the second report of the McDonald Commission relating to ambiguities in respect of the French and English language versions of section 5 of the RCMP Act are being considered by officials of the Ministry of the Solicitor General within the framework of a general review of the recommendations of the McDonald Commission.

DEVELOPMENT OF MINI-CARS

Question No. 4,327—**Mr. Gurbin:**

Is there any encouragement for individual Canadians or Canadian companies to develop mini-cars similar to the mini-cars now being produced by the Japanese and which will be available on the Canadian market in the near future?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Department of Industry, Trade and Commerce is concerned: Canadians and Canadian companies have come forward with ideas for small mini-cars similar to those being produced by the Japanese.

These ideas have been encouraged and the federal government, both in Industry, Trade and Commerce and Transport Canada, have worked with people involved to foster the ideas and endeavoured to obtain support from the private sector in order that a viable opportunity can be presented and be eligible for financial support from the government. No viable proposition has yet been received but continued encouragement will be given to any Canadian with a good feasible idea.

MANAGEMENT INFORMATION SYSTEMS

Question No. 4,360—**Mr. Herbert:**

With reference to the answer to question No. 4,240, what were the reasons given by the health ministries of British Columbia and Quebec for non-participation with the government in the funding of the development of managment information systems for health institutions?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): The British Columbia Ministry of Health already had a similar study underway in co-operation with the British Columbia Hospital Association, but will be providing its findings, reports and manuals as its contribution to the national project.

The Quebec Department of Social Affairs has already developed an adequate information system suitable to its purposes, such that a new management information system was not an urgent priority in a period of severe financial restraint.

[*English*]

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

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

[*English*]

Mr. Malone: Madam Speaker, from time to time Members of Parliament rise in their places to ask why a certain question has not been answered. I have had a question answered after nearly two years on the Order Paper. I find out, however, that the question is really still not answered. Like Eliza Doolittle in "My Fair Lady", all I have is words, words, words. The answer has no bearing on question No. 3,370. I should like an explanation why, after waiting two years for an answer, the response makes virtually no sense at all.

Mr. Smith: Madam Speaker, I do not recall the specific question that my hon. friend refers to. I suggest that he should place another question on the Order Paper seeking clarification of the points he felt were not dealt with. I will do my best to get him an answer as soon as possible.

[*Translation*]

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83

MEASURE TO ESTABLISH

Hon. Pierre Bussières (Minister of State (Finance)) moved that Bill C-125, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, before outlining the main aspects of Bill C-125 which requires additional borrowing authority for the current year, I should like to take advantage of this opportunity to elaborate on the government's financial requirements as they appear in the context of the last budget.

Many people were surprised at the size of the deficit we forecast in the last budget. At this time I should like to dispel a number of concerns that have been made known to us in this regard. I am also anxious to correct a misinterpretation that has been spread about following the announcement of these forecasts, that the government extended its programs in a period when austerity is essential.

I believe it is important that Canadians get a true picture of the facts in this matter and that they realize that the government has allotted itself just one additional discretionary expenditure since the November budget. This was the sum of

$400 million allotted to direct job creation and the extension of variable entrance requirements for unemployment insurance benefits.

In view of the present circumstances, I believe that Members of Parliament will agree with me that this is not an extravagant expenditure. The government chose to maintain a reasonable attitude by calling for solidarity and sharing by all Canadians in order to be able to provide some assistance to the unemployed, home owners and businesses in difficulty. The government is calling for moderation and discipline to steer the economy back to recovery so that soon everyone can benefit from the growth in permanent jobs and the improvement in real incomes.

• (1510)

[*Translation*]

Then why has the government's deficit grown to such alarming proportions? The answer is relatively simple. The deficit of some $10 billion forecast in the November budget was based on the expectation that the economy would slow down somewhat. Growth expressed in real terms was expected to drop from 3.6 per cent for 1981 to only 2.2 per cent for 1982. However, the slowing in economic activity was far more serious than expected and, in this respect, the government's forecasts were no different from those made by private organizations or other public institutions. We are now expecting a definite decline in economic activity or, in other words, a negative growth rate of 2 per cent. In plain language, everyone guessed wrong, including the government. The extent of the recession has considerably aggravated the financial situation facing the government. The decline in production, employment and income, all of which is due to the recession, has resulted in a loss of revenue for the government of about $4.5 billion. A drop in international oil prices and the reduction in certain energy-related taxes announced recently in the National Energy Program Update have cut an additional $1.6 billion from the budgetary revenues forecast.

Finally, adjustments to the November budget measures also reduced estimated revenues by about $300 million. Thus, because of a weakening in the economy, we have a $6.4 billion decline in revenue.

The recession has also had a major impact on government expenditures. High interest rates have increased public debt charges by $1.1 billion. Energy-related expenditures, which were carried forward from last year, added another $1.1 billion to expenditures for the present fiscal year. Furthermore, the total outlays target was increased by about $300 million to accommodate a number of employment-related initiatives and by another $160 million to allow for the impact on fiscal transfers to the provinces. These and some other minor upward

adjustments to the outlays target were partially offset by reductions of $280 million in planned spending within the Energy envelope following the National Energy Program Update. The net effect of all these factors is to increase total outlays by $2.6 billion over the November budgetary forecasts.

Mr. Speaker, the $2.6 billion increase in projected expenditures plus the $6.4 billion decline in government revenues add up to a total of $9 billion, and that is why the $10.5 billion deficit forecast in November has had to be revised upward to $19.5 billion. This, in turn, means a substantial increase in the government's financial requirements, which have risen from $6.6 billion to $17.1 billion. One of the main components of the increase in financial requirements is the roughly $2 billion increase in unemployment insurance payments. Mr. Speaker, I believe that, in the light of this information, Canadians will understand that the increase in the government's deficit or its expenditures is in no way due to a voluntary act or lack of control by the government. In fact, I indicated that the $2.6 billion increase in expenditures was to cover areas that are of vital importance in view of the present recession. The projected increase in the government's deficit and financial requirements in relation to previous forecasts reflects, as I explained before, the automatic response of revenues, the unemployment insurance program and public debt charges to the acute recession we are experiencing today. Considering the size of our economy, this deficit does not constitute a precedent, compared with the deficits our own country and even foreign countries have known in the past ten years during periods of cyclical weakness.

More specifically, if we compare the Canadian deficit with that in the United States, Germany and Japan for this year and last year, we see that the Canadian situation is not much different from the situation in those countries. In fact, expressed in percentages of the GNP, we find that for Canada it was 1.2 per cent in 1981 and will be 4.4 per cent in 1982. In the United States, it was 0.9 per cent in 1981 and will be 3.5 per cent this year; in Germany, it was 4.5 per cent and will be 3.8 per cent this year. In Japan, it was 4 per cent in 1981 and will be 3.4 per cent this year. If we compare the government's present financial situation to the situation during the far less severe recession in 1978-79, we find that the government's financial requirements for both years are exactly the same, namely 4.8 per cent, expressed in percentage of the GNP. As for the budgetary deficit, it was 5.3 per cent of the GNP in 1978-79 and is now expected to be 5.4 per cent. If we compare our financial requirements for the current year with those in the United States, we see that their requirements are not much lower than ours, namely a little less than 4 per cent of the GNP, compared with 4.8 per cent in our own country. Finally, if we make comparisons on the basis of national accounts, we find that the Canadian deficit is only slightly higher than in the U.S., namely, 5.2 per cent of the GNP, compared with 4.8 per cent. Incidentally, when comparing deficits, we must also take into account the relative capacity of each government for financing its deficit. In Canada, for instance, the personal savings rate is generally higher than in the United States.

In 1981, for instance, the savings rate was as high as 12.4 per cent of disposable income in our country, while it was only 5.3 per cent in the United States. This means that the Canadian government's ability to finance the deficit is greater, percentagewise, than it is in the United States. In fact, in financing a deficit which proportionally—and I stress the word proportionally, so as to spare the Leader of the Official Opposition (Mr. Clark) further astonishment—would be the same as in the United States, Canada would have more savings available for private investment because of the very substantial difference in savings rates between the two countries. During the first quarter of this year, the personal savings rate in Canada rose to its highest level ever, namely 13.3 per cent. Although our deficit is substantial, there is a considerable body of savings in Canada today, waiting to be invested in our economy.

Mr. Speaker, the government is still convinced that a substantial reduction in the deficit would merely aggravate our economy's present cyclical weakness. In its last budget brought down on June 28, the government was determined not to add to the deficit and it has achieved this goal. The government was also determined to find ways of creating jobs and sustaining economic activity, without adding further to the projected deficit. That goal has also been achieved. By reallocating expenditures and through tax changes, we have been able to provide $2.3 billion for reducing unemployment and helping sectors that have been severely affected by the recession and by high interest rates. We have been able to achieve these seemingly contradictory goals by applying the principles of solidarity and willingness to share and we have appealed to Canadians to reciprocate in kind. We have asked them to give up certain benefits to help the unemployed and to help troubled sectors of our economy.

That being said, Mr. Speaker, I wish to assure the House that the government remains committed to its policy of reducing the deficit in the medium and long term. Financial requirements have gone from 4 per cent of the GNP in 1979-80 to 2.5 per cent of the GNP in 1981-82. Mr. Speaker, I want Canadians to realize that the same forces that are instrumental in bringing about a cyclical increase in the deficit are also instrumental in reducing the deficit when the economy starts its recovery. As soon as the government's appeal for moderation and discipline with respect to wage demands and other inflationary expectations has been heard, prices as well as interest rates will finally go down. Economic growth will start up again, businesses will be able to make reasonable profits, investor confidence will return and production will increase. Workers who are now laid off will be hired again, and new jobs will be available to young Canadians graduating from our colleges and universities. Government expenditures to support the sectors most severely affected at the present time will no

longer be necessary, and as the employment rate goes up, unemployment insurance payments will go down. More jobs will mean more people who are able to pay taxes, and businesses that are thriving again will also increase the government's tax revenues. The present increase in the deficit as a result of the recession will also be automatically absorbed as the economy recovers.

• (1520)

Automatic stabilizers are necessary to sustain income and employment in a recession. They must be allowed to operate to avoid making the recession worse. Mr. Speaker, I am sure Canadians can clearly imagine what the consequences would be if a government refused to take its responsibilities in this extremely difficult period and decided to cut unemployment insurance benefits or slash expenditures that provide income for Canadians until the economic situation improved. As I said before, the government's requirements for the current fiscal year will be much higher than expected. As indicated in the June 28 budget, we shall have to borrow $17.1 billion during the current year. Since April 1, the government has already borrowed $3.5 billion, which it was able to do pursuant to borrowing authority granted in the course of previous fiscal years and still unused. However, the balance of the unused borrowing authority will automatically expire as soon as the bill is passed. We have already obtained borrowing authority for $6.6 billion under Bill C-111 which received royal assent on June 17, 1982. The loan of $3.5 billion plus the $6.6 billion already approved by Parliament add up to a possible total borrowing authority of $10.1 billion, while the government's financial requirements, as I said before, are $17.1 billion. Therefore, a new borrowing authority for $7 billion will be necessary to meet the government's new financial needs. Bill C-125 now before the House is proposing to add an additional borrowing authority of $4 billion to the supplementary $7 billion, in order to provide sufficient room for manoeuvre in coping with contingencies. Mr. Speaker, I therefore move that Parliament adopt a new borrowing authority for $11 billion.

Generally speaking, the government requires some room to manoeuvre, over and above the projected financial requirements, in order to deal with any unexpected cash requirements. These may arise as a result of government exchange transactions. In past years, additional borrowing authority of this kind has remained at about $3 billion. Under Bill C-125, the government is seeking borrowing authority for up to $11 billion, $4 billion of which, as I said before, will be a contingency fund, which, if it has not been used by the end of the fiscal year, will be carried over to the following year. Again, all unused borrowing authority carried over from previous years will expire as soon as Parliament has passed the present bill. The bill contains a provision dealing with the government's authority to contract and reimburse loans in foreign currency, a purely technical provision which, Mr. Speaker, has been included in previous borrowing authority bills during the last three or four years. Over the years, Canada has contracted loans and made settlements in many different currencies. Recently, however, this provision was added to confirm the right and authority of the Government of Canada to contract loans in foreign currency. Hon. members will recall that there is before the House a bill aimed at amending certain parts of the Financial Administration Act. The bill in question contains a provision in Clause 39.1 as a result of which, in the future, it will no longer be necessary to repeat this provision in borrowing authority bills.

As of April 1 of this year, we had borrowing authority for $3.6 billion under authority granted in the course of previous fiscal years, and as yet unused. When Bill C-111 was passed on June 17 of this year, that gave us an additional borrowing authority for $6.6 billion, bringing our total borrowing authority up to $10.2 billion. Between April 1 and June 30, we used $4.6 billion of that amount, leaving us with borrowing authority for $5.6 billion. I shall indicate briefly how the borrowing authority for the $4.6 billion was used. We first financed about $600 million on domestic markets. The remaining $4 billion was financed on foreign markets, that is, $3 billion was obtained by using standby credit while another $1 billion was raised through a European bond issue last June.

In the course of the year, government transactions on the exchange market brought about a substantial increase in the government's cash balance which is about $3 billion at the present time. However, the government needs these funds in order to cope with the present instability and uncertainty on the exchange markets, and therefore cannot use them to finance the country's cash requirements at the present time.

Mr. Speaker, I shall now explain why the government wishes to obtain supplementary borrowing authority at this particular time of the year. First of all, we want to give hon. members an opportunity to consider a request for additional borrowing authority in the light of financial projections which were updated and submitted in the November budget by the Minister of Finance (Mr. MacEachen). We also want to have the greatest possible flexibility in planning the debt program, so as to take advantage of market opportunities as they occur and thus maximize utilization of the various sources of financing available to the government, obtaining them at the best possible rate for the benefit of Canadians. The government finances its requirements through three main sources: marketable bonds, Treasury bills and Canada Savings Bonds. For proper planning of its borrowing authority and debt program, the government must have the flexibility to use the tools at its disposal to achieve the best possible balance of financing instruments. For instance, I must point out that the annual savings bonds campaign requires lengthy preparations and accounts for a significant share of the borrowing authority. Hon. members know that the interest rates of those bonds are set for the first year and so those issues are considered as a source of short-term capital. When the interest rates are high,

the yield of those bonds is an enticement for the public, but the government can benefit from the expected lower interest rates in the following years when the new rates are announced. If the government did not have the appropriate borrowing authority long enough before the bonds are issued, it would be unable to make the necessary publicity campaign, with the result that undue pressure would be brought to bear on other financing methods such as negotiable bonds and treasury bonds, which in turn might increase even more the cost of servicing the public debt. Mr. Speaker, hon. members realize that the government's borrowing program will be rather heavy in the coming months. I might point out that it will be the responsibility of all members to act in such a way that the government will be in a position to plan those borrowings as efficiently as possible. For that purpose, the government must be have the necessary authority to plan its own financing.

Most of the program must be financed during the nine remaining months of the fiscal year and it will be practically impossible to stagger new borrowings because of a temporary lack of borrowing authority without having to pay higher interest costs for financing our debt. Mr. Speaker, I am convinced that Canadians understand that the higher deficit is due to the automatic response of the stabilizing agents in our economy and that in the extremely hard times we are going through, it could be even more difficult for Canadians to accept drastic cuts in government expenditures to reduce the size of the deficit which is justified if we are to live through the extremely acute recession we are in now.

• (1530)

[*English*]

Mr. Wilson: Mr. Speaker, I wonder whether the minister would accept a question at this time.

Mr. Bussières: Yes, Mr. Speaker.

Mr. Wilson: I was trying to follow the figures which the minister put forward during the course of his speech regarding the use of the borrowing authority. I wanted to make sure that I was correct. I would appreciate it if he would clarify the figures. Will the borrowing authority take him to the end of this fiscal year, or will part of these funds be used in the course of the following fiscal year?

[*Translation*]

Mr. Bussières: Mr. Speaker, there is a clause in the bill to provide for an additional margin of operation of $4 billion which might be carried over until the following fiscal year.

[*English*]

Right Hon. Joe Clark (Leader of the Opposition): Mr. Speaker, I am a baseball fan, and I remember when the changes were brought in to the American League; assuming that a batter was not quite up to being able to knock the ball out of the infield, they brought in a designated hitter. It is pretty clear that the Minister of Finance (Mr. MacEachen) felt he was not able to come in and defend the atrocious $20 billion deficit and the demand for money which the government does not need and cannot justify, given its absolutely incapable handling of public expenses in the past. We do not have a designated hitter here. We have a designated apologist sent in by the Government of Canada.

An hon. Member: He is a very weak batter.

Mr. Clark: He is a very weak batter.

The minister has had three strikes, three budgets, and he has fluffed all of them. If he were a man with any honour at all, he would not simply be absent from his place today; he would be absent from his place forever. He would resign from the House of Commons; he would resign as Minister of Finance.

I really do not know who the minister thinks he is trying to fool with the figures and the excuses he brought in today. First of all he said—

[*Translation*]

—and I think I understood correctly. I clearly heard what he said, and he said that as far as jobs in Canada were concerned he had been successful. And what a success! What about the workers at Pratt & Whitney Aircraft of Canada Ltd. who are no longer employed today and who had jobs before the government launched its economic policies? He managed to create unemployment among people who, before his government was elected, were working for Dofasco, a company that for the first time in Canada's history has now been forced to lay off people who have been working there for many years.

[*English*]

The list goes on through RCA, through the people with Ingersoll-Rand, through the thousands of people in the textile industry and through the women who were mentioned by the hon. member for Kingston and the Islands (Miss MacDonald) today, women suffering from unemployment more seriously than anyone else in the country. The minister of state for the status of women said, "Oh, they are all right; we are sending around a commission of inquiry to find out what is going on". They are not all right at all. It is absolutely unforgivable behaviour for the minister to come into the House and pretend that the government have succeeded with their employment policies. If success is to throw hundreds of thousands of Canadians out of work, then they have succeeded. But if they have any sense of responsibility at all, they must realize that their anti-investment policies and their tax policies which discourage Canadians from putting money into the country are the reasons so many Canadians are out of work today. It is inexcusable for this minister to come in here and pretend that there has been a success when there has been such abject failure.

Some hon. Members: Hear, hear!

Mr. Clark: Then there is this nonsense about comparing us with other countries and saying that our deficit is no more serious than the deficit in the United States. The minister knows that on a per capita basis the deficit borne by individual

Canadians in the country is almost twice as great as the deficit borne by citizens of the United States of America. We are doing almost twice as badly as the government of the United States which the Minister of Finance, when he finds the courage to come to the House of Commons, has the effrontery to castigate. We are doing almost twice as badly as the Americans, and that is nothing to crow about. The minister should come in here, clothed in sackcloth and ashes, and ask the forgiveness of the House of Commons and the people of Canada.

Then the minister talked about the government's anti-deficit policies having worked. Those anti-deficit policies worked, in their being 100 per cent wrong. When before, in the history of any government, have we had a situation where the minister brings down a budget in November, says the deficit will be $10 billion to $11 billion, and is proven to be 100 per cent wrong only seven months later? He will blame the world for that. This minister, this designated apologist for the Minister of Finance, is the kind of fellow who would solve the Rubik's cube by painting each one of the little cubes.

Some hon. Members: Hear, hear!

Mr. Clark: Also he said that they have not started any major new expenditure programs. Well, they have kept going an awful lot of little expenditure programs which add up. Let me quote from *The Toronto Star*:

> On Monday night, Charles Lapointe, minister of small businesses and tourism, joined with Gerald Regan, minister of fitness and amateur sport, to throw an opulent bash for the players' team representatives and other visitors at the Place des Arts.
>
> Liquor was free, French wine flowed endlessly and buffet tables were heaped with poached Gaspé salmon, lobster, filets of roast beef, Digby scallops and wild rice from Manitoba.

The article indicated that an orchestra played for dancing and, as hundreds of sparklers were lit, a giant cake was trundled in to the tune of "Canada". Also it indicated that smiling spokesmen for the office of the Prime Minister (Mr. Trudeau), that champion of restraint, were unable to supply cost figures for the event.

The minister says that there have been no new major expenditure programs. He knows also that there has been no attempt at all by the government to eliminate all those little envelopes of waste which add up to thousands, hundreds of thousands, millions, and perhaps hundreds of millions of dollars of the people's money being wasted by this extravagant, careless government which now has the effrontery to come back and ask for $11 billion more.

He also said that the deficit, on which they were only 100 per cent wrong, was all due to world events. They will probably try to do better next time; Lord knows what the next budget will bring. He knows that is not true. If he does not, then he should find some employment other than as the designated apologist for the Minister of Finance. He knows that one of the reasons the tax revenues were down, if I can quote him, was that his government followed an energy policy designed deliberately to drive out of the country people who would invest money in the country and create jobs in the country. That is why tax receipts are down; people would have been working.

Today the Minister of Energy, Mines and Resources (Mr. Lalonde) refused to answer a legitimate question put by the hon. member for Athabasca (Mr. Shields), a member who has to go home every weekend and speak to the people who are out of work at Alsands, who are working below capacity in Syncrude and in other projects. He would not give him the courtesy of a straight response. Yet the Minister of Finance is the one man who is responsible for the failure of the Alsands project. He and his colleagues in the government are the one cause that is responsible for the vast amount of money that would have been creating jobs in this country leaving Canada. If the designated apologist for the Minister of Finance does not understand that, he had better get out because he will not understand anything. His policies have caused the decrease in tax revenues. His policies have caused the increased demand on unemployment insurance. His policies have caused the increased demand on social services. His policies are causing the increased family tensions, family break-ups, suicides and other violence in Canada. They are his responsibility. He cannot get away with blaming it on others.

• (1540)

I am amazed that the minister would have tried that kind of performance at the beginning of his remarks today and used it as justification. It only shows how desperate the government is and how incapable it is of justifying, on the evidence, its attempt today to ask the House of Commons to authorize giving this gang another $11 billion of the people's money to fritter down the drain. He knows he cannot justify that so he comes in and makes claims that he knows are not correct.

In the long debate on this bill we will be talking about billions of dollars. We will be talking about controls on public spending. We will be talking about hidden spending. Most of all, we will be talking about honesty and the standards this government applies when it spends the people's money and asks the people to join in restraint.

Last week the government asked for the authority to limit the wage increases of secretaries. That was the 6 per cent society. Today it is asking for the authority to increase its net debt by over 12 per cent. That is the double standard society; 6 per cent for the secretaries, 12 per cent for the new increase in net debt sought today by this government in comparing consecutive pieces of legislation.

But that is only the beginning of the economic deception that is being practised by this government. It is an economic deception which this bill dramatizes. Consider these five other factors. First, the government itself—these are its figures—estimates its financial requirements at $17.1 billion. It already has borrowing authority of $3.6 billion left over from previous years. It has $6.6 billion in borrowing authority from a bill that was given royal assent almost a month ago today. It now wants $11 billion more. It wants $4 billion more than it says it needs; it might be for contingencies. Contingencies may arise.

There may or may not be someone else the government has to bail out.

The minister gave the indication that part of the money he is asking for today will be spent in the next fiscal year. That was the clear implication of his response to my colleague for Etobicoke Centre (Mr. Wilson). The government is asking for another $11 billion, $4 billion more than it needs. What is that $4 billion for? Is it a cushion? Is it really a cushion, is it a fund for a new Petrofina, a fund for a new fleet of Jetstars, or is it a fund for some new patronage the government will introduce? Is it a fund for some new propaganda campaign that it will mount? This government does not need a cushion, it needs a bottom line. That is one factor.

Second, the June 28 budget contained no economic projections beyond the end of the current fiscal year. The government is asking Parliament to grant borrowing authority including borrowing authority which will carry into the next fiscal year, regarding which they have given no financial projections. It is asking Parliament to grant borrowing authority without giving any indication at all of its finances into the future. That is an affront to this Parliament. No banker outside of these walls who deals with a businessman or businesswoman, large or small, would grant a line of credit to a financially crippled business that refuses to provide projections of its cash flows. No banker would do this, yet that is what this government is asking the House of Commons to do.

The government says that its situation is too uncertain for it to predict. In that case, then, it is too uncertain for us to grant billions of dollars to a government that was 100 per cent wrong in its deficit estimates last November.

I will give the government an opportunity later to reconsider this bill. When the government gets its act together, I say let them come back to Parliament then. We are here to protect the Canadian public. We are here to protect the people of this country, not to feed the habit of a government that cannot even say where it is going.

Third, this government has deliberately set up new and secret ways of spending the people's money without any ability of Parliament to control it or even to count what has been spent and what has been wasted. Crown corporations have become the new way to hide waste or to authorize borrowing against the name of Canada, and to do it without the knowledge of Parliament. We know the government's belief in the breeding rights of Crown corporations. It thinks that every Crown corporation should have the natural right to reproduce indiscriminately. That is known as the rabbit theory of government. As soon as those Crown agencies are born they can go out and borrow and borrow again against the name of Canada. Today there is no limit to the total amount Canadian Crown corporations can borrow but there is a very tight limit on the ability of Members of Parliament to look into the operations of those agencies.

For example, does anyone here know the advertising budget of Petro-Canada? Does anyone here know how many people who work for cabinet ministers are having their mortgages subsidized by Petro-Canada or any other Crown agency? Of course not. We do not know those things. All we do is give them money at the demand of this government. We have no means of ensuring that this money is being spent in the public interest. It breeds the bunnies and we have to pay for the bunnies. This House of Commons should be out of the business of paying for bunnies that we do not want to have running around destroying the Canadian economy.

In Bill C-96, the government proposes to impose even further limitations on Parliament's control. Among other things, that bill would let the government write off debts of any amount through a simple vote in an appropriation act. It gives the government absolute freedom to spend any receipts and any revenues that are credited to a vote in an appropriation act. It lets the government use an appropriation act to guarantee loans. I mention that bill, which is not before the House at the moment, because it reduces Parliament's ability to control spending at the very time that this government seeks to increase its authority to borrow by $11 billion this year and into the next fiscal year.

Fourth, the government claims that it has embarked upon a crusade to fight inflation and to save the economy. That is some crusade. Its ministers sit back in their air conditioned offices asking for billions of the people's dollars and then sends secretaries, messengers and trainmen who work for the CNR out into the battle.

If this government were honestly serious about an economic crusade, it would engage in the whole war, not just one limited battle. It would recognize, as the world does, that the National Energy Program is doing more to destroy jobs and confidence in Canada than the salary levels of secretaries in the public service. The government would end that threat to jobs and growth in Canada right away. If it were honest, it would restore tax incentives to let individual Canadians create jobs and confidence. If it were honest, it would cut its spending, not ask for $4 billion more than it says it needs. Last week, the government called it a crusade. This bill proves that it is a pretence designed to have everyone suffer but the Liberal government, which preaches restraint for everyone else and then seeks to borrow billions of dollars, some of it for unspecified purposes.

• (1550)

Finally, I would like to address the question of restraint. This $20 billion deficit government is so proud of restraint. We know of the waste that bobs to the surface, the $110,000 spent to teach Bruno Gerussi and Madame Benoit to cook in metric. We know about the $500,000 spent to provide free brief cases for public servants. While Canadians are out of work around the country, the government, which has done so well against unemployment, is running around buying brief cases at a cost of half a million dollars to provide free to Canadian public servants.

We know about the $3.5 million spent by the government on taxi fares. We know about the $10.4 million spent by the government on what is loosely called "hospitality". These are only the big ticket numbers. The questions could not get down

to some of the smaller expenditures. However, $10.5 million was spent on food, liquor and entertainment. We know about the $12,000 spent to send an assistant secretary to the cabinet to the Riviera to learn French while she collects her $60,000 to $70,000 annual salary.

[*Translation*]

It is not as expensive in Saint-Jean or Jonquière, and people can learn French right here or, if they want to go to France, they should pay their own way.

[*English*]

How much more of this is hidden away? How much more of these little pieces that bob to the surface are hidden away? How many Crown agencies are in existence today on which the sun would have set if we had a sunset law, as the government of this party proposed when we were in office? How much money is wasted because there is no parliamentary control over Crown corporations? Hundreds of dollars, thousands of dollars, hundreds of thousands of dollars, millions or hundreds of millions of dollars? We do not know, and the government is doing everything it can to ensure that people do not know how much is being wasted, because it rejects every opportunity to give Parliament, the representatives and the people, the right to see, to identify and to eliminate the waste which has become a stock in trade of the government.

We proposed a special all-party examination of spending estimates to eliminate waste or to eliminate frills. The government rejected that proposal. We drafted legislation to introduce sunset laws so that, instead of going on spending forever, agencies which no longer needed to be in existence could be wound down. The government killed the idea of the sunset law. We drafted legislation to deal with Crown corporations. The government killed it. It rejects every attempt at restraint, yet it comes in here and demands billions and billions of dollars to spend.

[*Translation*]

Mr. Speaker, there is something else hidden in this Liberal plan. It is going to raise interest rates. It is going to put one more burden on Canadians who are struggling to pay their mortgages and on people who have to borrow so their farms or businesses can continue to operate. Interest rates are already too high as a result of policies that were adopted deliberately by the Liberal government in Ottawa. Its energy policy has caused millions of dollars, worth of investments to leave Canada. Tax changes have added to the investment drain, and it seems the government is trying to bring about a regular exodus. It was going to take steps to bring investments back to this country. The Liberals are using high interest rates to bring back investments that fled because of their policies. Businessmen are paying higher interest rates because of the Liberals' energy and tax policies. The same policies are making farmers and mortgage holders pay high interst rates. And what do the Liberals want to do now? They want to do something that will make interest rates go up even more. They want authority to borrow another $11 billion. Where is the money going to come from? It is going to come from the people who are lending to businessmen, to Canadian farmers and to Canadians who want to build homes? And there is only so much money to go around.

The government will therefore be forced to compete with Canadians to secure those funds and as a result interest rates will climb higher still. During the calendar year 1981, borrowings by Ottawa accounted for 44 per cent of the total amount of new issues in Canada. Any money borrowed by the government in Ottawa is money that Canadian citizens would use instead to create jobs, set up businesses, keep their farms or build houses. One of the effects of the government proposal is that it will be more difficult for people to get affordable interest rates, and that is only part of the cost Canadians will have to pay for this Liberal government's incredible indebtedness. In just 14 years, the Liberal government boosted its expenditures by 630 per cent. Is there a single individual in Canada who has managed to do as much? Each Canadian shoulders part of the public debt which now amounts to $14,300 for each taxpayer. That is on top of his personal debts. That is the additional price each taxpayer must pay for the profligacy of the Liberals. This year, the cost of servicing the public debt will be $700 for every child, woman and man in Canada. So what do the Liberals do when confronted with such an unacceptable situation? They want to borrow even more!

[*English*]

There is much more at stake here than the borrowing bill. Two deeper questions are at stake. One is whether the government will respect the money that individual Canadians work hard to earn. The second is whether this government, which has recently announced that it is on a crusade—

Mr. Blenkarn: What crusade?

Mr. Clark: —will have the honesty to recognize that its own bad habits have created much of our economic chaos and whether it will have the courage to change its own habits. Too often in the past, when faced with grave national problems, the government has ignored the cause of the problems and has gone out to find a scapegoat and then to attack that scapegoat. That was the approach with the Constitution. That was the approach with the energy program. That was the approach taken with medicare. Now I gravely suspect the government will ignore the real problems of the Canadian economy and go around looking for someone to blame.

The new budget was not written by the Minister of Finance. It was written by Martin Goldfarb, the Liberal Party pollster who told the government that public servants were unpopular so it was safe to restrain their wages. An honest government would go beyond its pollster and do what is right for the country. It would recognize that the major domestic problem we face today involves the question of confidence. No one, absolutely no one, trusts the government. It is an open question whether the government can ever regain trust. The only way it can do that is to recognize that economic recovery requires more than wage restraint. It requires the government to lay

aside the ideology of intervention inherent in the energy program, to lay aside the assumption in its tax policy, that the state is always more important than the citizen, and to begin a serious war on waste in government.

This bill explains the distrust in Canada. It is a symbol of the double standard. Secretaries's salaries are to be held at 6 per cent but the government's net debt is going to be increased by over 12 per cent. If you take account of all the borrowing this year, Mr. Speaker, the total borrowing authority this year will increase by over 18 per cent while secretaries are held to 6 per cent.

• (1600)

We cannot approve this double standard. We cannot approve this demand for even more borrowing. For that reason I will be moving an amendment now and making reference to what amendments we intend to move later. I now wish to move, seconded by the hon. member for Joliette (Mr. La Salle):

That all of the words after the word "that" be deleted and the following substituted therefor:

"this House holds the opinion that the granting of an authority for the borrowing of a sum greater than that amount which is required to meet the government's needs to the end of the current fiscal year is objectionable in principle and this House therefore declines to give second reading to Bill C-125, an act to provide supplementary borrowing authority."

I move that amendment based upon the minister's own admission in this House that portions of the borrowing authority he is using here today will be applied in the next fiscal year. It is on that basis and because we believe that there is no justification on the part of this government to have that kind of borrowing authority that I introduce that amendment.

We will be proposing two other major amendments later and several other important changes when the bill comes back. What I trust this government will do, what I implore it to do, is to take this amendment as cause to go back and recognize that until it has demonstrated a determination to practise restraint at home, until it is prepared to practise as it preaches, it has no moral right to come here and ask for billions of dollars more of the people's money.

Some hon. Members: Hear, hear!

Mr. Clark: Until the government brings in another bill that conforms with the rules of this House and takes account of that recognition, we cannot vote the government money while it goes on spending money like a drunken sailor. When the bill comes back, there will be some other major amendments we will want to introduce, unless there has been a dramatic change in the proposals of the government. One will be to cut to $5 billion the amount that this government is authorized to borrow. We will reduce the borrowing from $11 billion to $5 billion. This government has admitted that it cannot predict or foresee its financial requirements for the future. It has introduced legislation to limit even further Parliament's ability to control spending. It has refused inquiries into ways to reduce waste. It has no right to be trusted with expenditure of the people's money.

Of course, government services have to go on. Our action will not jeopardize that. All it will do is keep this government on a shorter rein. This government will have to come back to Parliament if it wants to borrow more money. Then it will have to give us good reasons why that money is necessary. We are not going to pour billions of dollars of the people's money down the hole that this government has dug.

The second major amendment we propose to introduce, unless the government introduces a successor bill to the one before us, will provide a limitation on the aggregate amount that Crown corporations may borrow. It will also limit the guarantees given by government for borrowing by agencies like Canadair—I do not use that exclusively but as an example—for borrowing under agencies like the Enterprise Development Board and for financial rescue operations like Massey-Ferguson, Chrysler and others that might negotiate with this government. While the government is opening new ways to spend money without control, we must seek new ways to control spending of the people's money by the government and by the agencies of the government.

The basis of Parliament is the right to control spending. That is why we are here. That is why we were created. That also means the right to control borrowing. It is more than a right, it is an obligation of this House of Commons.

If the government were serious about restraint, it could have moved on a Crown corporations bill. There was one ready. It could have moved on a sunset law. There was one ready. It could have continued the privatization program. It was already in effect. It could have moved to establish a special committee to investigate and eliminate waste in spending. It could have moved to eliminate the waste that it knows about. It has done none of those things. Instead, it simply comes back again begging for more money. We on this side of the House are responsible. We will not give the government more money.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: The Right Hon. Leader of the Opposition (Mr. Clark) has proposed an amendment at second reading. The Chair will take it under advisement; it will not express an opinion on the amendment at this stage.

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to have an opportunity to speak on this bill. It is abundantly clear that Bill C-125 should not be before this House now. As the previous speaker pointed out, the $11 billion is not required now. Even the Minister of State for Finance (Mr. Bussières) indicated that some $4 billion of that amount could well be carried over until May, June or July of next year.

I am pleased to speak against the spending practices of this government and, therefore, its borrowing practices. Bill C-125 calls for Parliament to support supplementary borrowing in 1982-83, and perhaps further on, of $11 billion. The government has created for Parliament and this nation a terrible debt. Already the debt is expected to be more than $19.6 billion for this year. Public accounts published just last year

estimated an astonishing national debt of $136.5 billion. This means that for every $10 raised, in excess of $2 must be used simply to service the debt.

There are two very different philosophies at work in this House of Commons. I say two because the Liberals and Conservatives share identical approaches to economics. The Leader of the Opposition (Mr. Clark) said that waste should be cut from government. There is no question that there is waste that should clearly be cut back. But there is also a responsibility on the opposition to point out where the major cuts are going to take place. To talk about 6 per cent for secretaries and a 12 per cent increase in government spending places a very important requirement on the Leader of the Opposition to say where those major cuts are going to be. He talked about cutting billions. I would be interested in knowing where the Tories plan to cut. I certainly intend to outline today where the NDP would make some cuts.

I listened with care to the Leader of the Opposition. I could not help but recall his profound statement to *The Toronto Star* on May 5 of this year when he said: "We have looked for a solution other than the government's, but we could not come up with an alternative. At this moment I don't have a better solution." Having listened to him for the last 40 minutes, it is clear that he still does not have a better solution.

Mr. Clark: Mr. Speaker, I rise on a point of order. If I am going to be misquoted, as I have been, I would prefer to be misquoted with the attribution to the correct newspaper. The hon. member was misquoting me from *La Presse*. He claimed he was misquoting me from *The Toronto Star*.

Mr. Fulton: That was a very intelligent and useful piece of information. I quoted him from *The Toronto Star*. It comes as no surprise to me as a Canadian from British Columbia. We saw the Socreds adopt Liberal after Conservative into its ranks. That is not to say that the Tories are not more reactionary but that in general those two parties represent the same big business interests. The NDP is, as many Canadians are coming to appreciate, quite different in its approach to economic, social and development matters. I will come to that in a moment.

However, the style of the Tory approach to why there is debt is worthy of scrutiny. The Leader of the Opposition is awfully quick on the draw to attack Madame Benoit and Bruno Gerussi, as he did again today, for the $110,000 metric cooking lessons. No one, of course, supports such extravagance. To be using it every day in the House of Commons, however, makes most members of the general public quite weary of where the Tories are really heading.

• (1610)

It is good that this kind of unnecessary and inappropriate expenditure be stopped; however, it is wrong and politically reprehensible for the Tories forever to be calling for restraint but never offering to produce a balance sheet showing where and what they would cut. Since they say this debate will be a long one, as the first speaker for my party I will give them an opportunity to respond as to just exactly what envelopes they plan to cut; otherwise, they should sit down and keep their mouths shut.

The 1982-83 budget for economic development is listed at $7.5 billion. I would like to know where they plan to cut that. The envelope for energy is $3.3 billion; social affairs, $30.15 billion; justice and legal affairs, $1.5 billion; services to government, $3.4 billion; Parliament, $156 million; defence, $7 billion; external affairs, $2.16 billion—

An hon. Member: There it is.

Mr. Fulton: —fiscal arrangements, $4.9 billion. The Tories say they would get rid of external affairs. We will be interested to see how deep and in what areas they plan to cut. The envelope for the central reserve is $800 million. The public debt will be $59.5 billion. Public debt charges are estimated for 1982-83 to run $16.7 billion. The total outlay is $76.3 billion. I place those figures on the record so that in the coming days journalists and members of the Tory party can refer to them and tell us just exactly where they plan to cut.

The hon. member for St. John's West (Mr. Crosbie) perhaps encapsulated the Tory reality when he was interviewed by *Maclean's* magazine on July 12 of this year. He described the Liberal government accurately as: "adrift; it has no answers". However, he went on to say: "If I told you what I'd do, we'd never get elected." I think it is about time the people of Canada were told just exactly where the Tories plan to cut. We know the government is completely out of control and is wildly excessive in its expenditures, and we will outline where they can be cut back; but we would like to hear from the Tories hiding behind the curtains as to exactly where they would be cutting.

An hon. Member: Who put the government there?

Mr. Fulton: The Tories want to know who put the government where it is. The people of Canada put hon. members opposite where they are because they saw what the Tories were all about.

The statement of the hon. member for St. John's West to which I referred a moment ago is at the root of the terror facing most of Canada's electorate. One voter in four now supports the policies of the NDP federally, and three out of four are subject to shift between the identical, but equally dishonest, policies of the Liberal-Tory coalition.

The hon. member for St. John's West also had this to say when he appeared on "The Watson Report": "Our leaders have got to be a little less honest. We are not being devious and tricky enough. I am criticizing us for that." The hon. member for St. John's West is a leading Tory spokesman. The Tories can speak for their own deviousness and tricks. I find it sad that the media across the nation are so tied to the observance and analysis of which Neanderthal in that relationship is on top. They fail miserably to provide the Canadian voter with a clear view of the real alternative policies and economics presented by my party in this House.

Let me deal first with the essential structural problems of Canada's economy and analyse briefly the Liberal-Tory approach to economics as against how a New Democratic Party government would proceed. The Liberal-Tory team has, since 1867, allowed foreign interests a free hand in developing resource extraction projects and branch plants in this country. This influx of foreign capital has done much to develop our nation, but in recent years it has returned to its country of origin or, at least, has left Canada. Literally tens of billions of dollars created by Canadian labour and resources—and in many cases Canadian capital—have flowed across the borders. The United States, of course, has benefited enormously from the use of Canada as a branch plant and a resource provider.

The Liberal government, clearly supported by the Tory chameleons, says Canada's economy cannot be stimulated, that jobs cannot be created and that the number of homes we require cannot be built. The steady state economics of producing the goods and services we require is pooh-poohed by the Liberal-Tory team because they say it is not good for big business. The Minister of Finance (Mr. MacEachen) will not change his high interest rate policy and, as a result, the overwhelming majority of Canadians face the prospect of declining incomes and a series of recessions, with the economy recovering for only a few months at a time.

The recent budget predicts higher rates of unemployment later this year and higher still next year. So for what purposes does the government require $11 billion, particularly when the Minister of State for Finance has already stated the government has no requirement for that money now and perhaps will not until November when Canada Savings Bonds start being cashed?

Clearly, with the deficit doubling from November to July—a staggering jump of some $10 billion—we have part of a ready answer. The economy, which is constructed much like a suitcase with a false bottom, has funnelled billions in recent months to the home offices of the multinationals which face debt and liquidity problems around the world. As Canada's raw resource sectors of mining and forestry wind down, hundreds of thousands of workers are directly and indirectly thrown out of work. Rather than buckle down and use deficit financing to design strong, appropriate underpinnings for a steady state economy which can put Canadians to work for the long haul, these two parties, the Liberals and the Conservatives, will opt to use hundreds of millions to buoy up sectors of the economy which, in my view, have already been relegated to the pages of history.

How many members of this House are aware of the fact that the hydro corporations of this nation are now the largest borrowers in the world bond market? How many of those same members are aware of the enormous advances which have taken place in the field of alternate energy? As recently as this week there has been the patenting of the vertical access water turbine, which extracts energy from river and tidal currents with small head drops. This technology eliminates the need for dams, has only minor environmental effects, allows the free passage and return of migrating fish stocks and does not flood or change natural water tables and important sectors of marine habitat.

Some hon. members, particularly Tories, may wonder why I am responding to the borrowing bill. I raise the issue of energy and give such an example for one simple reason: it is these kinds of technologies which this nation must foster and fund, not only to get away from the disastrous economics and environmental impacts of Arctic and offshore drilling, but also to avoid the impending shortfall of liquid hydrocarbons and high costs of using coal and tar sands in the future.

Can we easily forget that it is only ten years since the Liberal minister of energy told this House and all of Canada that we had hundreds of years of oil reserves? This coalition of phonies has us importing oil now at a cost of billions of dollars a year. Joe Greene seriously misled Canada in order to continue selling our oil offshore to keep a few big businesses happy, and he was supported in that endeavour by the Tories in this House. Now this same coalition intends to sell off, with 20-year contracts, our natural gas. They propose contract exports this year of 31 trillion cubic feet, 20 times what Canada will consume this year, and we will be forced to use more expensive alternatives in the future. The coalition intends to sell gas, first, through a pipeline which goes from central Alberta to U.S. markets. That, of course, was supported by the Tories. They said the Alaska pipeline would be built all the way up and that Canada would have many wonderful benefits. The people of Canada will have to judge fairly soon what kinds of deals the Liberals and Conservatives can cook up to support their oil company friends.

Second, our natural gas is to be exported by tanker from the Arctic through the Arctic pilot project route and other routes to Europe, and now it is proposed that gas be exported from Prince Rupert to the Orient. Instead of borrowing to sell our heritage we would be far better served by a borrowing policy which would pursue national objectives by developing environmentally and economically—and employment-oriented—sound projects.

Finally, what Canadians want is an honest government which will show some leadership and not sell Canadians out for a quick buck through oil, gas or other deals. Such deals are a sure sign of small-minded politicians who always go for the quick buck to try to buoy up the economy. Through sheer hucksterism, the Liberal-Tory coalition has managed to lower Canadian expectations to the point where convicted sex killers are the only group less popular than politicians. Sure, the Tories will rant and rave about government waste, and there is government waste. I spent the better part of last week battling with the Liberals to try to get them to release records about international flights of senior public servants from the Ottawa area. Fifty-eight are now known to fly every day internationally, excluding officials of the Department of External Affairs, the Department of National Defence and international trade officials. Some is certainly waste.

Some real waste was outlined by the Leader of the Opposition. However, when trips are chosen by bureaucrats for holidays and when spouses' travel is paid, combined with the

fact that not one bit of information has been released by the ministers responsible with respect to those tickets and other waste, it is truly shameful.

However, should this debate on the borrowing of $11 billion be solely on waste? Surely not, because those same members of the Tory caucus who howl about waste never lifted a finger in government only two years ago to set up procedures to stop it. They did absolutely nothing.

What about the Liberals? Mr. Speaker, would you hire an arsonist to study a self-set fire? I proposed today in a motion under Standing Order 43 that members of the opposition be allowed to scrutinize certain government expenditures and, as always, the Liberals turned it down.

• (1620)

We are running out of oil. This is the twentieth consecutive year of production declines in Alberta. This country is even running out of wood. In British Columbia, forestry officials from the public and private sectors admit that we face a serious wood shortage or fall-down effect within the next 30 years. It would take 160 years to replant the naked backlog in areas requiring seedlings at our present rate of reforestation in British Columbia.

As far as the coal deal in British Columbia is concerned, even though we can construct the stacker-reclaimer in Canada, it is to be built in Japan. The boats to haul the coal could be built at Burrard but instead they will be built in Korea and Belgium. The boats for the gas deal will be built in Japan and Korea.

Is it any wonder that we have no secondary industry when hundreds of thousands of jobs are exported with our underpriced petroleum? The government is intent—wittingly or not—on bankrupting this and future generations by continuing with a policy of supporting long-term energy, mineral and forestry exports and, as often as possible, in the raw form, without instituting policies to employ and benefit all Canadians.

Surely the time has come for an industrial strategy which funnels Canadian capital and aspirations into high technology, manufacturing and an employment base that is secure. No nation, no region and no family can survive the kind of economic storm that such a high debt and insecure industrial base provides.

We have a $21 billion trade deficit in manufactured products. That amounts to over $1,000 for every man, woman and child in excess goods purchased outside Canada. It spells the loss of hundreds of thousands of jobs.

Why does business not invest and construct the widgets and gadgets in this country? In part the answer is in the way in which the $11 billion to be borrowed in this bill are to be spent. After all, only a month ago the government came before the House to borrow $6.6 billion through Bill C-111. To my knowledge that money has not yet been spent.

In the seven months since the ill-fated November budget, the deficit has climbed from $10.5 billion to $19.6 billion. The same seven-month period has witnessed revenues falling more than $6.4 billion, from $69.9 billion to $58.5 billion. Simultaneously expenditures have increased by $2.7 billion, from $75.4 billion to $78.1 billion.

Simply put, with so many Canadians out of work and so many small and big businesses failing, tax revenue is not as high as was expected. There will be about $600 million less in personal income tax paid this year than was projected in November. This figure may vary widely as more Canadians move to a system of barter and trading of services in order to stay afloat economically. All of this will occur more dramatically due to the fact that personal taxes, for those still working, will be increased by $160 million in 1982-83 by deindexing.

During this same seven-month period, projections for income from corporate tax have fallen by $2.75 billion. Revenue from federal sales tax has fallen by $820 million because the economy has slowed to such an extent. Surely even untrained observers of the economy must note the intention of the Liberals and, to an even greater extent, the Tories.

An article which appeared in *The Globe and Mail* on April 17 this year written by Peter Cook said that this recession has been unique in several respects and that an examination of the cause of the downturn, rather than its effect, shows it to be a recession deliberately brought about and fostered by government to a degree that has not occurred before.

Individual Canadians are carrying an increasing proportion of the federal tax load. In 1952, individuals carried 23 per cent of the federal tax burden; 30 years later that has risen to 47 per cent. Corporate taxes made up 21 per cent in 1952 and had fallen to 13.7 per cent by this year. That is almost the reverse of what happened to the individual worker.

If this trend is to continue, the Liberals and Conservatives will make individual Canadians carry the full load of taxes by the turn of the century while the corporate sector will pay nothing. If this philosophy continues—despite the glaring evidence of the corporate sector pouring profits and dividends out of Canada—it will lead to a tax revolt across the nation.

Should the workers in the forest industry, for example, pay 30 per cent or more in income tax when they see MacMillan Bloedel, Crown Zellerbach or other corporations diverting profits made from harvesting and selling Canadian trees with Canadian labour to building pulp mills or saw mills in Brazil or Indonesia and not paying part of those profits as tax? It is both wrong and insulting to lay off tens of thousands of those workers and, after years of overharvesting, simply to move that forest-based capital to other nations and industries.

The Liberal government, supported by the Tories in this drive toward extending the recession, has created a need for an additional $1.1 billion to service the debt as a result of high interest rates. The Minister of Finance personally drove home his desire for higher rates by issuing Canada Savings Bonds at 19.5 per cent. A responsible government should have led the way to restraint by issuing low-interest shares in a scheme to rebuild the country. Most Canadians are eager and willing to

put their shoulder in the traces and to hunker down for the long haul. There must first be a replacement of the Liberal-Tory recession, however, with the NDP-led policies for a long-term industrial strategy.

Mr. Blenkarn: Tell us about that. Borrow more?

Mr. Fulton: The hon. member for Mississauga South (Mr. Blenkarn) always has lots to rant and rave about, but I do not see him stand in his place very often to tell the House or the people of Canada exactly what he would do.

Mr. Blenkarn: You are not here very often.

Mr. Fulton: He is long on rhetoric and short on fact.

The reason that the accumulated national debt for every man, woman and child has reached $6,000, or over $14,000 for every worker, is that borrowed money has been used to bail out losers, to subsidize the oil and gas companies and other sectors. These so-called investments have not been giving Canadians a return on their money and now they are not even providing employment.

Government waste must be stopped. Government handouts to continual losers, such as the nuclear industry, must be re-evaluated. Crown corporation borrowings and many questionable developments, such as most dams, must be stopped. Our borrowed funds must be used wherever possible for long-term job creation and community stability.

Thirty years ago it took 9.7 per cent of our revenue to service the national debt; now it takes over 25 per cent. All members of the opposition want to question this $11 billion borrowing because we know the public objects to further squandering and debt, particularly now that we know that the money may not even be required before next year. If the money is required later this year, Parliament should be recalled if it is not sitting. It is ridiculous to be putting this bill through now simply because the government thinks that the opposition will go and hide while it tries to squeeze out another $11 billion that it does not require.

Never before have so many Canadians been out of work or seen their farms or businesses so close to liquidation. The Tories hope to touch those chords of discontent but they do not have the moral capacity to lay out what pensions they would cut, what UIC payments they would cut, what medicare programs they would cut or what small-business programs they would cut.

The NDP view is different from the squandering blindness of the Liberals and the chilling dishonesty of the Tories. Let me quote again what the Leader of the Official Opposition said.

Mr. Blenkarn: Tell us about some of your own policies.

Mr. Fulton: This is what the leader of the hon. member's party had to say, Mr. Speaker: "We have looked for a solution other than the government's, but we couldn't come up with an alternative. At this moment I don't have a better solution." That was said on May 5.

An hon. Member: Right on.

Mr. Fulton: An hon. member says "Right on." The Tories have voted to keep the Liberals' economic policies in operation 34 times this session alone. They do not like to talk about it but they are only marginally different from the Liberals.

The NDP has a workable Canadian option. We will cut interest rates. High rates are the driving force of this recession. They are of immense value to the wealthy in this country who are picking up farms, small businesses, homes and real estate at bargain basement prices. They will benefit immensely when they integrate into monopolies or sell these assets back at a future date to the same workers and individuals who originally owned them.

By stimulating the economy and providing full employment, the NDP would generate $3.6 billion in additional tax revenue. A $2.2 billion tax cut to low and middle-income earners through a refundable tax credit would create 50,000 jobs. By negotiating a postponement of the September 1 energy price hike, we would put $450 million back into the hands of consumers to spend in the marketplace.

• (1630)

We would put $2 billion into seed money for a corporation called Enterprise Canada to help Canadian industry modernize and move into the technologies of the 1980s. We have one of the most capable and educated work forces in the world. Private capital has remained in the resource extraction sector due almost solely to government subsidies, policies and profits.

We believe that the hundreds of billions of dollars in savings and assets of Canadians will be self-motivated to join in the task of creating a new and dynamic Canada once we have an honest government. The National Energy Program was a failure because the Liberals changed the rules retroactively. Canadians do want to hold a majority interest in Canadian developments will do so when led by an honest government.

We in the NDP will reshape the banking, savings and taxation systems to put small state of the art technology into communities from St. John's, Newfoundland, to Queen Charlotte city. Canadians want their small communities to survive; they want good, secure and interesting jobs for their sons and daughters in Montreal, Vancouver, Gimli, Terrace and Whitehorse. All that is lacking is the distribution of factual political material in a language that can be understood.

I come from a little community of only 100 people, Mr. Speaker, but they and the majority of the people in northwestern British Columbia do not vote Liberal or Conservative any more. They know that the big business coalition has let this country down. Through sleight of hand and well-practised deception—to the point, I might add, where many of the Liberals and Tories in this House believe that what they are saying is in the best interests of the country—Adam Smith's invisible hand is strangling small business, forcing our elderly to eat dog food, forcing our working class to bear debt, while the big-business elite reap profits.

We would put $500 million into the construction of social and adequate housing, creating 110,000 jobs. We would put $260 million into programs of reforestation and fisheries

development which have been overlooked by consecutive Liberal and Conservative and Liberal-Conservative governments, which in British Columbia are called Socreds. We would spend $5.4 billion to create 300,000 new jobs. We would spend and we would borrow, but we would do it in such a way that the money was wisely invested so that there would be a return. We would not force people out of work or onto lower wages, as the Liberals and Tories voted for on Friday with Bill C-124. Every Canadian out of work should know that this government's intention is to prolong the recession and force workers to take lower wages, a bottom line Conservative policy.

Two years ago the Department of Finance did a comprehensive evaluation of tax expenditures. Certain kinds of income are given preferential tax treatment. We all know that there were many who earned over $200,000 last year and who paid no income tax at all. These and other loopholes cost Canada $39 billion in 1980 alone. By the end of this tax year the loopholes will have reached $45 billion. Some few of the deductions are fair, such as spousal deductions and deductions for dependent children. Many are not. We in this party believe that the system should be revamped to put cash back into the hands of those who do the work in this country.

Here are just a few of the provisions which should be cut back or eliminated. The fast write-off in resource development; the most recent figures are from 1980, and they cost $1.25 billion. Excess depreciation in the resource sector, $370 million. Fast write-offs in manufacturing, $600 million. Non-taxation of half of capital gains, $800 million in 1980. The $1,000 investment income deduction cost the government $655 million in 1980. The list goes on for pages.

Before the Alsands cancellation the federal government gave the companies $8 million to ensure the project stayed open during negotiations. It was never returned. The government was prepared to give billions of dollars in concession to Alsands to get it under way and guarantee a 20 per cent rate of return.

The alternative energy sector in this country, Mr. Speaker, would replace many of these megaprojects overnight if given the kind of incentives and grants poured into the megas. Surely it is time we broke the stranglehold of the Crown and private hydro and fossil fuel giants. Combinations of tidal, wind, geothermal, solar and biomass can meet in an environmentally and economically sound manner the needs of most of Canada and the world. The global politics of oil and hydro are the chief opposition. The capital strike we witnessed earlier this year in the megaoil projects resulted from a lack of understanding of the energy monopoly by the present Minister of Energy, Mines and Resources (Mr. Lalonde). This same minister announced a gift of $2.2 billion to the oil and gas sector to pay them off for this blunder. Those funds are part of this $11 billion borrowing, no doubt.

The minister gave $40 million to Imperial Oil to keep Cold Lake going. Once it died the minister wrote that sum off and with it the taxes hard earned by thousands of Canadians. The Minister of Industry, Trade and Commerce (Mr. Gray) has given over $6 million to Hilton hotels in his own riding, contrary to the guidelines of the program. The President of the Treasury Board (Mr. Johnston) is responsible for the loss of $125 million to Consolidated Computers, which was recently sold for a paltry $100,000.

In the last four years over $1.5 billion has been shovelled into the nuclear program despite the closure of nuclear facilities in the United States because they are a bad risk and a bad investment. We are producing, at a cost of $100 million a year, heavy water for nuclear reactors when there is no need for it at the heavy water sites in Canada, and no prospects of overseas sales. Perhaps when Argentina drops a nuclear bomb, heaven forbid, on the Falkland Islands, the Liberals will wake up to their folly and their national and international mistakes. These same donkeys will bail out Dome this summer, Mr. Speaker, rather than fund alternatives for a secure Canadian energy future.

In conclusion, Mr. Speaker, it is clear that no Canadian can accept the borrowing and spending practices of this group across the floor who are wildly out of control. Despite spending over $1 million every working day to advertise their political philosophy at taxpayers' expense, they have come back to this House in less than a month to borrow another $11 billion. In one month that totals $17.6 billion in borrowing authorized by this Parliament and it should be stopped. That is almost $2,000 for every taxpayer in Canada. How many taxpayers have borrowed $2,000 this month, last month or next month at a 20 per cent interest rate? No, Mr. Speaker, the Liberals are on the wrong track and should not be supported by this House or the Canadian electorate.

As for the Tories and their intention to filibuster this bill, let them remember the words of their leader: "We have looked for a solution other than the government's, but we could not come up with an alternative. At this moment I do not have a better solution."

Well, Mr. Speaker, the NDP does have a better solution and we do have a better way. Thank you, Mr. Speaker; I will let one of the Neanderthals tell us where they are going to cut.

Mr. Deputy Speaker: The hon. Leader of the Opposition (Mr. Clark), seconded by the hon. member for Joliette (Mr. La Salle), has moved that Bill C-125 be amended as follows:

That all of the words after the word "that" be deleted and the following substituted therefor:

"this House holds the opinion that the granting of an authority for the borrowing of a sum greater than that amount which is required to meet the government's needs to the end of the current fiscal year is objectionable in principle and this House therefore declines to give second reading to Bill C-125, an act to provide supplementary borrowing authority."

The Chair has had an opportunity to consider the amendment and finds it acceptable from the point of view of procedure.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, before I proceed to talk about the amendment and this bill, may I say to my friend, the hon. member for Skeena (Mr. Fulton), that I was impressed with his effort to increase the deficit. He talked about a new $2 billion tax cut, $450 million

for energy projects, another $2 billion for another government entity called Enterprise Canada, and then somewhere along the line he added another $5.4 billion. He came up to another $10 billion. He said he was going to oppose this bill and suggested, I presume, that the government borrow another $10 billion. Presumably the policy of the NDP would be to increase the borrowing in this bill from $11 billion to $21 billion.

Mr. Fulton: On a point of order, Mr. Speaker, I just hope the hon. member learns how to add. I was proposing what the NDP would do with the $11 billion that the Liberals are proposing to borrow and where we would cut. I hope we can hear from him precisely the same thing.

Mr. Blenkarn: I appreciate, Mr. Speaker, that the hon. member is having a difficult time understanding why he is opposing a borrowing bill at the same time as he proposes further massive government expenditures and interference in the economy. It is difficult to be a socialist these days, sir, but he, of course, comes from British Columbia and opposes a government in British Columbia which has at least one decent philosophy which is to not run the province into debt. That province has done exceptionally well in the management of its affairs by keeping down deficits and deliberately controlling its expenditure pattern. This is a pattern that should be followed by this government. If it had done so, the deficit of the federal government this year would be less than $3 billion.

• (1640)

This is the fourth time I have risen in this session of Parliament to speak with respect to borrowing authority legislation. The first bill we received at the opening of this session of Parliament was a bill for $12 billion. That was followed up within not many months with a request for a further $14 billion. The minister said this afternoon that the bill for $6.6 billion, the third borrowing authority bill, received Royal Assent on June 17. We now have before us in the month of July, just four weeks after the last bill received Royal Assent, another bill for an additional $11 billion.

This House has been asked to approve borrowing by this federal government of some $43.6 billion in this one session of Parliament. That is the wealth of 43,600 millionaires expropriated to pay the deficits of this government since it was elected to govern on February 18, 1980. It is unbelievable that Members of Parliament should be asked to allow a government to borrow that kind of money.

It would perhaps be understandable if the minister had shown to us this afternoon when he spoke—and he is not here at the moment; in fact, there is no member of the treasury benches here—where the government could have put that $43.6 billion to use. It could have used it to build Canada, to put people to work, to stimulate the economy of Canada or to make Canada grow. But you and I know, Mr. Speaker, that our country is not growing. Our country is stagnating. Every week thousands more people are laid off from jobs in plants, in the mines, or in the forest industry, with no real hope of being called back.

That is the financial attitude of this government that as of this week has run the net debt of the country to $94 billion and that will, before March 31, 1983, that is before the end of the fiscal year, run that debt up to $107 billion. That is an attitude which cannot be allowed to continue, Mr. Speaker.

The late John George Diefenbaker used to say "Where are we going?" Sir, where are we going as we borrow, borrow and borrow more and more of the wealth and the savings of Canadians and let this crowd handle our money in the ineffectual, improper and impossibly wasteful method that it does?

Canada's debt has become so enormous that it takes one in every three revenue dollars to pay the interest. The interest on the debt is projected this year at $17.7 billion. Let me repeat that fact. One in every three revenue dollars is required to pay the interest.

Mr. King: The NDP would like to make that higher.

Mr. Blenkarn: The interest alone represents $723 per person per annum. That includes every man, woman, child and babe in arms. Or, expressed in another way, it is $1,864 per taxpayer, for interest alone. The interest represents 4.9 per cent of the gross national product in the country.

This afternoon the hon. member for Skeena talked about further deficits and how spending is stimulative. For a few minutes this afternoon I want to talk about the stimulative effect of debts. I want to say that there is no evidence whatever that government spending, particularly government deficit spending, is in any way stimulative. It may be said that when you spend money at least you put people to work, that people are doing something. But when you spend borrowed money that costs a minimum of 17 per cent for interest—a good part of it now at 19.5 per cent as a result of goofs in the Canada Savings Bond issue last year—you wind up with a situation whereby the dollar borrowed at 17 per cent doubles itself in three and a half years or so, depending upon the compounding. It may take four years to double or it may take less than three and a half years.

We have the situation that if $1 of government money is borrowed and spent allegedly to stimulate the economy, in order just to break even the Government of Canada has to give back $1.50 from taxes in a year and a half. That is not possible. There is not a single government program that can be justified on the basis of the stimulative effect of a deficit, because a deficit is not stimulative. A deficit is, if anything, repressive.

It is the repressive effect of the debt with which the government has saddled Canada that is indeed largely responsible for the economic morass in which we find ourselves. It is no secret that businesses in our country are starved for capital. They are under a liquidity crunch. Businesses cannot support the interest on the debt which they are carrying. When that situation happens, people are not able to replace machinery, people are not able to build, people are not able to create new jobs, because they cannot afford to.

I am involved in some businesses. On a number of occasions I have been at board meetings during which we have talked about whether we should make improvements to a business, whether we should buy machinery, certain tooling or perhaps tool up for a new product. When interest rates were down in the 9 per cent and 10 per cent range, we could look with all practicality, to a four-year or five-year payback on investment. Today with interest rates running at a cost to business of somewhere in the range of 20 per cent, you cannot look at a four-year or five-year payback. You have to have the payback within two years because you cannot afford to borrow at that rate unless there is a two-year payback.

This is where we are at because of the massive borrowing that has crowded out the marketplace and has driven up interest rates. We now have a situation where the businesses in our country are suffering from a total lack of liquidity, where investments in new machinery and equipment, unless they can be justified in a two-year payback or less, cannot be made. Research and development cannot be financed unless that research and development can show a payback within two years, because it is not practical to do so.

• (1650)

Yet we have a government which two years back-to-back increased spending by 20 per cent each year. We have a government that is $20 billion in the red. It comes to Parliament for the second time in this fiscal year and says that it wants to borrow money. This time it wants to borrow $11 billion. It just finished borrowing $6.6 billion. We have a government that has no sense of reality as to the cost of money or as to the cost of doing things. It enters into program after program suggesting that the program will stimulate business.

There was a provision in the budget for $3,000 grants to first-time purchasers of houses. It could be used houses. The other day in Scarborough the minister for housing set up an orchestrated presentation of a $3,000 cheque. The man had already purchased a used house, but the minister wanted to give him a $3,000 cheque. When the reporter asked the man whether he needed the $3,000 grant in order to close the deal, he said: "No, I would have bought the house anyway, but it is nice to have the cheque." What did the minister say? He said; "Perhaps he did not need the cheque to buy the house, but he can do some landscaping, purchase some appliances, this, that or the other thing." I point out that that $3,000 grant, for a man who was going to purchase the house anyway, goes into his pocket. Indeed, Mr. Speaker, it does not come out of either of our pockets today; it comes out of the pockets of our kids at 19.5 per cent compound interest. What is it for? He might use the money to do some landscaping, to purchase some appliances or perhaps put it in his bank account.

Where was the stimulative effect of that $3,000 of borrowing by the Government of Canada? No new purchase was made, no new commitment was made, no new building was erected. Indeed, it was money paid straight out of the borrowing account to make the minister look good on television. I want to say that the minister looked like he usually looks—someone who is not competent to be in any government, let alone this government. Even in this government he is incompetent, which is saying something.

Where are we going? My friends in the New Democratic Party talk about the horrible rip-offs of big business. They do not realize the statistics. Corporate profits in Canada are down from $24 billion to a projected $14 billion, to a projected amount lower than that. Where are we going as company after company is incapable of carrying on and is forced to close its doors, as there are bankruptcies on top of bankruptcies and receiverships on top of receiverships? We have reached the point today where a person has to shop the entire city of Toronto to find anyone who can conceivably act as a receiver because they are all busy. Perhaps a receiver can see him in two, three or four weeks, but he has to get on the waiting list. The only growth industry in the country is the receivership industry. We have a government which comes to Parliament with one program after another, spending money without any thought of constraint, borrowing money and squeezing out the marketplace.

Before referring to the crowding out of the marketplace, I remind the House that in early June government representatives attended a conference in Versailles. When they returned from the conference they blamed the United States. They said that the huge American deficit would drive up interest rates and that the government had spent its efforts at Versailles trying to persuade those dastardly Americans that they should not borrow what they were borrowing. I do not think anyone will say that the American debt is not high, but let me point out that the American deficit on a per capita basis is half the amount of our deficit. They tell the Americans that they are wrong, but they do not pay any attention to Canada.

We heard the minister suggest earlier this afternoon that Canadian savings were high and that there was lots of room for savings in Canada, so I thought I would put on the record of the House a table which was prepared by the Royal Trust company in its booklet entitled "Through A Glass, Darkly: A Medium-Term Canadian Perspective, 1981-86". Actually this table was repeated in a book by Arthur W. Donner entitled "Financing the Future—Canada's Capital Markets in the Eighties". Unfortunately it was written considerably before the present deficit and Mr. Donner was considerably more optimistic when he completed his work in February, 1982, than he would be today. Mr. Donner pointed out in his book that personal savings, as a percentage of the gross national product, of Canadians in 1980 were $14.9 billion. In 1981 he forecast a decrease to $13.148 billion and that since 1982 was to be a recovery year—and we know what kind of a recovery we are having—savings might go up as high as $18 billion.

The government says that it must borrow $17.1 billion in 1982, which is very close to the personal savings of all Canadians in 1982. The government is going to go to the markets of the country to borrow all the new savings of Canadians. We also know that the provinces are in the act. There is not a province during this downturn of our economy which does not have a deficit. Even some western provinces are now having to

borrow; even Alberta is borrowing. From where is the money to come?

Until this year the provinces, including the benefits available to them from the Quebec Pension Plan and the Canada Pension Plan, had surpluses of borrowing capacity. They could borrow from their pension plans, they had funds available. But in total the provinces will probably be in deficit positions this year and they will have to borrow.

What about business? What about where we build this recovery about which the minister talks? Where will we put the people back to work who the minister says are now being laid off? How do we get the country stimulated and going again? Where are the fresh funds to break the back of this recession-cum-depression? There is not any, not while we have a government which is prepared to soak up, to suck up and to dry up by its grasping hands every bit of savings in the country in order to finance its waste and its spending. This bill must be turned back even when considered on that basis alone. No matter how much we would like the government to spend money, our country cannot afford to go to our markets in the country to borrow money, especially in the amount being demanded by the government.

• (1700)

What have the effects of this borrowing been? We have seen the effects. Since there are not enough savings in this country to satisfy business and government needs here, we have to be a net importer of capital into Canada. Due to the provisions of the Foreign Investment Review Act and the attitudes taken in the November 12 budget and the National Energy Program, long-term capital has been driven out of the country. We have had to increase interest rates here so that they are now at least 3 per cent higher than in the United States. I suggest that because of this borrowing requirement there is no hope in the world that interest rates in Canada can drop below that 3 per cent diffrence between here and the United States. Indeed, I suggest that it may well be the fact that as more people in Canada lose confidence in the capacity of this country to grow, develop and become a creative environment, more Canadians and foreigners will remove their money and thereby make the interest differential increasingly higher. This is where this borrowing leads us and this is where the government's spending habits have led us.

Unless an immediate effort is made by Parliament to deal with the crippling deficits which have been imposed by this government and its predecessors, we will not be able to turn our economy around and come out of this recession-cum-depression. We will sink ever lower in the abyss. The future of our children is at stake.

I would like to analyse for a moment what this borrowing authority bill is all about. As you may be aware, Mr. Speaker, if, when borrowing authority is granted to a government, it does not use the borrowing authority, the normal course is that the borrowing authority lapses at the end of the fiscal year. If the borrowing authority is used, permanent debt is then created. If that debt is paid off in some manner, the government immediately has the right to roll that borrowing authority over again and continue with the same amount of debt.

When we vote for borrowing authority for $11 billion, we are effectively saying to the government that it can on a permanent basis increase the debt of Canada by $11 billion. If bonds are raised under this borrowing authority and those bonds are repaid at some point, the government can then roll the bonds over or issue new bonds to new investors and still stay within the ambit of its total borrowing capacity.

Speaking of borrowing capacity, on July 6 the government had $5.8 billion of unused borrowing authority as a result of its actions this year. It now comes to the House looking for $11 billion. This makes a total borrowing authority of $16.8 billion, nearly $17 billion. So far this year it has used up some $4.5 billion by using hangover borrowing authority from last year, plus a portion of new borrowing authority which was finally granted to it on June 17.

The government has not introduced an acceptable budget. There is every indication that the government will be producing a new budget some time in November of this year. Therefore, why does the government want all this borrowing authority right now? The June 28 budget, which really was not a budget since it did not give proper projections, was indeed a specious piece of paper which indicated that the deficit figures were based on a gross national product dropping only 2 per cent this year. But we all know the projections now are that the gross national product of the country may drop over 8 per cent this year.

The budget was a specious document and will clearly have to be replaced before November 30. On that basis, why do we need more borrowing authority? The fact is that we do not need it. The government already has $5.8 billion in borrowing authority. The fact is that the government has $4.7 billion in the banks. The government has lots of money right now. It has $4.7 billion on deposit in the banks and $5.8 billion in borrowing authority. It has enough right now to pay its bills through to the end of November, and then some. Even with its crazy spending habits and the fact that it is spending $1.4 billion a month more than it receives in taxes, it has enough to carry it through to November. Therefore, why do we need this bill? There is really no need for it at this stage.

What we do need, however, is an inquiry into how government spending takes place. I remind you, Mr. Speaker, and the House about statements by the former auditor general, Mr. Macdonell, who said last week that what the government must do is analyse its spending program and its priorities. Its spending should be divided into what is absolutely essential, what is desirable and what is non-essential.

Where are we going? There is no effort by this government to priorize its expenditures. Does the government accept the suggestion of our party that there should be a task force of parliamentarians to inquire in detail into the expenditures of the government and the budgetary expenditures of each department in order to determine on a priority basis whether an expenditure is essential, non-essential or just desirable? It does not want that to happen. This should be done.

We must review the grant programs of the government and its activities and question whether these programs, while they may be very desirable, are essential. It may be desirable to have expansion in the Canadian broadcasting system, but is it essential? The National Arts Centre is obviously desirable but is it essential? The CHIP program is obviously desirable since it will save home owners money and enable them to get a four or five-year payback, but as I said earlier, businesses cannot invest in a four or five-year payback today because money costs too much. Is it essential or just desirable?

• (1710)

The Leader of the Opposition (Mr. Clark) went over a number of programs which are clearly frills. I write to the President of the Treasury Board (Mr. Johnston) almost weekly. When we formed the government, I wrote almost weekly to my hon. friend, the hon. member for York-Peel (Mr. Stevens), who was the President of the Treasury Board. When I received a book from a minister's department, a beautiful brochure or a map, I asked "Is it essential? Is it a non-essential frill expense?" My hon. friend, the hon. member for Kingston and the Islands (Miss MacDonald), smiles. I think something colourful and beautiful came from her department. There is not a single Member of Parliament who does not get material across his or her desk, is invited to something run by the government, or has been involved in some program, activity or trip. We must ask, are these really essential? Much of it is non-essential puffery. We could reduce expenditures in every department by 5 per cent, certainly administration costs and many others as well, if we considered and determined what is essential and what is non-essential. Sure, some of these expenditures amount only to $60,000, $100,000 or half a million, but they add up enormously.

When one is paying 19.5 per cent to borrow money and when the cost of that borrowed money triples in three and a half years, then the question matters as to whether it is essential, simply desirable, or really non-essential, or is the expense indefensible. Yet the government refuses to appoint a parliamentary committee to inquire into expense based on that logic. Why? It is because it likes it the way it is. It is so accustomed to going around and around the boat, spending and spending, without any real thought as to whose money it is.

The government has the free lunch theory, the theory that if there is a problem, the government should do something. People come into my constituency office and ask, "Is there not a grant or a program for this problem? Can you not help me with it? Can you not get assistance under some government program?" A small telephone booklet came to my office the other day with the names of government programs and grants in it. I am sure Your Honour received one. The government subscribes to the free lunch theory that, somewhere along the line the money comes down from the trees, you take it and spend it, you do not have to borrow it and do not have to worry about where it is earned. Well, I never got to this place because someone gave me a free lunch, and I am sure Your Honour did not become a Member of Parliament on the free lunch theory. Your Honour worked, created and produced. You did not look for a grant. But the money you took out of your pocket with which to pay taxes is being used by this government to further the free lunch theory. But it is not only the money expropriated from people who rake asphalt, drive trucks or work in offices all day, which is being used to pay the government's profligacies. We must also remember that the money the government borrows, and the money which is borrowed and reborrowed, on which we pay 17 per cent to 19.5 per cent interest, multiplies and multiplies. That is a tax which is not on me, because I will never pay it off, and it is not a tax on you, Sir, because you will never pay it off. Is the tax not on our grandchildren? And for what?

Mr. King: They will never pay it off, either.

Mr. Blenkarn: My hon. friend says "They will never pay it off, either". Perhaps that is part of the problem of the free lunch theory. Somewhere along the line it must be carried on the backs of people who work and sweat, because some cocktail party, or cooking lesson, or free brief case is important; and the government is not prepared to inquire into whether it is important, essential or non-essential.

The government recently presented a bill to the House arising from the new budget called "the effort to go to a 6 per cent society." I only wish we could go to a 6 per cent society in terms of interest rates. That bill represents the first effort by this government somehow to curtail costs. At least, it is painted that way. But is it really? If one considers the bill, one finds that there will be no cutback in the salary of any public servant this year. Next year public servants will not receive a full index. That is all that will happen. The only people cut back in the government's latest budget were Members of Parliament. You and I, Sir, took a 5 per cent cut in pay. We are the only people who took a cut. Indeed, the government has no intention of cutting anything else. It has provided no new budgetary or departmental figures, projections, no new proposals to save money to reduce expenditures. The only expenditure cut in the whole budget was your salary and mine, by 5 per cent. I suppose we are prepared to be leaders; that is why we were elected as Members of Parliament. But I think, as leaders, and having contributed to some savings, we have the right to demand savings. I say to you, Sir, that we have a right to demand that the government trim back its expenses by 5 per cent, and it is on that basis that I say that this bill must be withdrawn.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised

tonight at the time of adjournment are as follows: the hon. member for London West (Mr. Burghardt)—Consumer Affairs—Use of subliminal messages on rock music recordings; the hon. member for Vegreville (Mr. Mazankowski)—Agriculture—Tax on fuel used in food production; the hon. member for Athabasca (Mr. Shields)—National Energy Program—Effect on investment. (b) Development of oil sands in northeastern Alberta.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Bussières that Bill C-125, an act to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome the opportunity to speak on Bill C-125, an act to Provide supplementary borrowing authority. The bill is very short, covering only a page and a quarter, but it will be very long in its effects on each and every Canadian. It seeks to obtain authorization for the Minister of Finance (Mr. MacEachen) to borrow, with the approval of the governor in council, sums of money not exceeding $11 billion, as may be required for public works and general purposes.

The government has projected financial requirements of $17.1 billion this year and some of that requirement will be met through the rundown of Canada's foreign reserves. As I understand it, the government already has something like $10.2 billion in borrowing authority for this year, consisting of $3.6 billion in unused authority from previous years and $6.6 billion from Bill C-111. Therefore, the government has a total borrowing authority of something like $21.2 billion for this year, a figure which is considerably higher than the projected financial requirements of $17.1 billion as outlined in the previous budget.

I think it is also worth noting that in subclause (2) of Clause 2 there is special provision for unused authority of up to $4 billion to be carried over into 1983-84. This leads me to ask where all this money is going, where it is all coming from, and what is happening to Canada and to the Canadian economy.

• (1720)

Over the past 14 years government spending has risen at an unprecedented rate. Using Canada's public accounts as a basis, spending has increased from $12.3 billion in 1968-69, the year the Prime Minister (Mr. Trudeau) took office, to $78 billion this year, an increase of 534 per cent, yet the population of this nation during this period of time increased from approximately 20 million to 24 million people. A significant portion of this increase occurred since the re-election of the present government in 1980.

The projected spending of $78 billion this year and a projected deficit of $19.6 billion, which is almost double the projected deficit of last November's budget, has already sent our markets and our dollar into a tailspin, and for good reason. Our gross national debt in March was approximately $135 billion. Interest alone on this debt will cost Canadian taxpayers this year an estimated $17.75 billion.

These numbers are large. They are actually too large for Canadians to grasp in a meaningful way. However, if they are broken down their magnitude becomes more understandable. For example, government spending this year alone at the federal level will be equal to $8,250 per taxpayer. This compares to $1,700 per taxpayer in 1967, the year this Prime Minister took office. To put it another way, federal government spending is now more than six times greater than it was when Mr. Trudeau first came to power and 15 times greater than the amount spent in any of the war years. That is a frightening thought, a frightening amount.

For most of us, a budget is supposed to be a plan which limits expenditures so that they match up with revenue, and expenses should not exceed income. However, that ancient, solidly based philosophy no longer seems acceptable to Ottawa's bureaucrats or politicians.

As I listened to the budget speech of the Minister of Finance and to the apologist today for the finance minister, the hon. member for Charlesbourg (Mr. Bussières), I could not help but be reminded of the story entitled "Alice in Wonderland". Just imagine the scene in the House of Commons being played by people with different names. First there was Alice. Alice must be the Canadian people who have fallen through the rabbit hole and are watching a band of strange people do very strange things. There was the rabbit that led us down the hole. He is dressed in a very natty suit, wearing a rose in his lapel. He must be the leader. Then there was the finance minister. He must be the white knight who told us in November that four times five was ten and one-half. He has now corrected this to mean $19.6 billion for his budgetary deficit. The present Auditor General, Kenneth Dye, suggests it will really be closer to $22 billion. The Queen of Hearts who stole the tarts must be the energy minister who has stolen the natural resources from the people who developed them. Tweedledum and Tweedledee must be the Minister of Industry, Trade and Commerce (Mr. Gray) and the Minister of Justice (Mr. Chrétien), who supported the Foreign Investment Review Agency and drove out many potential foreign investors that may have established industries in Canada and provided employment for our people.

The cast of the characters is vast. There was the mouse and the duck and the crab and the caterpillar and kings and queens and knaves. I could go on and on, but I know you will remember Mr. Speaker, some of the happenings, such as the Mad Hatter's tea party. You will recall that in the end Alice wakes

up and finds that she has been dreaming. Do you think, Mr. Speaker, when this is all over and the Mad Hatter's party is finished, which is when this government falls, that the Canadian people will wake up and realize that it was not a dream, that it was all too true?

In truth, the budget and this borrowing bill have left Canadians feeling somewhat like a burst balloon. Their hopes for the future have evaporated into thin air. Certainly any hope for interest rate relief evaporated when the government announced its deficit projections were wrong by $10 billion.

By the end of this summer, competition for money in Canada's capital markets will most likely drive the prime rate up to 20 per cent or more. In fact, with the federal government going to the money markets for at least $1.5 billion every month for the next 12 months, I predict that interest rates are likely to go through the roof.

Canadians have always believed, at least up until recent months, that this country had a great future. I still believe that Canada and Canadians have a great future. I also know that that future can be realized only if we place a new federal government in Ottawa that adopts new directions and restores confidence to Canadians in their government and in their country.

The secret to our present disastrous and, to use the Prime Minister's own words, crisis economic situation is the complete lack of confidence and trust that Canadians now have in their government. From Atlantic Canada to the tip of British Columbia and then on up to the Yukon and the Northwest Territories, the Canadian economy is laid waste. On July 9 it was quite a shock to me to sit in my seat in this House and listen to the hon. member for Yukon (Mr. Nielsen) point out that 100 per cent of the population in two towns in his constituency, namely Elsa and Faro, were laid off. Over 600 families in the Yukon are affected. The employment minister's only answer to the hon. member's request was that he was aware of the problem.

Business bankruptcies in Nova Scotia, according to *The Chronicle-Herald* of Wednesday, July 7, are up by 20 per cent this year over the same period in 1981. What do we find on the national average? In the July 14 Montreal *Gazette* we read:

> Canadian companies forced into bankruptcy in the first half of this year went down owing more than $1 billion—more than double the amount in the corresponding period last year, the Department of Consumer and Corporate Affairs said yesterday.

Those are not Tory figures. Those are Liberal government figures, figures provided by the Ministry of Consumer and Corporate Affairs.

> In the first six months, 5,383 Canadian companies went bankrupt, 1,451 more than a year earlier.

Surely we must ask why this is happening. It is because Canadians have been betrayed by the Trudeau administration, betrayed with respect to economic policy, betrayed with respect to energy policies, betrayed with respect to constitutional policy, betrayed with respect to federal-provincial policies and betrayed in our dealings with the outside world. That is why we are in this mess. On January 12, 1980, the Right Hon. Mr. Trudeau, then leader of the opposition—

Mr. Deputy Speaker: Order. With all due respect, the formal reference to a member of this House is either by function or constituency. This is the third time the hon. member has referred to the Prime Minister (Mr. Trudeau) by name.

Mr. Crouse: Thank you, Mr. Speaker. I was referring to him at that time because he was then the leader of the opposition. At that time he outlined his economic program to the electorate in Toronto, stating "We have an economic program for the eighties which will enhance dignity, create opportunities and provide security."

Thirty months later the Canadian people are quite rightly asking, where is that program? The tragedy of the years under the right hon. member for Mount Royal is how we have wasted and are still wasting our potential. I am convinced that Canadians want to see things get better than they are at present and that they could bring this about if they only had a government which would help and not hinder them. The present economic crisis, the chaos, the lack of confidence of Canadians, the frustration, the anger and the despair are not caused by the Canadian people and not by any lack of resources in the second largest land mass in the world, nor by any lack of opportunities but, rather, by a lack of government leadership, by wrongheaded policies, by arrogance, by a lack of knowledge at the top and by the smugness of the people who have been too many years in office.

• (1730)

I have watched this power beget power over the years, but the present situation does not have to be. The answer lies not in our stars, not in Germany or Japan or the United States—the favourite whipping boy of the Prime Minister—but, rather, in this government, a government which has failed Canada miserably.

Our economic problems are not caused by U.S. interest rates. They are not caused by outside forces we cannot overcome. They are caused, if I may say so, by a weak Canadian economy which now provides us with a weak Canadian dollar, all as the result of 14 years of wrong, self-indulgent and politically inspired economic policies. It is people like the Prime Minister, the Turners, the Macdonalds, the Bensons, the Chrétiens and the MacEachens who have given us our high interest rates at the 18 per cent to 20 per cent level, our unemployment rate at the 11 per cent level—some 1.3 million people together with another 410,000 additional persons calculated by Statistics Canada to be the number of the hidden unemployed—and our inflation rate year after year, which is now over 11.5 per cent. These men gave us our depression. Our productivity has decreased for four years in a row, and our real wages have been down for four years in a row.

What does the July 12, 1982, editorial in *Maclean's* have to say under the title "Party or country—which will MacEachen bankrupt first?" It reads:

The business community's reaction to Allan MacEachen's budget was swift and vicious: share prices on the Toronto Stock Exchange plummeted 40 points on the morning after, wiping out $2.9 billion in paper profits during the first 60 minutes of trading. Within the same hour ... the Canadian dollar dropped nearly a full cent ... These stock market losses came on top of the slide that has cut $66.25 billion out of stock prices in the past year.

Over the years I can well remember the Liberals saying at election time: "Tory times are hard times; vote Liberal." In retrospect, as I look back over ten federal elections and some 25 years I must agree that when my party was in power Tory times were difficult times. They were difficult because we had to deal with the economic wreckage the Grits left behind them. However, in their lust for power, the Liberals, along with their New Democratic pallies, defeated the minority Conservative government and found themselves back in power after making misleading promises about lowering gasoline costs. This time the Liberals have to try to clean up their own mess. Grit times today are grim times for everyone to see and all to experience, and it is a situation which will not be forgotten too soon by all Canadians.

In considering the issues, we all know that Canada's economy is influenced greatly by the outside world and that much of the outside world is also facing economic difficulties. But clearly our lack of leadership, direction and policy on the part of the party in power has seriously worsened our economic situation.

What about our inflation? In my opinion our inflation has been caused in large measure by a complete lack of government restraint in spending and in revenue-collecting since 1972-73, resulting in government debts, which total in excess of $77 billion over the ten years ending in 1981-82. The deficit for this year is predicted at close to $20 billion, while *Maclean's*, as I said a moment ago, says it will reach at least $22 billion in the fiscal year beginning April 1. All through these years the fiscal policy of the government has ignored the monetary policy of the government and the Bank of Canada, so that the tight monetary policy has not succeeded in containing inflation. Every year there has been ever-increasing borrowing by the government, competing for funds with the private sector, and in 1982-83 government spending on a national accounts basis will increase by an estimated 22 per cent over last year. The second largest spending envelope of the federal government is now in the payment of interest on our debt charges, which the government says will cost some $17.7 billion this financial year. One tax dollar out of every four is now used to service the government's debt, compared with one tax dollar out of every nine only eight years ago.

The government cannot say that it was not warned about this economic catastrophe. When I served as chairman of the Public Accounts Committee the new auditor general at that time, Mr. James Macdonell, stated in his 1974-75 report that the government was losing, or was close to losing, control over the public purse. That is strong language from any auditor general, but coming from its own auditor general, the government should have altered the course of its ship of state before it landed on the rocks of fear, despondency and economic collapse. However, unfortunately no one on the opposite side was listening. No one wanted to listen, and now that the ship is foundering, all the government can do is to look for scapegoats and try to lay the blame everywhere but the one place where it rightfully belongs. I say to hon. members opposite that if the government is serious about battling inflation, the government must give the public an example and must restrain and discipline itself if it wishes the people to restrain and discipline themselves. But this government to date has only carried out what I call cosmetic changes, and it is not fooling anyone.

How can hon. members opposite say that they are practising restraint when the "one billion" white elephant, Mirabel, continues to lose money at the rate of approximately $1 million a week? How can hon. members opposite justify their claims to restraint when they are purchasing new Challenger jet aircraft at a cost of $27 million? They cannot even find the funds to rebuild the fishermen's wharf at Riverport, Nova Scotia destroyed some two years ago and help re-establish a viable fishing industry at that port. How can hon. members opposite say they are practising restraint when they spend yearly some $225 million on their own public information and advertising budget, not to tell the people what they are doing but to try to hide from the public what is happening in Canada? Hon. members opposite spent $300,000 for a lively bash on the day the Post Office became a Crown corporation and spend $500,000 each year to give new briefcases to the public servants of Canada. They then have the gall to tell this House they are practising restraint! I say to all hon. members opposite that they do not even know the meaning of the word.

In the patronage area of spending, on government services alone spending increased from $4 billion in 1980-81 to $4.7 billion in 1981-82, an increase of 17 per cent in government patronage for lawyers and other fees. Where were the 6 per cent guidelines then? Where were the 6 per cent guidelines hon. members opposite now impose on some 1.2 million senior citizens who are singled out to pay for the mistakes of the government?

To complete the destruction of the Canadian economy, this administration, without any authorization from the Canadian electorate, instituted a constitutional war with the provinces which occupied most of 1980 and 1981. Hon. members opposite destroyed confidence. They failed to reach oil and gas agreements quickly with the producing provinces. They caused delays so that we have lost the Alsands tar sands plant and the Cold Lake project. They caused delays in the development of the Hibernia oil field off the coast of Atlantic Canada because of their determination to control and manage these resources. Then the Right Hon. Prime Minister ended all that with a declaration of war on the provinces by saying that co-operative federalism no longer exists. On January 12, 1982, the Right Hon. Prime Minister confirmed this declaration of war on the provinces by ending any attempt whatsoever at co-operation through the former DREE department. We now have DRIE instead of DREE with the Minister of Industry, Trade and Commerce (Mr. Gray) at its head. There is a megaprojects co-ordinator for each province, although there are no signs—

certainly not in my province—of any megaprojects to co-ordinate.

The damage of all this to our economy is obvious. There can be no confidence or trust upon which an expanding economy can be based when the federal government is entangled and engaged in such destructive, vicious, uncaring, unheeding and arrogant policies.

• (1740)

When the Minister of Finance (Mr. MacEachen) brought in the budget on November 12, 1981 he said that it had three themes: restraint, equity and economic renewal. On each of these grounds his budget was a complete failure. On September 9, 1980, speaking in Halifax, the capital of my province, he said it was in order to create jobs, improve living standards and promote greater equity that he took on the position of minister of finance. In light of what has happened since that time, I ask in all fairness how he can continue to hold on to that position!

We are sometimes asked about alternative policies. Every once in a while we read in the media that the Conservative Party has no alternative policies. Certainly we have no alternative policies like those proposed by the leader of the NDP who suggests that a magic wand be waved so that interest rates in Canada be reduced by 5 to 10 per cent. We know that such a step would mean wage and price controls, exchange controls and total state control of every aspect of our lives. The answer, of course, is not that simple. What is needed is more long-term changes. I can assure the House that within six months of taking office, my party would start the Canadian economy well back on the road to growth and prosperity. We did it in 1957 and in 1958, and we can do it again.

Mr. Sargeant: What was the state of the economy in 1962?

Mr. Crouse: I hear a squawk from the NDP, Mr. Speaker. I never interrupt any of their speakers, ever, and I do not intend to be interrupted by them. They should sit quietly and make their own speeches in their own time.

Mr. Sargeant: Don't tell lies in the House.

Mr. Crouse: I am not telling any lies. I consider that an unjust attack on me personally.

Mr. Deputy Speaker: The hon. member for South Shore (Mr. Crouse) has the floor, and I am sure other hon. members will pay him the respect that is due.

Mr. Crouse: We got the economy rolling in 1957 and 1958, and we can do it again. Our alternative policies and thrusts can be seen in the budget of December 11, 1979. These thrusts are still basically right for Canada. I believe that we could, upon taking office—with a majority from the Canadian people—restore confidence to ordinary Canadians in the private sector by throwing out this rehashed budget introduced by the Liberals.

We would end tax harassment and government legislative discouragement to risk takers, the people who are so badly needed in our economy at the present time. A new budget would be brought in within a reasonable period of time to settle the ground rules and outline and establish the framework for a two or three-year period, providing the stability that the business world needs for expansion and restoring the Canadian economy.

We would bring about changes in the present National Energy Program, and reduce the present discrimination against the foreign and the Canadian entrepreneur. A reduction in the tax burden on industry is also required to encourage Canadian exploration and development.

As a Nova Scotian, I personally believe that in Canada we have to utilize our maritime position, our Arctic resources and our tremendous coasts, lakes and rich continental shelf. We have to develop our own shipping fleet and focus attention upon our fishing industry. Our main objective should be the utilization and development of our resources on, in and under the waters that surround our vast shores. For all too long this government has engaged in navel gazing. Perhaps that is why the country is presently going belly up.

In my opinion, this government, as is usual with Liberal governments, confines its gaze to the bulging population residing in central Canada while the extremities of the country, especially the coastal regions, are neglected. I believe that the coastal shipbuilding industry, especially the east coast industry, with the discovery of massive offshore oil reserves, has fantastic potential. Billions of dollars will have to be spent on new vessels in order to develop the offshore resources in the next ten years. However, shipbuilding is a most unnatural industry, one that requires the most support of the central government if it is to be effective and successful. In most shipbuilding nations government provides shipbuilders with generous subsidies, tax breaks and investment allowances, but Canada does not provide any of these. In order to develop the industry in this international, cutthroat market, nations must have well developed shipbuilding policies and dependable financial arrangements for the benefit of workers and owners as well as builders. Canada has no such policy. Shipbuilding in Canada is an industry which has important local as well as regional implications, but unfortunately the government has failed to catch the vision of the opportunities the industry could offer the nation. With federal policymakers preoccupied with troubles at the nation's centre, it appears that we will be passing up another fantastic opportunity on our east coast. That lost opportunity could take with it the dream of the Canadian merchant marine. Three times in our history the Canadian nation has developed a sizeable merchant marine, and each time federal indifference has wrecked that fleet.

It is this indifference to Atlantic Canada's needs that is the real core of some of our problems. We need policies that would strengthen the various local industries. Just sending money into an area for what I call cosmetic, make work projects, is not the answer. For example, the federal and provincial governments have spent millions of dollars to keep the Cape

Breton steel industry alive. A long-term, positive shipbuilding program could be the catalyst that would set the industry on the road to recovery.

It is estimated that three million tonnes of steel will be needed to manufacture ships for Canadian needs within the next decade. All that is needed to bring this type of development about is a national policy and a national will to carry it out. Without a national long-term policy and direction, companies will not make the investment that is required for development.

It would take investments of $20 million to $100 million per year to keep present Canadian yards competitive with new technologically advanced yards in other nations. Our competition is receiving tremendous help from subsidies. British ship builders, for example, receive 30 per cent, the French receive about 25 per cent, while we in Canada receive about 9 per cent. As a matter of fact, foreign buyers are given a better break when buying Canadian made ships than Canadians are. The government will provide financing at 8.75 per cent for a foreign buyer, but a Canadian buyer who wants to build a ship must go to a bank and pay interest rates as high as 20 per cent or more.

Canada is the only nation in the world with a shipbuilding potential of any consequence which does not have a program to assist its nationals to finance the acquisition of ships locally.

As Conservatives, when we form the next government—and that will be as soon as the next election is called—we intend to change this policy and stimulate our shipbuilding industry for the benefit of offshore use as well as for the benefit of the fishing industry. As Conservatives, we will once again welcome foreign investment.

I cannot help but wonder about this government's concern about foreign investment, Mr. Speaker. I would invite any member of the government to come to Nova Scotia, to Bridgewater, which is just 12 miles from my home town of Lunenburg. They should visit the Michelin plant there, which is the result of French investment. Anyone who remembers the town before Michelin and sees it as it is today will realize the tremendous benefit of foreign investment in the Canadian economy. In my opinion, our need for capital will be immense for the rest of the twentieth century. That need simply cannot be met without foreign investment and foreign loans.

We would make our preference for private-sector ownership and management of the economic system very clear, with policies devised to give room to take risks, to innovate and to grow. The operations of Crown corporations would be reviewed and reduced so long as the private sector could fill any gap that might occur. I believe it is well past the time for a thorough and proper review of our economic future and our relations with our best friend and customer, the United States. The problems that relate, for example, to the boundary issues alone between our two countries, as well as fishing agreements—have been allowed to drift, Sir, for far too long. What may very well have been resolved at the political level now seems destined to end up in continued disputes and bitter controversy between our two countries, which can only be harmful to our own development. I am convinced that within a very short period of time we could turn around the Canadian economy dramatically and restore it by restoring confidence and trust in ourselves, our government and our nation. It can, Sir, and must be done.

• (1750)

Obviously there are just two clear choices for Canada. The Conservative Party believes in a federal Canada, a federal state with 11 strong governments. It believes in the private sector. We believe in private initiative and private ownership of the economy. We believe in a mixed-market economy, and in the fact that none of us will retain any human or personal rights unless we have a largely privately-owned economic sector. We believe in co-operative federalism and the partnership of our five great regions.

The alternative is the Liberal-NDP alliance, which obviously does not believe in a federation for Canada, an alliance which is anti-province and which is for a centralized, unitarian government for Canada. It is an alliance which ignores our vast land, our varying regions, and the need for unity and diversity. The alliance is anti-private sector and anti-private ownership and initiative, and against the right to ownership of private property.

Both of these parties, for example, voted against our proposal that the right to ownership of property be included in the Charter of Human Rights, just as it was in the Diefenbaker Bill of Rights, and as it is in other countries. Life, liberty and the right to property was our proposal, but the Liberal-NDP alliance voted together to remove the guaranteed right to ownership of property in this land. Let us never forget what that alliance brought out in the Charter of Rights.

The Liberal-NDP alliance is calling for the centralization of all political and economic power here in Ottawa. It is pro government ownership and control. It is pro granting of enormous supervisory and regulatory power to the bureaucrat, who becomes not dependent on the people of Canada but, rather, on our master, who takes the fruit of the worker's labour while fashioning more burdens for the workers to carry. I cannot support that type of government, and I hope the Canadian electorate will recognize what they are voting for when they next go to the polls.

In conclusion, Mr. Speaker, I say that we must build a Canada where people respect the land, a Canada where people respect the sea and the environment, where we do not squander and abuse our good fortune; a Canada where we respect the law and the rights of others; a Canada where people respect and reward initiative, where excellence is encouraged, and where the work of every individual is recognized. That is the type of Canada that I wish to see, and that is why I support the amendment moved today by the Right Hon. Leader of the Conservative Party (Mr. Clark).

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, it is a pleasure for me to speak on this bill today. It gives me an opportunity to talk about some of the myths created as a result

of the most recent budget, and some of the ideas circulating about spending gone wild, ideas which are encouraged by the opposition. However, there is very little in the nature of solid suggestion as to where we must go, other than that we should get rid of the NEP or abandoning FIRA, which a very large number of Canadians want to retain and rightly so. One of these myths is that the cost of operating government is the major factor in all of our problems. If government costs were down, then things would change. Of course, when we talk about government costs, we talk about the operation of the government, and that is the myth which has been created. Another myth has to do with the fact that Canada alone is suffering in the world. No other nation is facing the same kinds of problems. Of course, it follows naturally that Canada is becoming a socialist country, if you listen to the speakers from the other side. We are becoming great socialists and therefore we are doomed.

I suppose, Mr. Speaker, the hon. members opposite, even though they call us socialist, would not accept the fact that President Reagan is a socialist, but before I have finished speaking I hope to convince the House that President Reagan's government in the U.S. is in just as bad or worse shape than ours. So this is a world problem. It is not a simple problem, or one that is going to go away simply because of what we do in Canada. But at least I think it will help solve the problem if we start understanding it a little.

Let us talk in positive terms and try to dispel some of these myths. The kind of vituperation and venom constantly coming from the other side, especially from the Leader of the Opposition (Mr. Clark), who is constantly picking at these petty points, does not solve the problem, so let us have a look at this question in more detail.

The most immediate question in terms of the budget is, why did the deficit, which was shown at about $10.6 billion in the November budget, rise by $9.1 billion? Of course, the opposition stands up and says, "Government spending gone wild." That is their answer. Of course, the media picks it up and the whole country thinks that is the answer. But is it? Let us look at that $9.1 billion. It can be divided into two parts: additional spending, and reduction in revenue due to a world recession. How does that divide up? Well, one dollar in every five is additional spending. The $4 is a decline in revenue. It is not spending gone wild, it is the fact we are in a world recession and there is a major decline in revenue. If hon. members cannot believe that from the so-called socialist government, let us have a look at the American government. Revenues for April and May in the United States indicate that this year's budget, the one which finishes in the fall of 1982, will be in deficit by $124 billion. Why? Because the revenues have fallen off significantly in the months of April and May due to the world recession. That recession was not caused by this government, it was a worldwide recession principally caused by the Reagan economic policy in the United States.

May we call it six o'clock, Mr. Speaker?

[*Translation*]

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

[*English*]

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock, the hon. member for Thunder Bay-Atikokan (Mr. McRae) had the floor.

Mr. McRae: Mr. Speaker, I mentioned earlier that I want to deal with several myths that have grown up around the budget which are creating a great deal of mayhem and concern among Canadians, and I do not think that should necessarily be so.

The first myth has to do with the notion that the $9.1 billion additional deficit as between the November budget and the June budget is a sign that government spending has gone wild. Of course, this particular myth has been fostered by the Tories particularly. Every day you find horror stories of government spending. Most of them are half told. The other half you do not quite get. The myth is still there and most Canadians believe that the government has suddenly spent $9.1 billion more than it estimated it was going to spend not more than eight months ago. Of course, this is not true. If we look at the $9.1 billion, we find that something in the order of—

Mr. Deans: I rise on a point of order. Looking from your vantage point, Mr. Speaker, I was wondering whether you thought we had a quorum.

The Acting Speaker (Mr. Blaker): I had some difficulty hearing the hon. member's words. I realize he asked a question about the quorum. I also have the impression that he was not calling a quorum. Perhaps the hon. member for Hamilton Mountain (Mr. Deans) could indicate to the Chair again what he was commenting on.

Mr. Deans: Mr. Speaker, I wondered if perhaps from your vantage point you thought we had a quorum. I fail to see one.

The Acting Speaker (Mr. Blaker): The hon. member for Hamilton Mountain should realize that the issue of whether or not there is a quorum present is a matter for individual members to call. It is not the responsibility of the Chair to persist in a count from moment to moment. If the hon. member wants to call a quorum, I will use the procedures that are relevant to that. If he simply wants to make an observation with respect to whether or not there is a quorum, then I could not make any comment in that regard.

Mr. Deans: Mr. Speaker, further to my point, I would ask that you take a count to see whether we have a quorum.

The Acting Speaker (Mr. Blaker): I will take that reference by the hon. member for Hamilton Mountain to be a call for quorum. Is that what the hon. member wants me to do?

Mr. Deans: Yes, Mr. Speaker.

The Acting Speaker (Mr. Blaker): The hon. member for Hamilton Mountain has now called a quorum. I want to be clear about that. Is that correct?

Mr. Deans: Yes.

The Acting Speaker (Mr. Blaker): The hon. member for Hamilton Mountain has indicated he has called a quorum. I will explain to hon. members who are present in the House at this point that there is no mechanism by which the Chair will recognize points of order or questions of privilege. There is some debate as to whether or not that is the most appropriate way to proceed. But as far as I am concerned, that is the way in which I will proceed. I will not recognize points of order or questions of privilege.

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

The Acting Speaker (Mr. Blaker): Order, please. I have just finished saying that I will not recognize a point of order or a question of privilege. There will be no intervening procedure whatsoever while I count quorum. I will ask the deputy clerk of the House to assist me in determining the number of members present. Those hon. members who are here should understand that there is no difficulty whatever in hon. members entering or leaving the chamber. Further, we will count those hon. members present by row. The deputy clerk of the House and myself will take note of those members who are present row by row. Any member may enter the chamber and any member may exit at any time according to his wish.

I will now ask the deputy clerk of the House to count the hon. members present.

• (2010)

And the count having been taken:

The Acting Speaker (Mr. Blaker): The Clerk of the House indicates to the Chair that there are 24 members of the House who are present, including the occupant of the chair. Therefore there is a quorum and the chair will now recognize the hon. member for Thunder Bay-Atikokan (Mr. McRae).

Mr. McRae: Mr. Speaker, I think we lost about five minutes in that exercise. I hope that will not be part of my time. Could I have a ruling on that?

The Acting Speaker (Mr. Blaker): The Chair is not disposed to make rulings at the request of hon. members; in so far as the hon. member for Thunder Bay-Atikokan is concerned with respect to the time available to him. It is not a question of whether or not that additional time is available. It is more a question of whether or not he has the usual 40 minutes, and he does.

Mr. McRae: Mr. Speaker, the point I was trying to make is that the increased government deficit is not, in a major way, caused by increases in spending. The actual facts are that 79 per cent of all increase in the deficit is caused by decreases in revenue brought about by world recession. Other governments, such as the American government, are finding exactly the same thing happening. Between the two budgets only one dollar in five of the increase in the deficit was caused by an increase in government spending. Half of that was caused by spending which did not happen in the last year, and the other half was mostly caused by additional spending because of the recession.

The Canadian public is not aware of the essential point. It has not been made aware of it by the media; confusion has been sown by the opposition. The essential point is simply that four dollars out of every five of the increased deficit was caused by a decrease in revenue, a decrease in revenue caused by a world recession. That is a fundamental point for Canadians to understand what has happened. Government spending has not gone wild. It is the simple fact that we are in a world recession and revenues have fallen. I will demonstrate later how that has happened in the United States as well as in Canada.

The second myth is the notion that all government spending is in the same order. Let me look at that. There are two basic kinds of spending. The first one is what we call transfers, that is, transfers from the federal government to other governments in terms of health, welfare and so on. I am referring to these kinds of transfers to provinces and to municipalities. There are transfers to people in terms of old age pensions, various forms of pensions, children's allowance or family allowances. There are transfers to corporations in the form of subsidies. There are transfers to funds like the Western Development Fund. There is a whole series of transfers. Also there are transfers to people who own Canada savings bonds, from whom the government borrows money. These are transfers from one Canadian to another. Only about 1 per cent is actually transferred out of the country.

These transfers represent 78 per cent of all federal government spending. Another 2 per cent is in capital spending; in other words, when one acquires capital and builds buildings. Only 20 per cent is in operating the government, such as running the Post Office, the Department of National Defence and all other areas of government. The costs of transferring that money are all in that 20 per cent. When we talk about governments taking from the people, we are talking about the area of goods and services or 20 per cent of the spending which runs all government departments such as the Department of National Defence. That 20 per cent buys our planes and does many things.

If we are really looking at things in a thoughtful way and trying to find what are the answers, rather than making noises, making fun of the government, destroying the government or defeating the government, then we must look at these transfers in an intelligent way. How large is the $20 billion in terms of the gross national product? If I say that I spend $20,000 a

year, it does not indicate anything about what that does to me. For example, if I make $40,000 per year and I spend $20,000, I am doing very well. If I make $10,000 per year and I spend $20,000, than I am doing very badly. It is the same with a country. The gross national product of this country for next year will be around $359 billion. That is the gross national product. The value of all goods and services, everything done in the country, will be $359 billion.

The Government of Canada, in terms of goods and services, is taking $20 billion out of that $359 billion. The other $70 billion which the government will spend in 1982-83, the year about which we are talking, the year which the borrowing is for, is transferred from one Canadian to another. It is not taken out of the economy.

How does this compare in terms of the amount spent on goods and services as a percentage of the gross national product? It is about 5.2 per cent of the gross national product. Until approximately 1953 that was about 10 per cent of the gross national product. The amount the government spent on goods and services was about 10 per cent of the gross national product. Then it started to decline, and it declined until about 1965 when it became 6 per cent of the gross national product. Since 1965 it has stayed around that level. It is 5.2 per cent, which is not a very large portion of the gross national product.

• (2020)

I remind hon. members that the other $70 billion that the government will spend in 1982-83 will be transferred from one Canadian to another. It may be suggested that we are transferring money from the wrong Canadian to the wrong Canadian. I believe that the question of who gets the transfers is what we should be considering, and not ascribing this entire amount to government spending. If one were to listen to the opposition, one would think that the Government of Canada is taking 25 per cent of everything away from Canadians. That is not the case. The government is taking 5.2 per cent of the gross national product from Canadians. While it takes a lot more than the 5.2 per cent, it is transferred back. All but 5.2 per cent is transferred back, and I think it is very important for Canadians to understand this.

Another myth is that we are in debt such as we have never been before. This myth arises from a terrible distortion, that is, that this borrowing bill, is creating a debt situation which has never been seen before by Canadians. The net national debt, which will be approximately $200 billion or $300 billion by next year, is approximately 30 per cent or less of the gross national product. While this sounds like a large amount of money it should be compared to that in previous years. In 1926-27 the national debt was 45 per cent. In the middle of the depression it went up to 66 per cent. At the end of the war it was 109 per cent of the gross national product. In the 1950s it was in the range of 30 per cent to 35 per cent. Now, in 1982-83, it is at 30 per cent.

Is that something that Canadians cannot live with? Canadians are being told by the opposition, principally the Tories, as well as the media, that we are in a doomsday situation and that we cannot handle this kind of debt. However, 80 per cent of all that money which the government spends is simply being transferred from one Canadian to another.

As I said previously, we should be discussing in the House how and where that money is transferred. I would like to hear this point raised in other speeches. This is the key factor, not the amount itself. It is not an amount which Canadians cannot live with.

I receive many letters these days from what I suspect is a group which travels around the country writing up these letters because they all seem to be the same. I know that other members on this side of the House are receiving the same letter which urges me, as an MP, as well as my colleagues, to cross the floor. Each of these letters tells us that we are a socialist government which is destroying this country and which is the cause of our problems. These letter writers write as though no other country is having problems and Canada's problems are our fault because we are socialists. I do not know where these people get that idea but that is what they are saying in those letters.

Therefore, I would ask hon. members to examine another country, the United States. I do not think that any of these letter writers would call President Reagan a socialist. Some of them might, but I fail to see the probability of that particular appellation.

Let us review the situation in the United States to see if there are any comparisons between the problems we are facing and the problems facing the American government under so-called Reaganomics. These figures are difficult to compare because our fiscal year begins on April 1 and ends on March 31, whereas the American government's fiscal year begins on October 1 and ends on September 30. However, it appears that our deficit in 1982-83 will be approximately $19.6 billion; the United States deficit will be somewhere between $150 billion and $160 billion. These figures have been steadily increasing lately, and an interesting reason has been cited in *The New York Times* on July 11 where they said that the $9.7 billion surplus reported in April is so far below normal that it would be translated into $106 billion deficit at the annual rate, and May's 18.9 deficit would actually be more than $152 billion. The revenues are falling and falling in the United States. According to this article, their deficits for this year ending in September will be somewhere between $125 billion and $150 billion. Next year's deficit will certainly be in the order of $150 or $170 billion.

Let us use $150 billion as a conservative figure. In Canada, the gross national product will be $358.9 billion. The gross national product in the United States will be $3.1197 trillion. Our deficit as a percentage of gross national product, which is how we must look at it, is running at approximately 5.46 per cent. If we take the lowest figure, the American deficit would be 4.81 per cent. If we consider the figure of $170 billion, which many believe it will be, it will be approximately 5.4 per cent, roughly the same as ours. However, that is not what is so important. What is important besides the comparison in itself is the ability of these two countries to accumulate capital. And

they have indices that are called gross fixed investment. We can estimate that in the fiscal year 1982-83 Canada's growth in gross fixed investment will be $91.7 billion. In the United States it will be $551.8 billion.

Let us relate that deficit against the amount of capital that accumulates in the country in a year and we will see then which is more serious. The deficit as a percentage of gross fixed investment in this country in 1982-83 will be 21.3 per cent. It will be 27.2 per cent in the United States. It is a far larger deficit there in terms of the amount of capital that is accumulated. Of course, this is what makes for real difficulty with the American interest rates. Of course, I am talking about the United States which is a country operating under what is known as Reaganomics.

A number of members opposite, including the hon. member for Etobicoke Centre (Mr. Wilson), has said that if Reaganomics fail, we fail. This is a strongly held opinion on the other side. I hear many members talking about Reaganomics being the answer. Let us consider this further. Let us again study government spending on current goods and services. I had indicated that it was about 5.2 per cent of the gross national product of this country. That is the amount that the government actually spends on the post office and defence and other areas. In the United States that accounts for 8 per cent of the gross national product. The government of the United States takes that out of the economy, as opposed to transfers from one citizen to another. This factor is much more serious. The total government expenditures in 1982-83 as a percentage of the gross national product, which is what we really must consider, will come close to 25.2 per cent in Canada. This includes transfers. In the United States it would be 24.5 per cent, which is roughly the same. However, the major factor we must remember is that the expenditures on goods and services by the government is what is critical. We must continue to remember that the expenditures on goods and services in the operating of the government are critical. These expenditures represent 8.4 per cent of the gross national product in United States and only 5.2 per cent in Canada. These are just a few of the myths we hear from the opposition. I will read one newspaper excerpt which states:

• (2030)

After two years of high interest rates, the economy is virtually stagnant. Caught in a squeeze between high rates, falling inflation and weak sales, business is taking a beating. Bankruptcy figures are approaching the record highs of the Depression, investment plans are being shelved, millions of workers have been laid off with scant prospect of a quick return to the payroll. And despite all the battles ... to hold down Federal spending, enormous deficits still lie ahead, triggering worries in the financial markets about future inflation and generating continued upward pressure on long-term interest rates.

I ask you, Mr. Speaker, was that statement concerning Canada from the *Edmonton Journal*, or *The Globe and Mail* or the Montreal *Gazette*? No, it was an article entitled "The Troubled Fed Seeks a New Way" found in the front page of the business section of *The New York Times* of July 4, 1982. I left out the words "in Congress", just so that I could disguise its origin. So those in the opposition are saying that because the government is socialist, it is the one which is destroying the country, yet if we sit down and read what is happening in the United States as reported in *The New York Times*, in *The Globe and Mail* and all the other Conservative newspapers in the country, we find that they all say the same thing. Since part of the deficit is caused by our energy costs and borrowing for energy transfers, let me just read a couple of statements: "It is predicted that by this time next year, 500 to 600 independent operators will conceivably have been forced out of business." Another one states: "Drilling rigs are stacked, or out of service, all over the oil patch. The average utilization rate stands at around 65 per cent compared with almost 100 per cent last year". It goes on to say: "Other service companies are awash in excess capacity or have seen their order books stripped bare."

These are just some of the statements. Do they come from a Canadian newspaper or magazine? No, they do not. They come from *Fortune* magazine, the January 14 issue. They are saying the exact same things. Do not forget that it was not the National Energy Program which created this article. The program has nothing to do with the American oil industry. We find that Standard Oil of California prospects tumbled 65 per cent in the first quarter, Mobil was off 49 per cent, Texaco was off 44 per cent, Phillips Petroleum dropped 44 per cent, and so on. Canadians are being fed this nonsense by the opposition, that the country is in a mess because we are socialists and have turned everything over to government. When hon. members in the opposition say this, and when they feed this to Canadians, and when Canadians believe it—

Mr. Nystrom: You are not socialists. I do not believe it.

Mr. McRae: —they are completely ignoring what is happening in the United States. No one will tell me that Reaganomics is a socialist form of government, but they are having the same problems.

Mr. Nystrom: You are a running dog capitalist.

Mr. McRae: I have a great deal of difficulty with that kind of thinking. The government should refute that kind of nonsense.

I would like to take those points in order again so that we can make sure we understand them. The first point is that 80 cents on every dollar, $4 in every $5, or 80 per cent of the increase of that deficit is caused by decreases in revenue, caused by a world recession.

Mr. Deans: It is caused by unemployment.

Mr. McRae: That is irrefutable. No one will say that that is not the reason.

Mr. Deans: I will say it is not the reason. I say right now that that is not the only reason!

Mr. McRae: In 1982, 78 per cent of all money that the government spends, nearly $4 out of $5, is transferred in one form or another. Less than 2 per cent is in capital spending and the balance of 20 per cent, just a shade over 20 per cent,

$1 on every $5, goes to goods and services or to government itself. That is what the government takes out in national defence and so on.

In 1982, as a percentage of gross national product, the national debt will stand somewhere in the order of 30 per cent, a much lower figure than we have experienced in the years from the early 1920s to today. All these figures compare very well. The United States spends 8 per cent of its gross national product on goods and services, while we spend only 5.2 per cent. I tell the Canadian people this fact to show that this is not a record of wild spending, a ridiculous free-for-all in terms of spending, with the combination of horror stories and so on. This is a sensible and sane set of numbers in a world recession. Those are the numbers that we will find in countries like West Germany, France, Italy and Britain. They vary from place to place because some areas are better than others, but we are all in this type of recession. If we do not get some action—

Mr. Deans: From whom?

Mr. McRae: —particularly from the Reagan government, it will be very difficult for us to move ourselves. There are some things we can do, but we will be doing them—

Mr. Deans: What do you recommend?

Mr. McRae: —if the Reagan administration does not improve its pattern.

I would like to close by suggesting that our eyes should be much more glued to what is happening in the United States, to an increase in defence spending over the next three years on a scale of about $130 million a year so that, by 1985, its defence spending will be $130 million more than this year. That will mean a tremendous increase of approximately 4 per cent in the gross national product of that country, not much more than that spent by our government in total for goods and services. The United States will also have to replace something like $200 billion in taxes that it cut, a good portion going to fairly wealthy Americans, and that would be scaled over three years. The United States government will have to find $330 billion per year by 1985 in order to keep its deficit down.

Mr. Huntington: What do we have to find?

Mr. McRae: We, as Canadians, are in a very difficult position because we live next to the United States and about 25 per cent of our gross national product is directed to trade with the United States. The government decided to bring in the National Energy Program so that we could become more independent of the American economy. The one thing we hear from the opposition is that if they were in power, they would get rid of the National Energy Program and, although they would not disband FIRA, they would make it more innocuous. Those are their major points.

• (2040)

One of our biggest problems is that the colossus of the United States is running up a deficit that could reach $250 billion. We are trying to be free of that. Those across the floor ask us to disband our one chance of independence. How ridiculous can one get.

Mr. Elzinga: Mr. Speaker, I rise on a point of order. It is obvious the member opposite is spewing garbage. Maybe he could clarify his statement and tell us who specifically asked him to cross the floor, because I am sure no sane person on this side would want him.

Mr. McRae: I do not know who the people were. I must admit it would be insane for us to cross the floor. The hon. member and I are in agreement there. I cannot imagine joining a party which, if it formed the government, would disband the National Energy Program and get rid or at least make FIRA totally innocuous.

We on this side take a middle road. We are trying to work this out. The very things that will give us that kind of freedom to move in the future are the things that we on this side are doing. I am much more afraid of what is happening in the United States under the Reagan administration, which the hon. member for Etobicoke Centre and others have said is the model they would follow. I will be very much afraid if that government stays in power much longer.

Mr. Ron Stewart (Simcoe South): Mr. Speaker, it is a pleasure to enter this debate, particularly to follow the hon. member for Thunder Bay-Atikokan (Mr. McRae) and to explain why we call him a socialist and why it is a horror story. First, this bill should be called the "It's Ours" bill, the "It's Ours" borrowing bill. The $11 billion deficit is ours. It is like Petro-Canada, it's ours. It costs billions, but it sure is ours.

My leader spoke a few hours ago very eloquently on this bill and proposed an amendment which I fully support. That amendment simply says no to those opposite and no to profligate spending.

What we need in this country is a very simple solution. We need increased productivity. It can only come about by increased consumer spending and by increased exports. The budget has not addressed this and neither does this borrowing bill.

Just a few short months ago in July, 1980, this government was given $12 billion borrowing authority in Bill C-30. Bill C-59 of June 29, 1980, gave them an additional $14 billion. Bill C-111 in 1982 gave them $6.6 billion. Now Bill C-125 is going to give them another $11 billion because we do not have the horses over here to stop them. That is an unprecedented $43.6 billion borrowing authority by a government in one session. It is more than in any other session in history. As a deficit, as a proportion of national debt, it is a straggering legacy to leave to our children.

The interest burden is $723 for every man, woman and child in this great Canada of ours, or $1,864 per taxpayer on the figures that the member who just finished speaking says are very little. This is $17.7 billion on interest alone.

The November budget deficit was estimated to be $10.5 billion. Now, a mere eight months later, it is some $20 billion. What is it in reality? Is it $25 billion? How long is it before

this minister is back at the trough? Is anyone really surprised by 100 per cent? I do not think most Canadians are, not on the strength of the budget.

This government talks about restraint, but it talks out of both sides of its mouth. This is 6 per cent hogwash, balderdash. The poor secretary, the poor person at the low end of the scale will be limited to 6 per cent, but this borrowing bill represents a 12 per cent increase. Restraint must be examined, but not by profligate spendthrifts. This government has projected, and I say projected, financial requirements of $17.1 billion this year, but it already has $10.2 billion in borrowing authority, $3.6 billion unused from previous years and $6.6 billion from Bill C-111, as previously mentioned. Now, they ask for another $11 billion.

Another of those profligate Liberals by the name of C. D. Howe a few years ago used to say, "What's in a million?" These misappropriators are now bandying about "What's in a billion?" So the government now has $21.1 billion in borrowing authority, some $4 billion more than is necessary. We say that one half of that amount in their hands is too much, and our amendments will say so loud and clear. I would as soon trust these mishandlers with an extra $4 billion of hard-earned taxpayers' money as I would Jesse James with a bank deposit or Clifford Olson as my daughter's babysitter.

Mr. Deans: That's crude.

Mr. Stewart: Over the past 14 years government spending has gone completely out of control, as pointed out by the reports of the auditors general. Spending climbed from $12.4 billion in 1968 at the inception of this government to $90.6 billion this year, an increase of 630 per cent. The member opposite says he does not find any difficulty with this. Since the Liberal re-election in 1980, it has risen by a paltry amount, just a teensy little bit, just an amazing 55 per cent, and those on that side just do not care. This bill is more than just another borrowing bill.

I would like to look at the real underlying cause or our problem in this country. It was not caused merely by financial mismanagement. It was not caused just by high interest rates or by a falling dollar. It was caused by a philosophy that dates back some 14 years. This philosophy began by infiltration, indoctrination, mismanagement, lack of accountability and lack of innovation. The Canadian people finally, as revealed by the Gallup poll, caught on to what is going on and they lack confidence. They are angered and they are in despair. This is philosophically so because the leader of this nation is a left-leaning socialist ideologue who has no use for free enterprise, and that is something the hon. member for Thunder Bay-Atikokan had better take a close look at, and I shall tell him why he has led us down that slippery socialist slope to the unenviable financial crisis in which we now find ourselves. I am not standing here *ad hominem* and attacking a man. That is the first lesson we get when we study logic or morals, that you do not attack the man. However, I attack the philosophy of that man as a Canadian. I will tell the hon. member for Thunder Bay-Atikokan why we know they are socialists over there. I quote the Prime Minister (Mr. Trudeau) as follows:

> —it seems to me that the régime of free enterprise has shown itself incapable of adequately resolving problems of contemporary society. That's why I am personally convinced that with the upheavals inherent in automation, cybernetics, a nuclear energy, liberal democracy will not long be able to satisfy our growing demands for justice and liberty . . . I believe in the necessity of state control—

Is that socialist?

> —to maximize the liberty and welfare of all.
>
> The erroneous, liberal idea of property helped to emancipate the bourgeoisie but is now hampering the march toward economic democracy.

I consider that socialism. He also said:

• (2050)

> We haven't been able to make it work, the free-markets system. We've ended up with very high unemployment and very high inflation. We can't go back to what was before . . . That means the government is going to take a larger role in running institutions.

I call that socialism.

A further quotation reads:

> I should like to see socialists feeling free to espouse whatever political trends or to use whatever constitutional tools happen to fit each particular problem at each particular time.

As far back as 1956 he wrote that the best way to achieve change is by entering one of the old parties—hon. members opposite know what "old party" he was talking about—and changing them from the inside. He said that socialist policies can then be imposed on unsuspecting voters under the reassuring label of the old party. That is why we call hon. members opposite socialists. The Prime Minister also said:

> Federalism must be welcomed as a valuable tool which permits dynamic parties to plant socialist governments in certain provinces, from which the seed of radicalism can slowly spread.

Mr. Allmand: Mr. Speaker, I rise on a point of order. There is a custom in the House that if an hon. member wants to quote from a document, he should table it before the House. I ask that the hon. member table the document from which he is reading.

Mr. Stewart: Mr. Speaker, only ministers can table. These quotations just happen to be quotations from *Cité Libre, Rassemblement* and "Federalism and the French Canadians". I would be happy to provide the hon. member with all the books. I have read them all.

Mr. Allmand: Mr. Speaker, I would like the hon. member to table the newspapers from which he is reading.

The Acting Speaker (Mr. Taylor): Will the hon. member for Simcoe South (Mr. Stewart) table the quotations from which he is reading?

Mr. Stewart: Mr. Speaker, I am sure Lubor Zink would be very happy if I were to table this newspaper.

Mr. Allmand: Oh, Lubor.

Mr. Stewart: I have a further quotation for the hon. member for Thunder Bay-Atikokan, who wanted to know why we call

hon. members opposite socialists. I am explaining it to him. Here is another quotation:

> So long as socialism is to seek fulfilment through parliamentary democracy with its paraphernalia—

"Paraphernalia" yet.

> —of parties and elections, there will be a constant need for the tactician, as well as the theorist. And both will have to be reconciled by the strategist.

The strategist sits across the aisle. The last quotation I have is the following:

> And in terms of political tactics, the only real question democratic socialists must answer is: "Just how much reform can the majority of the people be brought to desire at the present time."

I think the Canadian people are at the breaking point at the present time, yet this government foists its so-called Canadianism and policies of so-called restraint when really it is socialism. This is a time when this country needs revitalization and a real shot in the arm so that we can again be proud Canadians. Canadians must reaffirm their faith and their belief in independent business. They must shout out against excessive borrowing such as we have today, excessive spending and excessive government control, which destroys all we should hold near and dear. The inalienable right to life, liberty and the ownership of property, as stated by Locke, have been passed down to us as God-given rights by our Creator, and nobody should have the right to destroy them. Why has the ownership of property been omitted from our Constitution? I ask hon. members opposite to think very hard about that and in the light of the statements of the Prime Minister (Mr. Trudeau) I have quoted.

Mr. Sargeant: The Conservative premiers didn't want it in there.

Mr. Stewart: The Prime Minister does not want the ownership of property in the Constitution, and there is a bill in committee right now which gives the government the right to own property. The direction in which the philosophies of the Prime Minister lead is obvious. There are only two viable political systems left in this world, socialism—and eventually communism—and capitalism. Thank God we have lived successfully in a capitalist society, until just recently when the Liberal Party changed. The government is taking away our rights systematically—let us make no mistake about that; and hon. members opposite know this—while it spends, spends, and spends and borrows and borrows and borrows. And now it has the audacity to come in here and ask us for another $11 billion.

Let us remember that under communism the state owns and controls the means of productivity: factories, tools and farm products. It sets prices and wages and supplies the products which come out, whatever the price may be. That is what has been happening in Canada under the guise of Canadianization. That is what those quotations about socialism are all about. Has it made life for us one bit better? I would like to ask the people in the gallery if they have felt more content in the last two years. Now the government wants $4 billion more of our hard-earned taxpayers' dollars to waste.

Certainly over the lifespan of North America our free-enterprise system has provided more material goods and services than any other system in the whole world, but it is being eroded by this government which wants to spend and spend and borrow and borrow so that there is no wealth left, after a time, to provide the things to which we are accustomed, unless they are given to us by government. If this government goes much longer on its borrowing-spending spree and nationalization—

Mr. Sargeant: Mr. Speaker, I rise on a point of order. I would like to ask the hon. member if he could tell us the difference between his definition of communism controlling wages and the recent piece of legislation which his party supported which controls wages in Canada.

The Acting Speaker (Mr. Taylor): That is hardly a point of order.

Mr. Stewart: Once a socialist, always a socialist, Mr. Speaker.

What I was saying is that if we continue on this spree, we will all be equals like the commies; we will be equally poor.

Mr. Nystrom: You can be a commie; I am not.

Mr. Stewart: When the state controls the means of production, it controls economic freedom. If it controls economic freedom, it controls individual freedom. We then become what is termed serfs, vassals or slaves, and hon. members can ask any Russian in the U.S.S.R. all about that. That is the way we are heading, and I would like us to make no mistake about that. "Make government strong." "Make the people demand more of government." "Make them be subservient and beholden and demand more of government and less and less of themselves."

Let me quote the Prime Minister once again on this particular point, as follows:

> Since the sum total of governments is the sum total of powers, the first task of a socialist is to educate all of the people to demand maximum service from all of their governments.

I do not want more government, and I came here, hopefully, to get rid of that fellow over there who wanted more government and more interference in Canadians' lives. I want less government, and that is what we on this side of the House stand for. I do not want to be a socialist or depend on government, and I do not believe most Canadians do either.

Why have we found ourselves in this dilemma? Again, there is infiltration. After the Prime Minister had been to China twice, Russia once and tried to row a boat to Cuba, he was invited, with Jean Marchand and Gérard Pelletier—the so-called three wise men—to join the Liberal Party. The three men spurned the offer. They were supporting the NDP and, in the pages of *Cité Libre*, poured terrible scorn on the then Prime Minister, Lester Pearson, for accepting nuclear weapons for Canada. However, in 1965 the three men changed their tune very drastically. Nationalism was sweeping Quebec, and there was no one in the federal Liberal Party strong enough to

turn the tide. The Prime Minister said, again in *Cité Libre*, while espousing his NDP philosophy—this was before his ascension; he is only the second person ever to do that:

I would have to point out in the strongest terms the autocracy of the Liberal structure and the cowardice of its members.

Those members are hon. members opposite.

I have never seen in all my examinations of politics so degrading a spectable as that of all these Liberals turning their coats in unison with their chief, when they saw a chance to take power . . . . The head of the troupe having shown the way, the rest followed with the elegance of animals heading for the trough.

He was talking about hon. members opposite. At another time he merely called Liberals idiots.

The hon. member talked about crossing the floor. He is one of 15 we would not want, but there are about 15 hon. members opposite of whom I can think that we would accept with alacrity. If they would cross the floor, we would then be rid of the horror show which was once the Liberal Party, until it was infiltrated by the present Prime Minister.

So much for historical fact and the true philosophy the Leader of the Government of Canada espouses. His sheep bleat docilely behind.

Let us get back to the excessive government spending and mismanagement of this great country of ours. The first thing was the National Energy Program. It too was alluded to by the previous speaker. He did not talk about the state control of the oil industry. He did not talk about the confiscation of land. He did not talk about lack of confidence in the world which destroyed our dollar after this happened. He did not talk about buying Petrofina at twice the price at which it was on the stock market, which gave the Minister of Finance (Mr. MacEachen) the title of patron saint of Belgium. I wonder if the government ever reads press clippings, particularly those from the United States financial news and not the garbage the hon. member opposite was quoting. Recently *The New York Times* called Canada's National Energy Program Canada's "self destruct" energy policy. This one, single program has done more than any other vehicle to weaken our economic infrastructure and make me have to stand here and say "no" to another $11 billion. It has resulted in lost jobs. Every Canadian knows that. You are from the west, Mr. Speaker, so you know about lost technology and lost investor confidence. With the stroke of a pen the government has Castroized the energy sector. It has changed the rules in mid-game. Canadians did not know that this was going to happen when they voted against an 18-cent excise tax only to get a 67 per cent tax on oil. What that accomplished was the Americanization of our oil industry. That is where our jobs went, where the drilling rigs went, where the technology and investment went. We are no closer to energy self-sufficiency now than we have been in the past ten years.

• (2100)

The regressive policies of this government have resulted in the cancellation of megaprojects which would have provided hundreds of thousands of jobs in the oil patch and manufacturing plants of this province and the Province of Quebec.

Had this party still been in government, Mr. Speaker, these projects would have been just about on stream now to help us with energy self-sufficiency regardless of cost. We would not be dependent on the unstable supply of foreign oil.

In October, 1980, the national energy policy was introduced. Within one year the number of new oil wells had dropped by about 30 per cent. The number of oil rigs in use dropped by 25 per cent, production in the petroleum industry dropped from 1.76 million barrels per day to 1.61 million barrels per day, and prices soared and skyrocketed.

The article in *The New York Times* continues as follows:

What has happened since the National Energy Program in Canada and Reagan decontrol in the United States? For the first time in a decade, production of crude oil within the continental United States rose. Drilling of new wells increased 40 per cent. And the number of operating rigs hit a record high. Matching this increase, continued decreases in per capita consumption caused crude imports to decline by as much as half a million barrels a day.

In Canada, on the other hand, 1981 production of crude oil and natural gas fell 10 per cent and 4 per cent, respectively. Exploratory activities declined by 20 per cent in western Canada, as companies either moved to the far north to obtain production incentives payments or left the country entirely.

While $4 billion to $5 billion was spent on drilling, $7 billion left Canada as Canadian companies bought out foreign interests.

The outlook is for another 25 per cent reduction in well completions this year—

If the northern projects fail, as the $13 billion Alsands heavy-oil project did, then Canada will be importing half of its crude by the end of the decade. Since the United States should be importing only 20 per cent of its crude by that time, the Canadians will likely come to us for help in the next embargo. Let us not be of assistance, given that they have wrecked their markets and expelled efficient United States companies. Let them freeze in the dark.

The Wall Street Journal carried an article under the heading "Poor Canada". Mr. Speaker, do you ever bite your closest friend? They do, and that is what is happening as a result of the National Energy Program. The article had this to say:

Mr. MacEachen and Mr. Trudeau are fond of blaming Canada's troubles on their big neighbour to the south. It seems that American credit markets cannot yield all the capital Canadians and everyone else in the world would like to borrow, so we all suffer from high interest rates. The budget deficit projected in the revised Canadian budget is a real shocker, equivalent to a $155 billion deficit in the American economy.

The U.S. is experiencing low inflation and high (by recent standards) unemployment. Canada is suffering both high inflation and high unemployment.

The reason is not so hard to find. The United States departed last year from the kinds of policies that generate stagflation, principally a continuing build-up of the tax burden after it is evident the economy is labouring under the existing burden. The U.S. installed policies to sharply reduce the tax rise. Canada's Liberals have been blithely piling on heavier burdens and, as the latest news shows, intend to keep right on doing it. Their expectations that some day their heavier taxes are going to reduce the budget deficit look steadily more hopeless as the deficit soars along with the taxes.

Obviously the people across the aisle have never read "The Decline and Fall of the Roman Empire" to see what happened back in those times. I wonder who *The Wall Street Journal* meant when it referred to Canada's "socialists"? Was it the wolves in wolves' clothing across the aisle or, was it—as in Churchill's reference to Attlee—the sheep in sheep's clothing to my left?

During the period when the Reagan government and Congress in the United States cut taxes and cut government spending, this mob across the aisle keeps raising taxes and

adding to a staggering national debt through deficit spending policies. Now it wants to borrow $11 billion more.

The Fraser Institute in Vancouver has published some very interesting Canadian statistics, Mr. Speaker. The institute's tax index shows that the tax bill of the average family has increased by 515 per cent since 1961. Bonds which the federal government issued to cover deficits are essentially deferred taxation—we all know that—since tax revenue must ultimately be raised to pay the carrying charges and redeem the principal. If you build in this deferred taxation, the Fraser Institute estimates that between 1961 and 1980 taxes increased by 619 per cent.

In 1980 the average Canadian family had an income tax bill of about $4,345 while other taxes—fuel oil, motor vehicle, sales taxes, property and, would you believe, amusement taxes, totalled almost $7,000 or 70 per cent of the entire tax bill per family. Most Canadians are not even aware of these hidden taxes which erode their disposable income and destroy the prosperity of Canada. Until they wise up to the facts of what this socialist government with its buddies to my left are doing and that people can spend their money better than governments can, we will be in the same quandary.

The government has concentrated so much time and attention on putting expensive and non-productive social programs in place that is has neglected the bread and butter economic policies which must generate the revenue it will later collect in taxes.

Let us look at some of those figures issued by the Fraser Institute again, Mr. Speaker. Where does the money go? The government has no idea how much it has squandered on things such as bilingualism training. An article in *The Toronto Sun* on July 18, 1982 by Douglas Fisher deals with the CBC and bilingualism. He writes:

> There are 24.5 million of us, of whom 20 million are able to speak English, 7.4 million are able to speak French.
>
> Last year English language network radio and TV cost $186 million.
>
> Last year French language network radio and TV cost $145 million.
>
> That is, it costs just 25 per cent more for the network to reach anglophones than francophones. If the service were alloted costs on a straight per capita basis, the spending on French services would be 250 per cent more than for English services.
>
> There is another disproportionate tilt toward the French language service in money terms. Of its $792 million budget, CBC raised $131 million from advertising. Over 80 per cent of this was raised by English language TV.
>
> Again, the moral: Bilingualism and keeping Quebec in Canada costs a lot of money.

He also points out that CBC TV is sending a crew of 90 to cover the Commonwealth Games in Australia while CBC Radio is sending ten people. We just need to check those figures against those for the Versailles Conference to see the profligate spending of this government.

Let us get to the crux of the matter, Mr. Speaker. In 1981-82 the government's bilingualism program cost $448,184,000 for a measly 6,075 person years. Where is the productivity in $400 million being spent on a program of languages? If we could suspend that for two or three years until we put our house in order that might be different.

The government is living beyond its means, Mr. Speaker. I could go on and on with a litany of government spending on social programs that do not make sense. Take universality, for instance. I suppose the Harold Ballards of this world who are drawing the old age pension deserve the same amount of money as the poor beggar in the street. I do not begrudge income security payments, nor does my party; we are proud of them, Mr. Speaker, but we question the manner in which they are distributed. I think they could be better and more economically distributed through a system of tax credits rather than universality.

What other government in the world spends more money on advertising than any private corporation? Is it $225 million or $250 million? How do we know? We now have a minister of propaganda, for the first time since Nazi Germany, who sits on the other side and spends this money calling it the Canada Unity Office, or some such name.

• (2110)

My colleague, the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty), just elicited some interesting reports from questions he placed on the Order Paper. Between March, 1980 and March, 1981, the government paid out $3.5 million in taxi fares. Is that not just beautiful? Your government pays people's taxi fares, even though they have large expense accounts. Between 1980 and 1981 the government spent $16.7 million on telegrams, cables and other wireless communication. We have a 30-cent stamp, but that is another beautiful thing. You cannot post a letter from Barrie, in my riding, even guaranteed by the postmaster, after paying $2.15 to have it registered, and have it in Toronto in 48 hours; it takes four days.

This is a very hospitable government. A total of $10.4 million was spent on hospitality; food, booze and entertainment. That is the equivalent of 700,000 bottles of liquor. And those members are sitting over there talking about restraint, about 6 per cent. They are operating on 6 per cent brains. Prior to the 1981 Grey Cup they spent how much? They spent $8,950 for the first party, $17,250 for the next one and $72,650 for half-time. Beautiful stuff. Janet Smith, an assistant secretary to the cabinet, was sent to Nice in southern France for four months to learn French. The cost to the taxpayer of this Riviera education was $12,000 plus her salary, which is in the range of $60,000 to $70,000 a year. That is the government's idea of restraint.

I would like to speak for a moment, Mr. Speaker, about another favourite subject of mine and one of my colleagues', that is, Crown corporations. Canadair, we have that beautiful jet and this government used to talk to us about the Avro Arrow. Canadair, a Crown corporation, who is it responsible to? How much does it owe? It owes $1.15 billion, and it has to have 400 Challengers in the air to be able to do anything about that debt. My colleague, the hon. member for Capilano (Mr. Huntington), is a big man and every time he stands in this House he becomes, in my view, a bigger man in stature because he calls a spade a spade, and he is telling those

socialists over there what it is all about. This is what he said, as reported in *Hansard* of June 30, at page 18968:

> I have watched this alliance between the New Democratic Party and the Liberal government, this Liberal-NDP socialist alliance, move in with structure and intervention and control over the marketplace. They move in with an avalanche of Crown corporations. We have just given the minister responsible for the national energy policy powers to put in place, at his will and whim, subject to cabinet approval, Crown corporations with agency of Her Majesty status, which puts them in a place all by themselves. The laws of the provinces, the laws of this federal government, cannot touch these people. These people can commit themselves to debt and to risk, and they create contingent liabilities on top of the burden on this country. The last time I checked, our burden was something like $137 billion of direct debt. We now have another $20 billion to add to that. On top of that debt, our Crown corporations' subgovernment has created another known $58 billion of contingent liabilities on this government. It is no wonder that some of us at large in this country, including the chief executive officers of banks, are now outwardly and outspokenly concerned about the condition of this country. Countries do go bankrupt, just the same as we are watching small business, medium business and now large business face bankruptcies and receiverships.

I agree with him wholeheartedly. Even Lord Keynes himself would do a 180 degree revolution in his grave over what these fellows across the way are perpetrating in the name of Canadianization. This government is unable to speak with even the slightest degree of credibility when it addresses itself to the Canadian people on the question of restraint. The record of this government has been an unbroken string of fiscal excess. We live in a period of little or no economic growth; 1.3 million Canadians are out of work and another 600,000 have stopped looking for work. There is double-digit inflation, crippling deficits, and the hon. member for Thunder Bay-Atikokan (Mr. McRae) stands up and smiles and says we are in great shape.

I disagree with the Minister of Finance on many things, but most of all on his assessment of the number one enemy in Canada. Inflation is not our number one enemy; high interest rates are. Licking inflation will not necessarily result in lowering interest rates; all you have to do is to look at the U.S. to see that. What I am trying to say is that high interest rates encourage Canadians to sock away their disposable income in banks and things like Canada Savings Bonds at 19.75 per cent interest. How can we get anyone to make a capital investment when they can go out and sock the money into something as safe as CSBs at 19.75 per cent? The government is telling the nation that interest rates are not going to come down if it is willing to pay 19.75 per cent. The results are readily seen in the marketplace.

I would like to summarize, Mr. Speaker, what we have had in Canada in the past 14 years. It is infiltration by a Prime Minister into a political party, with which he did not agree, to take it over; the indoctrination of people in this country in the theory that there is free lunch when there is not; mismanagement, lack of accountability, deception, and a philosophical and economical drift to socialism by an undedicated and manipulated herd of trained seals over there. We need vocal, democratic, and proud free-enterprise Canadians cheering this House of Commons once more.

Traditionally, Mr. Speaker, I have been a pluralist, someone who has been positive. I hate being negative, but after two years of watching the mismanagement of my country by those people opposite it is hard to get up for the game any more. We have two years to wait before we get our chance at the ball again; I just hope it comes a little sooner.

However, it is never too late for this great country of ours and for complete recovery if those opposite would only realize that we have been led into a socialist economy by the man who infiltrated that political party. Private initiative is being destroyed in Canada, and I hate to see it for my children's sake. Eighty per cent of the world lives under some form of totalitarian regime. That is what we are headed into. So far we have been able to avoid it, but you guys over there are watching it, and so are we. Canada can and must prosper. Inflation can be stopped, but not the way this government is doing it. The dollar can be stabilized. The government can live within the budget. But it can only do that by real government spending cuts, such as my party and my leader have been talking about on this side of the House. We should have sunset laws, we should phase out Crown corporations which are losing money, and have a new budget which rewards productivity. That disastrous National Energy Program should be cancelled, and we should encourage foreign investment, on which this country, as well as the United States, was built. We should promote research and development, and thus productivity, because every 0.25 per cent put into productivity instead of silly make-work projects adds 400,000 jobs to this country. That is what we need, jobs. We should make profit the most popular six letter word in Canada. It can be done, Mr. Speaker. If we were in power right now it would be done, there is no doubt in my mind. I only pray to God for a change of philosophy from those donkeys over there before it is too late.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I do not think I will use names. The hon. member referred to donkeys; there is also another word for donkeys which might describe the hon. member who just sat down. If I had not been here myself I would not believe what I have just heard. It has been absolute Alice in Wonderland, and it takes me back to my good friend, Robert Stanfield, in a speech he made in Toronto to the Tory convention about two months ago when he was lecturing the Conservative Party about this neo-Conservatism and neo-Republicanism that he saw in his party. It is a very dangerous drift and very dangerous trend, and I wonder if the hon. member across the way knows what his party at one time stood for. It was a party which believed in intervention in the economy. It was a party which brought in the Canadian Wheat Board, the CBC and other Crown corporations. I wonder if he understands what political party he really joined. I wonder if he has ever been to university and studied political science, because any first year student can tell you that he has no idea of the definition of a Conservative Party, let alone a socialist party in this country.

That party across the way is not a socialist party; they are very close to Reaganomics, Mr. Speaker. A socialist party believes in redistributing wealth and power in this country so that the ordinary people have a better share of that wealth and power. Bill C-124, for example, takes us in the opposite direction. A socialist party believes in sharing, in co-operation

and freedom, and there are many things in the current Parliament which do not move us in that direction. In every one of those cases it is the Conservative Party of Canada which supports the Liberal Party of Canada in terms of more handouts to the big companies, the multinationals and Reaganism in this country.

I suppose, Mr. Speaker, we could make a good investment by mailing out the speech of the hon. member for Simcoe South (Mr. Stewart) to every voter in this country—

An hon. Member: Do that.

Mr. Nystrom: —and make it required reading. There are so many falsehoods in what he is saying. He is talking about debts and government spending. He does not realize that the party that goes heaviest into debt in this country tends to be the Conservative Party. All you have to do is look at Bank of Montreal statistics for either 1978 or 1970 and you will find that Saskatchewan, which has had a democratic socialist government for 27 of the last 31 years, has had balanced budgets throughout those years, and it has the second lowest per capita debt in the country at $1,709. But a wealthy province, such as Alberta, has a per capita debt as of 1978 of $2,022. You can look at Ontario, whose premier is Bill Davis, which has a per capita debt of $2,544. When members get up to speak in the House the least they can be is honest, and I wish they would put the facts before the House.

• (2120)

What about the bureaucracy? We have heard mention of these huge bureaucracies. Once again, it is very interesting to note that for 1979, Statistics Canada states that one of the smaller bureaucracies was in the province that has had a democratic socialist government for the longest time. I am speaking of the province of Saskatchewan where 1.9 per cent of the people are civil servants. In Conservative Alberta there is a much fatter government where 2.6 per cent of the people are civil servants. What about the long-time Conservative government in New Brunswick with Mr. Hatfield as premier? Guess what its percentage of civil servants is? It is 3.7 per cent. If there is any party in this country that does not know how to spend, invest and manage its money, it is the Conservative Party of Canada and the provinces that it governs.

In my province we have had an example of that in the last two weeks. We have a new government in Saskatchewan that is now talking about a deficit of $200 million or $300 million. That is the first deficit in over a dozen years. Why does the province of Saskatchewan have a deficit? Is it because the government is investing in Saskatchewan industries? Is it because the government is helping the small businessman, the farmer, the worker, the women or the native people in my province? No, it is not. One of the first things the Conservative Party did when it took power about two months ago was to raise the salary of executive assistants from a maximum of either $35,000 or $36,000 to over $50,000 a year. It is a political party that took office with a promise of eliminating gas tax, not just for ordinry citizens but for CP trucking, Reimer trucking and all of the big transportation firms so that the ordinary citizen will not have to subsidize this by having its government borrow money at 15 per cent or 20 per cent in order to support the services we have in my province. It is a political party that has a mortgage program of 13.75 per cent that is not for all the citizens of its province, not for the poor Indian, the native person, the worker or the renter who cannot afford a house. The program offers no help for the senior citizens or for those who have already bought their houses. The program is for a small minority of Saskatchewan people who make over $40,000 a year. The premier himself has admitted that he will be one of the first people to take advantage of this mortgage subsidy. That is why the Conservative government is borrowing $200 million and will deficit finance at a high interest rate, throwing the burden on the backs of the ordinary working person of the province of Saskatchewan.

The hon. member for Simcoe South should take a look at deficit financing. He should look at big, fat, lazy governments. All he has to do is take a look at Alberta or Saskatchewan, Bill Davis' government here in Ontario and Richard Hatfield's government in New Brunswick.

Mr. Regan: What about Nova Scotia?

Mr. Nystrom: Yes, hon. members could try Nova Scotia. The situation there is very interesting. But Nova Scotia's per capita debt is much higher than the province of Saskatchewan's. I also note that 2.3 per cent of the population of Nova Scotia are civil servants. So I can say to the hon. member for Halifax (Mr. Regan) that the situation is just as bad now as it was when he was there. And it just goes to show that Liberals and Conservatives are the same. We have two political parties in this country and it is about time that we cut some of this rhetoric and called a spade a spade.

If we look at the bill before us today we will find that we are borrowing an extra $11 billion because of sentimental Conservative Reaganomics. That is the policy the government across the way is following, and it is following it with the support and the advice of the Progressive Conservative Party that sits to my right here in the chamber.

We have no imagination in this country, Mr. Speaker. We do not have any vision, leadership or national investment strategy whatsoever in this great country of ours. I suggest tonight that we will have to develop those qualities if the government wants to see this bill go through because right now we are floundering in the dark.

I do not mind doing what a company does. I do not mind borrowing money to invest, to expand our economy and our industries. What does General Motors do, what does International Minerals do? What does Gulf Oil do? What does any other company do? Companies go into the money market and borrow money to expand business and enterprise. As far as I am concerned, that is fine.

I support Petro-Canada. An overwhelming number of Canadians support Petro-Canada. That is why the Progressive Conservative Party under its leader changed its policy on Petro-canada about a year ago. The PC government wanted to

dismantle it, but the leader of the Progressive Conservative Party said his party would probably keep it. That kind of following and that kind of deficit financing I do not mind if we, as Canadians, in the end are going to own the enterprise and the industry—

Mr. Stewart: Show me your stock certificate.

Mr. Nystrom: —if we as Canadians are going to build a more competitive and productive economy. But Conservatives do not know about this as they drive our country into the rocks with their shortsighted policies. If we are going to borrow money to make Canada more productive, more competitive and to expand the wealth of Canada so that we can improve services to our people, then that kind of borrowing is fine. It is like the farmer in my riding who borrows some money to expand his farm or who borrows to buy machinery, or a small business man who borrows money to expand his business or to buy a new business or perhaps the person who can afford to borrow money to buy a house or expand his existing home. That is the kind of borrowing that is investment. That is productive and it is worth while. It is worth while for Canada. I do not agree that we should borrow money to provide services or to cover administrative costs for the government. When we do that it is non-productive borrowing and it runs Canada more and more into debt. That is the type of thing we have not had with New Democratic Party governments in the provinces, whether you look at the province of Manitoba or the province of Saskatchewan. That is something the federal government across the way will have to get away from. When the federal government borrows money it should borrow money for investment purposes to strengthen the economy and to expand the national pie so that we can have a much stronger Canada in the years that lie ahead.

Mr. Shields: Where do you get it?

Mr. Nystrom: What kind of leadership do we have in this country? What kind of an economic mess are we in? I think we all know the story and we all know the sad tale.

Mr. Shields: Yes, it is socialist.

Mr. Nystrom: We all know that the situation in our country is worse now than in any country in the industrialized world.

[*Translation*]

We rank lowest in the industrialized world. I have here the figures on the industrial production rate and I just found out that last year Canada declined 10.5 per cent. That is the worst performance in the industrialized world. Next after us is the United States where the economy went down 8 per cent. Australia is third, down 5 per cent. The other countries have a better record than Canada and the United States. It is the same story on the stock market. If you follow the price of shares here in Canada, you will note a similar trend. The price of shares in Canada dropped by some 41 per cent between 1981 and 1982, against only 16 per cent in the United States.

Mr. Speaker, it is patently clear that the economy in Canada is in a worse shape than in other countries and the Canadian problem now needs a Canadian solution. We cannot blame the world situation for our economic woes, because the federal and provincial governments must share the blame as well.

[*English*]

I think we are going to have to wake up in this country and start developing and planning a national investment policy. As I said, we do not have it. The goal should be to increase our wealth as a nation, to increase our ability to provide services to the people, and to increase our net worth as a nation. I think we can do that. We have the people and the resources. If we do not have some imagination, leadership and planning—and perhaps those are democratic socialist ideas but we certainly do not have them today—our nation will not thrive in the years that lie ahead.

• (2130)

I should like to point to three countries which have done well after virtually being destroyed during the Second World War. I am referring to Japan, France and Germany. I point to those three economies to remind the House how well they have done and how well they are doing. Also I remind the House where they were some 30 or 35 years ago. I notice that one of the first things they did after the Second World War was to decide to rebuild their economies, economies they would own as Frenchmen, Germans or Japanese. It was not a question in any of those countries of whether or not they would build a German, French or Japanese car. They would not even ask that question. They built those cars, but we in Canada do not have a Canadian car. It is not a question in those countries now of whether or not they are getting into high technology or advanced technology. They are just doing it in those countries. For example, in Japan they have five times the population, but they have 40 times the young people in electrical engineering schools that we have in Canada.

Last year as a nation, in terms of research and development, we invested one hundred and some odd million dollars, whereas the Japanese put in over $2 billion. They go out and do those things. In some countries they have democratic socialist governments. In other countries like Japan they do not have a democratic socialist government, but they have planning and they have a policy to own and control their own economies so that they, as Japanese, as French or as Germans, can make their own decisions.

I maintain that our failure to do that as a country is the biggest reason we are in such serious trouble now. We have the consequences of that coming home each and every single day as we see lay-offs in the manufacturing industry and lay-offs in the resource industry from one part of Canada to the other.

Back in 1608 it was Cartier who was really one of the founders of Canada. At that time the country was being built on the premise of exporting beaver pelts and the pelts of other animals to Europe and of importing finished or manufactured goods. I suppose we still have that old philosophy in Canada

where we try constantly to export raw materials, whether they are natural gas, oil or forest products, and import finished goods.

Let me take a look at the consequences of that policy. In 1970 we had a trade deficit in manufacturing of $2.5 billion. In 1981 our trade deficit was up to $21 billion or $22 billion in manufactured goods. In 1969 we had 6 per cent of world trade. In 1979 we were down to 4 per cent of world trade. I expect now that it is approximately 3 per cent. The Minister of State for International Trade (Mr. Lumley) rises every month and talks about how happy he is to have a trade balance in the country. We have a trade balance in the country, but I think we are one of the only countries, if not the only country in the world, which has a trade balance and a deficit in our balance of payments. Our deficit in the balance of payments last year was some $9.1 billion. The reason for that deficit is that we have interest flowing out to outside or foreign investors. We have dividends which are flowing out, and we have the consequences of a branch plant economy. We have the wealth and resources with which we could be producing in Canada. These products could be owned by Canadians and purchased by the United States. Just because we have a lower dollar does not always mean that the branch plant of a foreign-based multinational will produce in Canada. What they will often do is produce in the United States or Japan and import that good or product into Canada.

I believe very strongly that we will have to restructure the economy so that we as Canadians own it. When we go on the money markets to borrow money, we should borrow it as loan capital, not equity capital, so that when we pay off the loan we own the house, the mine, the store or whatever we borrowed the money for as Canadians.

Mr. Blenkarn: How do you pay it off at 20 per cent interest?

Mr. Nystrom: I hear the question of the hon. member. That is not our policy. That is the policy of the extreme right, the policy of the Conservative Party of the world, the policy of Reaganomics. That is their problem and they will have to find a solution for us. In the province of Saskatchewan when they used public money to find solutions, they poured it into the wealthiest segment, and that is not the way that we want to go.

In conclusion I want to suggest positively three or four areas in which we should be spending the money that we have in the country, provincially and federally, and where we should be putting some of our savings.

The first area I want to mention is the entire area of advanced technology and high technology. Just recently the Science Council of Canada issued a report entitled, "Planning Now for an Information Society". In the report we were warned that we are now in a new era and that if we do not move very quickly, we will lose an awful lot of what we have and end up importing more and more of the advanced technological devices and parts in the world of tomorrow. It indicated among other things that advanced technology is moving so fast that we are being left behind. For example, it indicated that the power of computers has increased 10,000 times in the past 15 years, while the price of each unit of performance has decreased by 100,000 times in the last 15 years. Also it indicated that in 1990 we will be producing pocket calculators with more power than today's most powerful computers. This is how fast we are moving in the area of advanced technology. My suggestion is that we should be doing like the Japanese, the French, the British or the Americans. We should be putting some more money and funding into advanced technology. We should be producing these goods, services and products right here in Canada.

We can do this in many ways. The Conservative Party does not believe in putting any money into this because they want the multinationals to make all the decisions; they will put their money into the United States, Japan or elsewhere. It is about time that we took the lead as a nation and started investing some of our funds in this sector. Of all industrial states we have less public involvement in the new technology. I suggest that we will have to move in this area.

There are four areas in which I think we should specialize. We should be applying advanced technology to produce the machinery necessary for specialization and to enable us to become very good in four areas. I think two of them are naturals because of our geography. One is communications and the other is transportation. In communications we are already fairly good. We have developed things like Telidon. We are very good at satellite communications. We are very good in my province at fibre-optics. We have a little plant in Saskatoon called Sed Systems, Inc. which was part of the Canadarm. We have Spar Aerospace in Toronto and Montreal. We have many companies, some publicly owned and some privately owned, which are very good in communications. Because of our geography, we must continue to specialize and to provide goods in our markets so that we can export aggressively in the world in the area of communications.

The second area which is a natural is transportation. Again it is because of our geography. I do not understand why we as Canadians are not as good at putting trains on the tracks as are the Japanese, the French or the British. We still have transcontinental trains which run along, like the good old days, at about 18 or 19 miles per hour. One can almost pass them on horseback. That is not good enough. I think as Canadians we will have to specialize in transportation.

Another area is food and agriculture. We are a great producer of food in this country. We have a tremendously productive agricultural sector. I think we will have to start putting more funding into that area to help feed some of the poor people of the world. We should export our farm machinery technology to the developing world to ensure that Asians, Africans, South Americans and others can produce their own food and eventually become self-sufficient. We should continue doing research into the field of food production, agriculture and forestry. We should take the lead in these areas. We should be involved in biotechnology, for example; not the Japanese, not the French, not the British or the Germans. That is the third area.

• (2140)

The last area I would mention is resources. Our country has tremendous resources. One of our problems is that we have tended to export those resources in their raw and unrefined state throughout the world. These resources are finite and they will eventually run out. We are now running out of much of our conventional oil. It is time that we began to process more of those resources at home. Since we have resources such as hydroelectricity, it is time that we started to manufacture machinery to mine and process those resources in Canada. When I look at other countries of the world I find that we are producing very little machinery in this country. There are very few companies which manufacture these machines. In 1980 our deficit in machinery trade was $5.7 billion. I suspect that that figure is significantly higher in 1982. We are producing less machinery all the time.

I recently spoke to an industry spokesman who told me that in the area of computers alone our deficit by 1990 will be approximately $10 billion.

I suggest that when Canada borrows money for investment we should specialize in four or five areas. These areas include transportation and communication, agriculture and resources and the new high and advanced technologies. If we were to do this through a national plan along with co-operative federalism with the provinces and the federal government working together, instead of the jigsaw network of programs which exist today—a LEAP program here, a LIP program there—we could become very successful. Instead of the government squandering hundreds of millions of dollars, which perhaps only temporarily raises the hopes of some people that it will give them temporary jobs, part of that money should be put into four or five areas where the government could specialize and supply our own domestic market. This would put people to work, and develop industries on a large and competitive scale to enable us to export to the international market.

We have the resources and the education. The Japanese are capable of doing this on a small island with no resources at all. If they can do it, we can do it as well, if not even better. For example, the Japanese recently decided to specialize in pollution control equipment and export that technology to other parts of the world. I am sure they will be very successful. We just do not have the leadership which can make decisions like that in this country.

I reiterate that we need a fundamental change and the restructuring of the economy in this country so that we will have Canadian ownership, Canadian industry and Canadian investment. In this way we will be able to own our own homes and businesses.

My concluding point is that if the government wants to put people to work it should be putting our money into the housing industry, rather than helping multinational oil companies as the Minister of Energy, Mines and Resources (Mr. Lalonde) did. As the hon. member for Hamilton Mountain (Mr. Deans) says so often, the housing industry is an all Canadian industry. We build houses for Canadians, we use Canadian parts and components and we put forestry workers back to work. Many of the furnishings, such as iron and steel used in constructing houses, are also produced in Canada. This is one short-term policy which could be developed by the government. As well, the government can continue its aid to farmers who are competitive, productive and support a large segment of our nation. With that, I urge the House to think positive and bring forth new and fresh ideas and to stop some of the b.s. type of rhetoric which we heard from the hon. member for Simcoe South which is a disgrace not just to members but to any intelligent Canadian.

Some hon. Members: Hear, hear!

Mr. Deans: Mr. Speaker, on a point of order, would my hon. colleague accept a question?

The Acting Speaker (Mr. Blaker): So that the House understands, the Chair is verifying the number of minutes left to the hon. member for Yorkton-Melville (Mr. Nystrom). The reason for doing so is to inquire as to whether or not there ought to be unanimous consent for a question. The hon. member for Yorkton-Melville has not used all the time accorded to him. Accordingly, it is possible for another member to put a question to him. However, considering the fact that the question is from the hon. member for Hamilton Mountain (Mr. Deans) who is a member of the same party, I think there ought to be unanimous consent to do so. It is the wish of the hon. member for Hamilton Mountain to put a question to the hon. member for Yorkton-Melville. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Deans: Mr. Speaker, I appreciate that very much. In fact, having looked at the precedents, I might say that I was not aware that unanimous consent was required. I read of a similar situation occurring some years ago.

However, let me proceed quickly to my question lest I should upset the mood of the House. I listened with great interest to my hon. colleague who laid out the financial difficulties which certain governments seemed to manage to get themselves into. Did I understand him correctly when he said that governments in Canada, particularly at the provincial level, who had carried the largest per capita debt historically were Conservative governments and that the governments which historically had the largest per capita civil service were Conservative governments? Was that the gist of my hon. colleague's suggestion? Would he verify if that is indeed accurate and therefore can be quoted by all members as they travel the country speaking about the balance of politics?

Mr. Nystrom: Mr. Speaker, it is a very difficult question. My source is the Bank of Montreal. If one can believe the Bank of Montreal in 1978, we find that the per capita debt in the province of Ontario in dollars for every man, woman and child in that province was $2,497. In Alberta, it was $2,222. In Saskatchewan it was $1,709. That must come as a shock to certain Conservatives. In the large and so-called wealthy,

fiscally responsible Ontario, the figure is $2,544. In New Brunswick it is $2,924 and in Newfoundland it is $3,702.

I also mentioned the size of the bureaucracy in each of those provinces. In Alberta 2.6 per cent of the population was in the provincial civil service. In my province, after 27 years of a democratic socialist government, it was 1.9 per cent of the population. It comprised 3.7 per cent in New Brunswick. In Nova Scotia it was 2.3 per cent, 3.5 per cent in Newfoundland, and Prince Edward Island had 3.4 per cent of its population in the civil service.

Mr. Blenkarn: What about Ontario?

Mr. Nystrom: I do not have the figures for Ontario.

Mr. Blenkarn: I will give them to you.

Mr. Nystrom: But we do have a very good indication from the statistics what the ideology in the country is. I think you have to judge a political party by its record. If one were to judge a political party by its rhetoric I am sure that Bob Stanfield would have several heart attacks tonight after hearing the hon. member for Simcoe South. That hon. member was light years away from the former highly respected leader of his party and, in fact, light years away from any leader of his party. Perhaps this is the new direction of the neo-conservatism in this country and perhaps that is where the challenge to the Leader of the Opposition (Mr. Clark) will come from at the January convention. Perhaps their new leader will come from that wing of the party.

Mr. Blenkarn: Mr. Speaker, on a point of order, would the hon. member for Yorkton-Melville accept another question? He will appreciate that Mr. Devine, the new premier of his province, has said that he will reduce the civil service to the size of Ontario so that he can reduce it by 50 per cent. He said the civil service of Ontario is much smaller. That is why I asked the question while I heckled him. He will appreciate that answer. He had the answer. I am sure he did not want to give it. But I want to ask the hon. member a question in reference to what was said by the hon. member for Skeena (Mr. Fulton) who was the lead speaker for his party. He suggested that fast write-offs for manufacturers was a tax expenditure that the New Democratic Party would not countenance, in other words, that manufacturers of goods in Canada should not be entitled to lay off 50 per cent of the capital cost in the first year. The hon. member for Skeena indicated to the House that that was an improper tax expenditure. Would the hon. member for Yorkton-Melville (Mr. Nystrom) expand on his party's attitude toward manufacturers?

• (2150)

Mr. Nystrom: I would not mind doing that at all, Mr. Speaker. I think, once again, that one should look at governments in action and see what governments do. One finds that in our province, over the years, whether there were good times or bad times, we had a real mix of public, co-operative and private enterprise. We borrowed a lot of money in my province for public reasons, to ensure that we owned the telephone company, the power company and the auto insurance company.

Mr. Blenkarn: Answer the question!

Mr. Nystrom: Forty per cent of the potash industry is now publicly owned by the people of Saskatchewan. By the way, it is now the largest potash company in the world outside of Soviet Russia. I suppose, the hon. member for Mississauga South (Mr. Blenkarn) being closer to that ideology in the Kremlin, which is so centralist and so bureaucratic, so big and so fat, might be very interested in that, I am sure.

Mr. Blenkarn: Answer the question about manufacturers.

Mr. Nystrom: That is the kind of policy we have. We are the first province in this country, and maybe the only province, which has a department of co-operatives and co-operation—

Mr. Blenkarn: Manufacturers' capital cost allowance!

Mr. Nystrom: —where we assist and we aid the co-operatives and the farmers, the manufacturers with their goods and products in this country. I mentioned an industry in Saskatoon called Sed Systems, Inc., where we have done some experimenting in economic democracy, where they manufactured part of the Canadarm for the American spaceship.

Mr. Blenkarn: Where do you stand?

Mr. Nystrom: I am telling the hon. member where I stand.

Mr. Blenkarn: Well, state it! Quit giving me the guff and tell me where you stand!

Some hon. Members: Order!

Mr. Nystrom: It is a joint venture, where part of the industry is owned by the workers, part is owned by the university and part is owned by a Crown corporation.

Mr. Blenkarn: Just tell me where you extended those capital cost allowances.

Mr. Nystrom: So, we have that kind of co-operation in our province. The same is true in Manitoba, where we provide aid to small business, co-operatives and the like. Now, Mr. Speaker—

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

Mr. Nystrom: —the Conservative Party has put all its eggs in one big multinational basket.

Mr. Blenkarn: Answer the question! Where do you stand on capital cost allowances?

Mr. Nystrom: I have answered the question, Mr. Speaker.

Mr. Blenkarn: You have not!

Mr. Nystrom: Instead of giving all this money to the big multinational corporations, we would spend this money in

assisting small businesses, farms, co-operatives and on expanding public ownership in the areas we did in the provinces that we have governed. Some of those things are done by terrible socialists such as one named Bill Davis, and another named Peter Lougheed. In my mind they are very Conservative—

Mr. Blenkarn: Where do you stand, boy?

Mr. Nystrom: —and are going the wrong way.

Mr. Blenkarn: Stand up, boy, and quit guffing around!

Mr. Nystrom: But even those guys realize that there is a law in our economy providing for some public intervention.

Mr. Blenkarn: Say where you stand!

Mr. Nystrom: Mr. Speaker, if I have not said where I stand—

Mr. Blenkarn: I know where you stand. You stand with one foot on the left!

Mr. Nystrom:—then I think my friend, the hon. member for Mississauga South should go to visit his physician because he is going deaf. He is certainly deaf in his left ear and he is probably deaf in his right ear, by now.

Some hon. Members: Hear, hear!

Mr. Deans: Is there anything else you would like to know?

The Acting Speaker (Mr. Blaker): I think the Chair should give some indication to hon. members that if an hon. member has not used up the entire time available to him in which to speak, the Chair will try to facilitate matters, and that has been the habit of the House. The Chair will try to accommodate hon. members by allowing other hon. members to use that additional time to ask questions. But I am obviously concerned that questions might be asked by one member to another member of the same party. At the same time, I want to make it clear that if one hon. member chooses to rise on a point of order and ask a question or enter into debate, then there can be no excuse or anger later on that the Chair has recognized both the hon. member who rises on a point of order and the hon. member who has the time available.

Mr. Regan: Was it not a great answer, Mr. Speaker?

The Acting Speaker (Mr. Blaker): The Chair has no comment to make as to the quality of the answers.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Blaker): Accordingly, it being 9.55 p.m., the Chair will recognize the hon. member for Athabasca (Mr. Shields).

Some hon. Members: Hear, hear!

Mr. Jack Shields (Athabasca): Mr. Speaker, tonight the debates have been very illuminating indeed.

Some hon. Members: Ten o'clock!

Mr. Shields: First, we heard from the hon. member for Thunder Bay-Atikokan (Mr. McRae). Now we have heard the flim-flam of the Liberal Party tell us how the Liberal Party is spending money, but it is really not spending money because it is transferring or moving it around the country. I never heard such rot in all my life. But the single most illuminating speech tonight was made by the hon. member for Yorkton-Melville (Mr. Nystrom).

Mr. Deans: A marvellous speech.

Mr. Shields: That hon. member from the NDP—

Some hon. Members: Hear, hear!

Mr. Shields: —clearly knows what the country is saying about the New Democratic Party, the "Liberal Party West" and the hon. members of the NDP are running scared because they know that the people of Canada have said that they have had enough of those socialists, of those Liberals, whether they call themselves Liberal or "Liberal Party West".

Mr. Deans: Who votes with the Tories?

Mr. Shields: That is why they are running scared. So, what does the hon. member do? He stands up but does not attack the Liberal Party and the idiotic energy policy, the borrowing of tons of money on one little scrap of paper. No, he does not attack that. He attacks the Conservative Party of Canada because he is running scared and he knows that he will not be sitting in this House of Commons after the next election because the people of Saskatchewan and the people of British Columbia have had absolutely enough of the Liberal Party West. They are down to two, Mr. Speaker.

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

Mr. Shields: Mr. Speaker, may I call it ten o'clock?

The Acting Speaker (Mr. Blaker): Order, please. The Chair will not call it ten o'clock because it is not yet ten o'clock. The hon. member rises on a point of order.

Mr. Sargeant: Mr. Speaker, I wonder if the hon. member is aware that during this session his party has voted with the Liberal government twice as often as the NDP.

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

Mr. Deans: That is a legitimate point of order.

The Acting Speaker (Mr. Blaker): That is not a legitimate point of order.

Mr. Deans: It sounded like one to me.

The Acting Speaker (Mr. Blaker): Well, it may have sounded like one, but it is not. The Chair will recognize the hon. member for Athabasca.

Mr. Shields: Mr. Speaker, all that the "Liberal Party West", the New Democratic Party, the little red rump, has

been able to say since the introduction of the National Energy Program is, "Me too, me too, but make it more. Why do we only go after Petrofina? We should go after Exxon, Imperial and those big guys. Do not just take us down the hill to recession, let us get right into a depression." The people in western Canada know what the "Liberal Party West" stands for. They know that today they have kept this government in power. They have put the government in power. They held it there in 1974, and now the people are all saying that they will have no damned truck with the New Democratic Party come the next election.

Mr. Speaker, may I call it ten o'clock?

Some hon. Members: No, no!

Some hon. Members: More, more!

The Acting Speaker (Mr. Blaker): The Chair cannot call it ten o'clock unless there is agreement to do so.

Some hon. Members: No, no!

The Acting Speaker (Mr. Blaker): There remains approximately one minute, and I call on the hon. member for Athabasca.

Mr. Shields: I will make it clear in 35 minutes right after the question period tomorrow. I would like to point out something I heard just prior to coming into the House today. I think it sets the tone for what is happening across Canada, and I hope the hon. members will listen. Two of our pages working in this House, whom we know very well, were sitting by the desk in the opposition lobby. Do hon. members know what they were discussing? They were saying that the job to get today is in bankruptcies. Two young people circulating in the House of Commons daily know what is going on in this House and know what are the government's policies. Those two fine young people who will be going into the world of work after they leave this place are talking, saying the thing to be in today is bankruptcies because that is the only future we see in Canada. That is what young people are saying today and that is the feeling across this country. Laugh as you may, but that is the feeling across the country. It is now ten o'clock, Mr. Speaker.

• (2200)

The Acting Speaker (Mr. Blaker): The Chair agrees with the hon. member for Athabasca (Mr Shields), it is now ten o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

Adjournment Debate

CONSUMER AFFAIRS—USE OF SUBLIMINAL MESSAGES ON ROCK MUSIC RECORDINGS

Mr. Jack Burghardt (London West): Mr. Speaker, on June 9 of this year I, along with my colleague, the hon. member for Kitchener (Mr. Lang), asked questions of the Minister of Consumer and Corporate Affairs (Mr. Ouellet) dealing with product labelling as it applies to the recording industry and some of the rock music which that industry produces and distributes. The matter pertained to what we could call subliminal, hidden lyrics or messages on certain rock music recordings.

Following that question and answer from the minister, I received a further answer from the Minister of Consumer and Corporate Affairs informing me that this matter comes under the jurisdiction of the Department of Communications, hence the matter being raised tonight.

While the technique of recording hidden messages or lyrics on some rock music has been going on for some time—I believe it was in the sixties that it first came to light involving the much popular recording artists The Beatles—it has again surfaced, causing a great deal of concern among many of our citizens, both young and old alike.

The most recent issue of this concern came to my attention from a number of my constituents following a public affairs program on a local London station on this subject. During that program it was shown how the use of subliminal influence techniques are used by some popular rock music groups. Following this radio broadcast, the issue received considerable attention—I believe the radio station received something like 400 calls immediately following that program—and much attention was focused on this subject in high school, church groups and other community groups interested in this subject. It seems to be a fundamental concern on the part of many that the public should be made aware of the existence of these largely unnoticeable, perception-effecting techniques.

In the Oxford dictionary, subliminal is defined as "below the threshold of sensation or consciousness . . . so as to influence opinion or behaviour without being consciously perceived." A subliminal message is a message that is below a discernible level. For example, your conscious mind hears one thing, but your subconscious mind can pick up the other. Some people feel that subliminal persuasion is as close to mind control as you can get.

I am sure hon. members remember just a few years ago when a great deal of concern centred on subliminal advertising suspected of being used on television and in movie theatres. To my understanding, because of public concern expressed at that time, that type of advertising is no longer used.

Since this matter was raised, I have been overwhelmed by the interest shown in it, and the support I have received from across the country, even from the United States. As a matter of fact, this same issue was raised on the floor of the United States Congress just two weeks ago. The concern being expressed is not a concern in favour of censorship or the imposition of morality. We cannot do that. We can, however, restrict immorality. This is the issue, especially when some of these suspected subliminal messages contain messages which society today, for the most part, would term to be immoral. There is a feeling on the part of many people who have communicated with me that the public should not be subjected to hidden messages of any kind, immoral or moral, for it can be argued that the subliminal technique could be used to promote what many would term to be good influencing messages as well as messages which might be harmful.

• (2205)

An issue such as this generates an emotional response. As well as receiving an enormous amount of support, I have been criticized for raising this issue, especially when we have so many other problems with which to deal today. I want to say for the record that I have not spent all my time on this subject, as anyone who reads *Hansard* will attest. But as responsible Members of Parliament I feel we must concern ourselves with many different issues raised and brought to our attention by our constituents.

I suppose the bottom line in this matter is to ask the recording industry at least to investigate and co-operate, and either to label such suspected recordings or, better still, to refrain from producing and distributing such material.

According to my investigation, at least, much of this recorded material has been produced outside this country in the United States and in Europe, mainly in England, so perhaps we have to look at the distribution methods on the part of the recording industry in this area.

When we think of the many problems facing us today, we must remember that a nation is only as good as its people. I would sooner be on the side of those who influence for good than on the side suspected of having a harmful influence on our society. I would welcome a further response to this matter from the Parliamentary Secretary to the Minister of Communications.

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): Mr. Speaker, the hon. member for London West (Mr. Burghardt) and the hon. member for Kitchener (Mr. Lang) have indeed touched upon what I too feel is an important point.

I would just like to explain again that since the arts and cultural branch of the Department of the Secretary of State was transferred in 1980, cultural policy concerns pertaining to Canadian cultural industries, including the sound recording industry, have been the responsibility of the Department of Communications. At present the Canadian sound recording industry is undergoing an extensive examination to determine what support, if any, is required to help it meet its needs and opportunities. As hon. members are no doubt aware, this industry represents one of the most important cultural activities in Canada, since it provides society with most of the access to the music we enjoy and use in our daily lives.

As the hon. member pointed out, many years ago, during the 1960s, a limited number of foreign producers used the process of backward masking as a new gimmick to attract media attention to records in the marketplace. A few prominent recording artists such as Led Zeppelin and the Beatles did experiment with this technique whereby a record, if played in reverse, would play back different music or lyrics. The fad quickly died down then but, admittedly, has resurfaced lately.

It is supposed by some that the original motivation was strictly to attract attention to the album and not to influence the listeners subliminally. Experts from both the scientific community and the record industry, including the late Marshall McLuhan, have studied this subject and have stated that since the messages are directly audible, well publicized and not imprintable in the mind unless the listener does reverse the record, it is not a form of subliminal persuasion. However, I will say that the concerns of the hon. members are valid in principle should this practice be used by the industry to the extent where record production would subliminally influence the listener's mind.

In this regard, the Department of Communications has passed on these concerns to the Canadian record industry associations and will maintain an interest in following this subject should anything new arise.

I would like to add, finally, that the occurrences of this practice are extremely negligible, considering the tens of thousands of records that are produced each year. Also, it is unfortunate that the recording industry tends to suffer mostly from negative publicity such as this when it contributes so much to our fabric of life. I was heartened to see in a recent issue of *Maclean's* magazine an article which reported on the great success our young Canadian recording talent is having in the global marketplace. In fact, this year, the best year in our history, Canadian artists have outperformed every other country in the world in an otherwise down-sided global economy, and these ambassadors of Canadian culture deserve our utmost support.

• (2210)

AGRICULTURE—TAX ON FUEL USED IN FOOD PRODUCTION

Hon. Don Mazankowski (Vegreville): Mr. Speaker, it has been said many times in this House and in the country that the country is suffering a crisis in confidence. I believe the crisis stems in large part from a lack of confidence in the government. Canadians realize every passing day that the government has failed to fulfil many of the promises and commitments it made during the course of the election campaign in the deep winter of 1980.

I raised one of these questions in question period last Friday when I asked the Minister of Agriculture (Mr. Whelan) to

explain to the House what happened to the special price structure he had advocated in the community of Alvinston, Ontario, on January 31, 1980, when he said that fuels used in the course of farm production would be exempt from federal tax. We know that commitment was not fulfilled. What is more shocking is that the minister stated that the energy program is supported by all members of the Liberal Party, including himself.

The minister is clearly on record as supporting the price structure for farm fuels in Canada. That means he supports the fact that 60 cents out of the price of every gallon of fuel the farmer burns goes to the federal government coffers in the form of tax. I think it is worth putting on the record what comprises that 60 cents. There is a corporate tax of 10 per cent or six cents per gallon; the petroleum compensation charge of 18 cents per gallon; the Canadian ownership charge of four cents per gallon; the petroleum gas revenue tax of seven cents per gallon; the incremental oil revenue tax of five cents per gallon; a 9 per cent federal sales tax or 13 cents per gallon, an excise tax of 7 cents per gallon for a total of 60 cents per gallon. That is what the farmers of Canada pay to the federal coffers in order to produce food for Canada and a hungry world.

On January 31, 1980 the minister stated very clearly:

> Fuels used in farm production will be exempt from any excise tax and a special price structure established.

You and I know that has not happened, Mr. Speaker. This is one of those clear incidents that create a degree of cynicism regarding the Government of Canada and a lack of confidence in the country because the government cannot be trusted. It says one thing and does another. That is a promise it knows very well it could not fulfil.

I followed that question up in the House today by putting to the minister the promise made in the speech of January 31, 1980, as reported in the *London Free Press* when speaking to a crowd of 300 in the community of Alvinston, Ontario. At that time he said that the farmers' cost of production would be held in check. As a matter of fact, he pledged to keep farm production costs down. Today I asked him whether he felt he had fulfilled that election campaign commitment.

• (2215)

During the period of time the Minister has presided as the recycled Minister of Agriculture, interest rates have doubled, fuel prices have doubled, pesticide prices have increased by 30 per cent; he is now a member of a government which is proposing an increase in grain freight rates of 45 per cent in three years, to double in five years and triple in ten years while the price of farm commodities goes down. Does he really feel in all honesty and sincerity that he has fulfilled that promise? Well, this was his answer, Mr. Speaker:

> —I do not know what research the hon. member is using for all those statements that I made because if he is reading speeches I gave during the election campaign, those were not prepared.

What are we supposed to draw from that? Does it mean that when the Minister of Agriculture speaks from a prepared text he is to be believed, but when he speaks "off the cuff" as he said, in the heat of debate, one should not believe him?

I raise this question at this particular time because I think it deserves an explanation, and I intend to pursue further the commitments and election promises and pledges the minister advanced during the course of the campaign. In all fairness, being a fair person, I think it is only fair and reasonable that I ask the minister or his spokesman to respond to the government's failure and his failure to produce results. The fact of the matter is that if he cannot produce and fulfil the election promises and commitments he made, he should do one very honourable thing; resign.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, the hon. member for Vegreville (Mr. Mazankowski) is playing a cute game; unfortunately playing it badly. I have a great deal of respect for the hon. member. I have served with him on the Transport Committee, and I know he has a little more integrity than he has just revealed by some of his comments. May I give an example? He is standing up now and playing this cute little game on behalf, he thinks, of one particular group in society. In this instance he is trying to argue, or pretending to argue on behalf of farmers, but he knows full well that other spokesman from his party are rising constantly to know why oil prices in Canada have not gone higher.

Mr. Mazankowski: They cannot go any higher.

Mr. Fisher: People talk about the National Energy Program and its failure to deliver money to the oil companies and its failure to deliver incentives for the industry. When they do that, they are in a disguised way arguing for higher and ever-higher prices. We must bear in mind, of course, that it is official Conservative policy that Canadian oil prices for conventional crude should be 85 per cent of world price, and the Liberal policy is that the same oil will be capped at 75 per cent of world prices.

While we are examining this game being played here tonight, we should also look at where the money will be going, because high Tory prices would simply mean this extra money being poured back into foreign coffers and into the hands of the companies, when in fact the Liberal policy, the NEP, has managed to fairly distribute the money between the producing provinces, the companies and the common Canadian good.

I think those are facts which my constituents support with their wallets and with their feet. My constituents are shopping at Petro-Can, they are converting their furnaces, pursuing the CHIP program for insulation, and wherever possible my constituents are voting with their feet to support the NEP.

NATIONAL ENERGY PROGRAM—EFFECT ON INVESTMENT. (B) DEVELOPMENT OF OIL SANDS IN NORTHEASTERN ALBERTA

Mr. Jack Shields (Athabasca): Mr. Speaker, today during question period I directed a question to the Minister of Energy, Mines and Resources (Mr. Lalonde). I stated that the world investment community does not now consider Canada a safe

place to invest. This is due mainly to the national energy policy of the minister. I said that the policy itself is causing an outflow of investment capital at an unprecedented rate, causing a massive run on our dollar which is translating into astronomically high interest rates, which again translates into business recession and massive unemployment. What is the minister going to do to get the confidence of the investment community back? The minister replied verbatim: "I can't be held responsible for that member's nightmares." The nightmare is a Canadian nightmare.

• (2220)

The number of Canadians unemployed has reached 1.5 million. Right across this country Canadians are losing their jobs. Canadians are losing their farms because they trust this government. Canadians are losing their businesses and their life savings. All of these tragedies translate into child abuse, family breakup, child beating and wife beating, all because of the nightmares people have.

The world investment community does not consider Canada as a safe place to invest, and we can trace that fact back to the National Energy Program.

When the National Energy Program was introduced with Canadian investment dollars, Canadians saw a government with a policy that actually stole from the companies. With its back-in provision it actually moved in on companies and said to them, "We really own 25 per cent." People saw this massive grab by the government with more government involvement. As a result, they moved investment capital out of the country. This investment capital kept the country moving.

That move forced the government to borrow or to attract money from offshore. To do that, the government had to raise interest rates. Immediately interest rates were raised, what happened? The small-business men, the farmer, the man buying a home with his life savings or the man rolling his mortgage into a new mortgage found he had to pay 20 per cent on his money, and all because the government introduced the national energy policy. This was an interventionist policy, to the greatest degree, into an area of the economy which was the one healthy area of Canada. Virtually every economist in Canada stated emphatically the oil industry was the one bright hope on Canada's horizon which could lead us out of this economic stalemate and depression. But the government's policy translated into high interest rates.

If investment money was now flowing into Canada, as it would be under a Conservative government, for development purposes, interest rates would go down. We would not have to raise our interest rates artificially in order to attract funds into Canada to do those things that must be done. We would have business expansion which would cause unemployment to go down. People would be working right across the country. Our megaprojects would be proceeding and we would have the industrial heartland of Canada, Ontario and Quebec, humming. There would be no unemployment and there would be no nightmare. We would not have the nightmare the Minister of Energy, Mines and Resources created.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I rise to respond to some of the remarks made by the hon. member for Athabasca (Mr. Shields). I had an opportunity to visit with the hon. member in his constituency some time ago, and I must say that, regardless of the subject matter, at least he attempted to be fair. However, tonight we have been given an example of how he has not only been unfair, but has been extremely inaccurate.

• (2225)

The National Energy Program has three main objectives. We are pursuing those objectives very vigorously. I believe that Canadians have judged this program to be very successful. When the National Energy Program was legislated in 1980, it set out three main goals. The ways in which we have attempted to achieve those goals have come under great scrutiny, with the result that some changes have been made to the National Energy Program; changes which I think Canadians want to see, changes which I think are in the best interests of attaining those particular objectives. I refer the hon. member to the National Energy Program update wherein the Government of Canada revealed its entire energy program and made concessions to a value in excess of $2 billion. If we listened to the hon. member, obviously he would say that is not enough. When is enough enough?

Mr. Mazankowski: You have killed the industry.

Mr. Dingwall: Of course that will never be enough for the hon. member. The successes of the National Energy Program in terms of conservation have been truly remarkable. The Canadianization plan has been very, very good as well.

The hon. member made reference to the fact that the oil and gas industry in Canada is sustaining great difficulty at the present time. This is true, but that is because of a world economic recession. I refer the hon. member to his great idol, his great mentor, the Premier of the province of Alberta. I will not quote the premier but, to paraphrase him, he said that it was not really fair to compare the statistics of today with those of 1980. As we on both sides of the House know, there are ups and downs, valleys and peaks, in the oil and gas industries. But the hon. member and his party refuse to accept and acknowledge the success the National Energy Program has brought to Canada, or that it will serve Canadians not only for the remainder of this decade but for many decades to come.

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

The Acting Speaker (Mr. Blaker): I would indicate to the hon. Parliamentary Secretary to Deputy Prime Minister and Minister of Finance (Mr. Fisher) that no points of order are permitted during the adjournment debate, but I will hear the hon. member in case there is something which may require attention.

Mr. Fisher: Mr. Speaker, it is actually a courtesy on my part. I believe during my statement I said something about integrity; in fact I was thinking of the high integrity of the

hon. member for Vegreville (Mr. Mazankowski). I meant to question his tactics in this specific instance, not his general character, for which I have the highest regard.

The Acting Speaker (Mr. Blaker): The Chair is pleased to recognize that the hon. member for Vegreville (Mr. Mazankowski), of whom mention has just been made, has indicated that in the evening it is a compliment to the House of Commons of Canada that so many people are visiting our galleries at this hour, the time being 10.30 p.m. I understand the hon. member for Vegreville wishes to express his best wishes to the people who are now in our galleries. If that is the case, the Chair passes on his best wishes to those people.

The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow afternoon at two o'clock.

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, July 20, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

PETRO-CANADA

CALL FOR ISSUANCE OF SHARES TO ALL CITIZENS—MOTION UNDER S.O. 43

Mr. Ron Stewart (Simcoe South): Madam Speaker, "it is ours", price-cutting PetroCan, although it has not pumped a barrel of oil and the Canadian taxpayer has paid double its worth, and the so-called Canadianization program saw government sponsored Dome Petroleum become insolvent and now may have to sell shares to a Japanese company. This is the government's Canadianization in action. Therefore I move, seconded by the hon. member for Bow River (Mr. Taylor):

That because of the failure of the megaprojects in the tar sands and Dome Petroleum, the government re-work the National Energy Program's policy and, because "it is ours", issue shares in Petro-Can to all Canadians immediately.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

CAPITAL GAINS TAX APPLICATION TO FARMERS, FISHERMEN, AND SMALL BUSINESS PERSONS—MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, noting that on page 6 of the June 28 budget, the Minister of Finance (Mr. MacEachen) stated:

Canadians investing funds in new plans for purchase of common shares of Canadian corporations would not be taxed on that part of the capital gain on such shares that only reflects inflation.

And since every member of this Parliament, who has either or both farmers or small business persons as constituents, would realize much of the capital gain those persons pay is not in fact gain but rather a reflection of inflation, I therefore move, seconded by the hon. member for Medicine Hat (Mr. Hargrave):

That the government in keeping consistent with its capital gains policy ensure that the same treatment is offered to farmers, fishermen, and small business persons as was committed in the budget for those purchasing common shares.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FITNESS AND AMATEUR SPORT

PAN-AMERICAN WHEELCHAIR GAMES—PROVISION OF AIR TRAVEL FOR PARTICIPANTS—MOTION UNDER S.O. 43

Mr. Bruce Halliday (Oxford): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of both urgent and pressing necessity, which is non-partisan in nature. The Pan-American Wheelchair Games scheduled for Halifax next month, involving some 500 wheelchair athletes from 17 countries, are threatened with cancellation due to rules limiting the number of wheelchair passengers who may be carried on commercial aircraft in Canada. Therefore I move, seconded by the hon. member for Saint-Michel (Mrs. Killens), and the hon. member for Beaches (Mr. Young):

That the government, while recognizing that it must ensure safety in the event of evacuation, take whatever steps possible to assist in providing appropriate transportation to fly the 500 wheelchair athletes to the Pan-American Wheelchair Games in Halifax.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

TRANSPORT

REQUEST FOR ADEQUATE SERVICE FOR FARNHAM—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, whereas the passenger train service between Montreal and

Farnham has been abolished by the federal government and whereas the new provincial program for transportation financing will not apply to this route, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That the federal government, in co-operation with the provincial authorities, take action as necessary to provide the people of Farnham with an efficient and reasonably priced transportation service.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

[*English*]

SHIPBUILDING

CHRISTENING OF CANADIAN YACHT ENTERING "AMERICA CUP" COMPETITION—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. As members of this House will undoubtedly agree, many good things come from the Parry Sound area. Recently yet another feather was added to the cap of the region. *Canada 1*, a yacht now being constructed by McConnell Marine Ltd., in Parry Sound, and this nation's first entry in more than 130 years in yacht racing's prestigious "America Cup", was formally christened on Monday. *Canada 1* will be launched later this summer and then sent to Newport, Rhode Island, site of the famous race, to compete in the September, 1983, event. I move, seconded by the hon. member Prince Edward-Hastings (Mr. Ellis):

That this House wish the crew of *Canada 1* every success in a race which has been dominated by the United States for more than 130 years.

Perhaps now Canada will have a ship of state which bests the Americans.

Madam Speaker: Perhaps the House will want to applaud this motion.

Some hon. Members: Hear, hear!

* * *

PUBLIC SERVICE

APPLICATION OF WAGE GUIDELINES TO SENIOR OFFICIALS—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise to propose a motion under the provisions of Standing Order 43. It would now appear that perhaps 10,000 senior public servants in the upper income brackets will be able to escape the 6 per cent restraint limitation on increases to their salaries because of being awarded performance pay, or bonuses, which could allow them up to a total 15 per cent increase in year over year salary. In other words, clerks and stenos in the public service are limited to a 6 per cent increase, while senior mandarins get an escape hatch that allows them a 15 per cent increase. I move, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

That performance pay, merit pay, or bonuses paid to senior civil servants be included in the over-all salary increase of 6 per cent proposed in Bill C-124.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SHIPBUILDING

ISSUANCE OF CONTRACTS BY DOME PETROLEUM—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas Canadian taxpayers recently helped bail out Dome Petroleum to the tune of $110 million, and undoubtedly the government will be bailing it out for more; whereas Dome indicated that it was considering construction of a west coast shipyard and building two of the four LNG carriers in Canada required for the Rim gas project; whereas it was announced last week that all five LNG carriers for the Pacific Rim gas project will likely be constructed in Japan, and whereas there are tens of thousands of unemployed British Columbians who could use these jobs, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House condemn the government for allowing Dome to proceed with the shipbuilding contracts, and ask the government to consult immediately with Dome to assure Canadians that the shipbuilding contracts will be placed in Canada and that Canadians will have a fair opportunity to capture the spin-off benefits.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HUMAN RIGHTS

CONDEMNATION OF PROVISIONAL I.R.A. BOMBING IN LONDON, ENGLAND—MOTION UNDER S.O. 43

Mr. Roland de Corneille (Eglinton-Lawrence): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas this House has condemned any and all forms of terrorism, and whereas the so-called Provisional IRA has boasted responsibility for the

cruel and despicable slaughter of innocent people in London, I move, seconded by the hon. member for Etobicoke North (Mr. MacLaren):

That this House condemns the terrorists of the so-called Provisional IRA which has boasted responsibility for the cruel and despicable slaughter of innocent people in London and sends its condolences to the people of Great Britain and especially to the relatives of those killed and wounded.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Mr. de Corneille: Madam Speaker, I am very grateful for the support of the House at this time on this resolution. I believe the House has gone on record repeatedly against any and all acts of terrorism throughout the world. In this particular case, as members of the House are probably aware, bombs went off beside the Horse Guards of Her Majesty and killed many innocent bystanders. I believe it would be helpful if in some way you, Madam Speaker, could convey our condolences to members of the Royal family and to the relatives of those injured and killed.

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

Some hon. Members: Agreed.

Motion agreed to.

• (1415)

ORAL QUESTION PERIOD

[*English*]

PUBLIC SERVICE

APPLICATION OF WAGE GUIDELINES TO SENIOR OFFICIALS

Hon. David Crombie (Rosedale): Madam Speaker, my question is directed either to the Prime Minister or the President of the Treasury Board. Last night the President of the Treasury Board revealed that the government's wage restraint program falls far more heavily on low-income public servants than it does on high-income public servants, particularly senior managers and those who enjoy executive salaries. Why do they think that is fair? Why the double standard? How is it that the government can discriminate against low-income workers in the public service?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I would like to advise the House that, with respect to the management category to which the hon. member made reference, it has never been contemplated that they would receive increases of the magnitude suggested last night by the hon. member for Kingston and the Islands. In fact cabinet has decided that there will be no increase beyond 6 per cent for senior managers in the system.

Some hon. Members: Hear, hear!

Mr. Johnston: Not only will there be no merit pay for two years, but senior managers in the management category will not even enjoy any more than the 6 per cent wage increase. In other words, there will be no incremental wage increases toward job rates. If I may continue in that vein, when the hon. member for Rosedale speaks of the people in the lower echelons, referred to by the hon. member for Kingston and the Islands as the clerical group, that group will also clearly receive the 6 per cent wage increase and, in addition, the incremental increases provided for in their collective agreements, in effect giving the clerical group or those who are at less than the job rate somewhere between approximately 8.7 per cent and 9 per cent. The objection that people at the lower end are being discriminated against is quite the reverse. It is people at the high end of the scale who will definitely not receive more than 6 per cent.

QUERY RESPECTING BONUS PAY SYSTEM

Hon. David Crombie (Rosedale): Madam Speaker, last night the minister, and certainly the minister's chief official, indicated that the traditional performance bonus for senior managers would remain in place. That would take them up to 15 per cent, beyond the 6 per cent and the 5 per cent guidelines. Indeed, that is what the minister, and certainly his chief official, said. Is the minister now saying the opposite from last night, that mandarins in the public service will be able to share the load with low-income workers in the public service? Is that what he is now saying?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, what I am saying—and I thought I said it just a moment ago—is that it has never been contemplated by the government that there would be large increases at the upper end of the management scale. The issue was raised last night. I took it up with my colleagues this morning.

Some hon. Members: Oh, oh!

Mr. Johnston: It was decided that yes, indeed, the management group was to receive no more than the 6 per cent wage increase, not only those at the job rate who would normally be entitled to a merit bonus under the previous compensation system which has been in effect, and which I am advising the House is being suspended for two years, but also for those who are at less than the job rate. This is something which does not apply to the other categories in the public service at lower levels.

APPLICATION OF GOVERNMENT POLICY

Hon. David Crombie (Rosedale): Madam Speaker, it goes without saying that it would have been very helpful if the minister had had that information before the committee last night. In fact, last night the policy of the government was an entirely different story. It is very nice to know that somehow

the committee system does work sometimes, because the government simply reversed itself in 18 hours.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am not sure whether or not that was a question. The government certainly has not reversed itself in 18 hours. The matter was discussed last night. I challenge the hon. member for Rosedale to point to any statement on the record which indicated that any senior manager in the public service would receive a 15 per cent merit increase. That statement was never made.

• (1420)

What was discussed was the merit increase plan which was introduced by the government upon the creation of the senior management category in accordance with the recommendation of the Lambert Commission, in accordance with the recommendation of the former auditor general, and in accordance with the recommendation of the advisory committee to the Prime Minister on executive compensation. What I am saying today is that those merit increases will be suspended for the two years of this program.

TIMING OF CABINET DECISION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, we had one policy last night and a different policy today. The President of the Treasury Board has said that cabinet has decided. Will he tell the House when cabinet decided?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am sorry that I am taking up the time of the House by repeating myself, but I also mentioned in my reply to the hon. member for Rosedale that that issue had been raised last night and I discussed it with my cabinet colleagues this morning. The decision which I have announced is a firm decision of the government with respect to that senior management category.

Mr. Clark: The translation for that is that the decision was made this morning. The position was reversed this morning. The committee system forced the government to stop its cushy deal for senior public servants, by its questions last night.

Some hon. Members: Hear, hear!

BONUS PAY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, it still is not clear what is exactly the position. The President of the Treasury Board was careful to deny that there was going to be any 15 per cent increase. He focused on that figure. Will he tell us that there will be no bonus of any kind in excess of the 6 per cent available to any federal public servant?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I believe that the Right Hon. Leader of the Opposition probably does not understand the wage structure of the public service. The statement I made with respect to the senior management group is that those who are at the job rate are entitled to 6 per cent because the wage movement is 6 per cent. There will be no bonus whatsoever paid to the senior management category.

QUERY RESPECTING POSSIBLE LOOPHOLES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the government says that it has embarked on a crusade. It is a new kind of holy war. It is a war that has holes in it.

Some hon. Members: Oh, oh!

Mr. Clark: The government is not sure whether or not the 6 per cent will apply to Crown agencies like CMHC. Last night it did not apply to bonuses, this morning it does apply to some bonuses.

Will the President of the Treasury Board tell us what other loopholes exist in this highly flexible 6 per cent rule that is being imposed upon some public servants?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, this is very difficult because the Right Hon. Leader of the Opposition clearly does not understand how the wage structure functions. Bill C-124, if I may take the time of the House, provides for a 6 per cent limitation on wage rate increases. I want to make sure the Right Hon. Leader of the Opposition understands that. That is the first year, and it is 5 per cent in the second year. This means that anyone who has obtained the job rate under a compensation plan in effect with the federal public service—the same kind of plan which exists with major employers in this country—would be limited to that 6 per cent, and 5 per cent in the second year.

Last night in committee the hon. member for Kingston and the Islands raised the question with respect to merit pay increases which were introduced with the creation of the senior management category, a distinct management category. These increases were designed to provide an incentive for a certain small percentage of superior performers in the public service. She made the point that, if that plan were to be applied, if some management were to take advantage of that plan, then senior managers could indeed receive in excess of the 6 per cent. Last night I agreed with her that that had been the plan that was introduced, but I never made the statement, nor did any of my officials, to my knowledge, that senior managers would receive 15 per cent, or anything like it.

• (1425)

This morning the issue was raised in cabinet with my colleagues because it is clearly not the intention of the government, and never has been, that senior managers should receive more than 6 per cent. It was decided that not only would the job rate of senior managers be limited to 6 per cent, but also that those who have not yet attained a job rate would receive only the wage rate increase. I think the Leader of the Opposition understands that point at this stage.

Mr. Ouellet: Don't count on it.

Some hon. Members: Hear, hear!

Mr. Johnston: When the Leader of the Opposition says to me that the committee system works, I would like to say that there is no stronger supporter of the committee system in this House than myself and other hon. members on this side of the House.

Some hon. Members: Oh, oh!

Mr. Johnston: The point raised by the hon. member for Kingston and the Islands last night with respect to abuse that might take place is precisely the point I raised with my cabinet colleagues and the Prime Minister this morning. It was decided to make it absolutely clear, as a statement of government policy, that the management category would not receive in excess of 6 per cent. I also pointed out in my earlier answer to the hon. member for—

Some hon. Members: Order!

Mr. Cousineau: They don't want to hear that.

Madam Speaker: Order, please. The Right Hon. Leader of the Opposition.

CABINET DISCUSSION

Right Hon. Joe Clark (Leader of the Opposition): I would like to direct a short question to the President of the Treasury Board with regard to this little group of 10,000 public servants for whom a special, cushy deal had been arranged, until the committee system in the House of Commons stopped it.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: Will the President of the Treasury Board give the House of Commons his word that the question of this loophole was never discussed by cabinet before this morning?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I do not regard this matter as being a loophole. This was a compensation plan. I was under the impression that all hon. members, certainly those in the Conservative Party, had approved of merit pay increases for superior performers in the management category.

Miss MacDonald: Not when you are in a restraint program.

Mr. Johnston: When the hon. member asks me whether this has ever been discussed as a loophole, I say to him that it was certainly not my intention, nor do I believe was it the intention of any of my cabinet colleagues, that senior managers would receive these merit pay increases of 15 per cent on top of the wage increase of 6 per cent which was provided for in Bill C-124.

Mr. Clark: Up to 15 per cent.

Oral Questions

THE ECONOMY

REQUEST FOR STEPS TO REDUCE INTEREST RATES AND PRICE OF ENERGY

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, this morning we were all pleased to find that the year to year inflation rate had ebbed downward ever so slightly.

Some hon. Members: Hear, hear!

Mr. Riis: But we were disappointed to find that, while inflation was attempting to fall, the two areas buoying it up were directly related to the government's policy, namely, the fact that the year to year rise in interest rates for mortgages had increased by 25.1 per cent, and the price of energy had increased by 18.1 per cent over the same period. If the government is serious about its 6 per cent world, I would like to ask the Minister of Finance whether it is not appropriate that the government take steps to reduce interest rates and the price of energy so that, by its policy, the government, too, can participate in the 6 per cent world.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has acknowledged that there has been an improvement in the inflation rate. A year ago the inflation rate in Canada was at 13 per cent. It is now 11.2 per cent. Some progress has been made, but not enough. We must have much more significant drops in the next year if we are to move into a better situation in the country.

The hon. member has made reference to the admitted 18 per cent increase in the price of energy that occurred in the past year. He will realize that the Government of Canada negotiated with the producing provinces for a long time in order to get the best possible deal for the consumers. We finally did succeed in reaching agreements with the producing provinces which are binding on us, and which provide energy prices or prices for oil and gas which are still significantly below international prices. This was one of the objectives of the Government of Canada.

• (1430)

REQUEST FOR RE-OPENING OF ENERGY PRICE AGREEMENTS WITH PROVINCES

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I want to emphasize the point that, in spite of the marginal decrease, it was the areas of government policy where regulatory powers exist where the increases took place that were the greatest. My question to the Minister of Finance is along the lines of the energy increase.

We know that the pricing of energy will result in increases of over 30 per cent for the next year. The government has indicated its willingness to break collective agreements or contracts with individuals unilaterally. Will the minister give the people of Canada some hope by saying, yes, the federal government will take the initiative to reopen negotiations with the producing provinces to see whether some cap can be placed on energy price increases which will see us into the 31 per cent

world next year, at least in the cost of energy, recognizing especially the ripple or domino effect that energy price increases would have in the economy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member misunderstands the wage restraint program. The Government of Canada is not making a unilateral move to change the terms and conditions of collective bargaining in the public service. It has made a proposal to the Parliament of Canada. That proposal is before the standing committee. If it comes out of the committee and receives third reading, it will be an act of Parliament passed by Members of Parliament that will determine the regime in the country.

* * *

PUBLIC SERVICE

APPLICATION OF RESTRAINT GUIDELINES TO CONSULTANTS

Mr. Rod Murphy (Churchill): Madam Speaker, the Minister of Finance should recognize that the wage bill does outlaw collective bargaining.

My supplementary question is directed to the President of the Treasury Board. Last night he made admissions about two loopholes, one with regard to the performance increases for top senior public servants. In that particular area he appears to have reversed himself this morning. Second, he indicated that consultants, who often do work normally done by the civil service, will not be limited to a 6 per cent increase. If consultants, who are, to quote a Liberal MP on the committee, "members of the old boys' network", are not legislatively tied to a 6 per cent increase, how can the Liberal government justify a 6 per cent limit for workers earning between $9,000 and $15,000?

Mrs. Mitchell: What about the old girls?

Some hon. Members: Hear, hear!

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, my recollection of the exchange last night, subject to my verification of the transcript, was simply to the effect that this wage restraint bill does not extend to service contracts. I take exception to the assumption upon which the question is based, because Treasury Board ministers have taken some pains to establish guidelines for the awarding of consultant contracts to ensure that the kind of abuse to which the hon. member alludes does not in fact take place.

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PARLIAMENTARY DELEGATION FROM FRANCE

Madam Speaker: I have the honour of drawing the attention of the House to the distinguished presence of a delegation of French parliamentarians, headed by Mrs. Véronique Neiertz, a member of the French National Assembly, and attending the Fifteenth Annual Meeting of the Canada-France Interparliamentary Association.

Some hon. Members: Hear, hear!

* * *

[*English*]

PUBLIC SERVICE

PAY SCALE INCREASE STIPULATED IN ADVERTISEMENT

Hon. Ron Huntington (Capilano): Madam Speaker, I would like to address a supplementary question to the President of the Treasury Board in light of the answers given to the hon. member for Rosedale and the Leader of the Opposition. Can he explain why the Public Service of Canada, Language Training, National Capital Region, is advertising to fill a position at a salary range of $41,500 to $45,500 which will be revised and increased in September, 1982, with a some 14 per cent increase? This is in an ad in *The Globe and Mail* of Thursday, July 15. Can he explain the variations between the statements he has made in the House today and what the government is advertising, in light of the restraint in the June budget?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I have not seen the advertisement in question. I will certainly have my officials look it up, unless the hon. member cares to send it over to me. It is not clear to me how the 14 per cent to which he refers comes about in the part of the ad he read. I will certainly look into that matter and accept the representation made by the hon. member.

* * *

CROWN CORPORATIONS

FILING OF RATE INCREASES

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the President of the Treasury Board. In an attempt to develop some credibility for the six and five program, has the minister responsible made an assessment of how many Crown agencies, boards or corporations require the governor in council to approve their filing for rate increases, toll increases or fare increases? Of those that

require governor in council approval, how many have been or will be approved?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the government today will be releasing a statement on the issue of administered prices, which I believe is the point to which the hon. member makes reference. I can assure him that it is the government's intention to take a hard line on the 6-5 policy to which the hon. member refers in terms of dealing with all prices that are under federal jurisdiction.

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GRAINS

CANADIAN GRAINS COMMISSION—PROPOSED INCREASE IN STORAGE RATES

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my supplementary question is directed to the Minister of Agriculture. We are tyring to find out if the government has as much interest in prices as it does in six-fiving wages. Is the minister aware that the Canadian Grains Commission has filed notice of intent to increase the rates for storage of grain by 33⅓ per cent effective August 1? If so, what does he intend to do about it?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, we are very much aware of it. We gave notice of this three months ago. I believe discussions took place that long ago. This is nothing new to the grain trade. If there are any changes, they will be notified. Earlier in the year we had discussions about cost recovery with all of these people . If they are now saying they are surprised, they are not expressing the facts.

* * *

[*Translation*]

TOURISM

INQUIRY WHETHER PROMOTIONAL MEASURES WILL BE UNDERTAKEN CONCERNING GASPÉ REGION

Mr. Alexandre Cyr (Gaspé): Madam Speaker, my question is directed to the Minister responsible for Tourism. On July 8, I said in the House that this year the number of tourists in Eastern Quebec, and especially in the Gaspé, had dropped 25 per cent. My information is that the Canadian Government Office for Tourism, in its twenty offices throughout the world, has no advertising material on the Gaspé and Eastern Quebec. My question is as follows: Could the minister tell the House whether he intends to take steps to correct this situation and obtain the material required to promote tourism in the Gaspé, particularly in view of the 1984 festivities in honour of the 450th anniversary of the discovery of Canada by Jacques Cartier, who came here from St. Malo in France?

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I realize that the hon. member is very keen to promote tourism in his area, which is one of the major tourist attractions in Canada. Regarding the absence of material on the Gaspé in our tourism offices throughout the world, the hon. member is, unfortunately, entirely correct. The fact is that after getting in touch with the Quebec government last April, asking them to send us some 50,000 tourism brochures on the Gaspé for distribution throughout the world, we have as yet received only 350 of the 50,000 brochures requested. When I read the statistics on tourism in the Gaspé this week, I immediately ordered the Canadian Government Office for Tourism to reiterate its request to the Quebec government for as much material as possible to promote the Gaspé in our offices abroad.

* * *

• (1440)

[*English*]

CRIMINAL CODE

VIOLENCE AGAINST WOMEN—INQUIRY RESPECTING FORMATION OF TASK FORCE

Mr. Neil Young (Beaches): Madam Speaker, my question is directed to the Minister of Justice, if I can catch his ear. The minister knows that over the last several years there has been a frightening increase in the incidence of violent crimes against women. In the last several weeks in Toronto four women have been murdered in the course of sexual attacks. In addition to that, the Rape Crisis Centre in Toronto has reported that there is a 15 per cent increase in the incidence of rape already this year compared with last year.

There is a number of ways this can be dealt with. One of the ways has been suggested by women's groups themselves; they have volunteered to form a task force to look into this whole matter to try to find solutions to this very serious problem which is of crisis proportions. Could the minister tell the House whether he would be in agreement with that suggestion, and would he provide funding to such a group to look into this extremely important matter?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I think the House could do much to improve the situation if it were to proceed quickly with consideration of the amendments to Bill C-53 that contains provisions regarding acts of violence against women and especially rape. The bill has been before the House for several months and is now in committee, and we hope that the committee will soon be able to report back to the House. I am convinced that if the clauses respecting rape were amended to make it easier to convict the accused and to make

the process less traumatic for the victim, this would be a major step towards reducing the number of violent crimes, and that is why I hope the committee will finally adopt our proposals concerning Bill C-53.

[*English*]

REQUEST THAT COMMITTEE BE ESTABLISHED

Mr. Neil Young (Beaches): Madam Speaker, my supplementary question is directed to the same minister. The threat of violence to women in Toronto has become very real as a result of increasing incidents of violent crime against them. Women are becoming very nervous and are also getting damned mad. I think they are totally fed up with the platitudes and pats on the head the Minister of Justice just gave the women of this country. Will the minister at least agree to give a positive response and establish such a committee, which these women feel could provide a solution to this problem?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I think we have done more in the last two years to enhance the rights of women in Canada than ever before. If the hon. member's colleague, the hon. member for Burnaby, would co-operate a little more in the committee, we could make more progress on Bill C-53. The hon. member should do that because his colleague has been talking for months. If he could shut his colleague up for a few days, we could pass some legislation.

Some hon. Members: Hear, hear!

* * *

NORTHERN AFFAIRS

NORTHERN CANADA POWER COMMISSION—APPLICATION OF GUIDELINES TO RATE INCREASES

Hon. Erik Nielsen (Yukon): Madam Speaker, I have a question for the Minister of Indian Affairs and Northern Development. Are the future rate increases of the Northern Canada Power Commission to be held to an amount not exceeding 6 per cent, or will the Commission be allowed to apply for rate increases, as it did at the last consideration, of some 30 per cent?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, as the hon. member knows, I answer to Parliament for the Northern Canada Power Commission.

Mr. Nielsen: That is why I asked you the question.

Mr. Munro (Hamilton East): I understand Mr. Smith, the chairman of the Northern Canada Power Commission, has the confidence and support of the hon. member for Yukon. The chairman is aware of the policy of the government with respect to increases in the budget.

Mr. Nielsen: Yes or no.

Mr. Munro (Hamilton East): Surely the hon. member would be the last one to suggest that a man of Mr. Smith's calibre—a man who has the backing of the hon. member for Yukon—would ignore this very worthy fight against inflation and the fact that a price increase of 6 per cent is a reasonable limit.

REQUEST FOR ROLL BACK IF RATES INCREASED MORE THAN SIX PER CENT

Hon. Erik Nielsen (Yukon): If the Northern Canada Power Commission attempts to increase its rates more than 6 per cent, will the government roll them back to 6 per cent?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I have tried to indicate to the hon. member that 6 per cent is the rule for everybody, and I would expect the Northern Canada Power Commission to abide by it.

Mr. Nielsen: Good. Thank you.

* * *

[*Translation*]

MANPOWER

VOCATIONAL TRAINING PROGRAM—DISCUSSIONS WITH QUEBEC

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Employment and Immigration. Considering the new national program for occupational training and the fact that the minister informed us at the committee stage that he intended to continue discussions with the Government of Quebec—it seems the program will be starting on September 1—could the minister inform the House today whether he has had discussions with the Government of Quebec since the bill was passed, and whether he is at all optimistic about Quebec benefiting from the new program?

[*English*]

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the development and passage of the National Training Act was done in a genuine spirit of co-operation not only with hon. members opposite but also with the provincial governments. Since the passage of the bill two weeks ago we have had very close negotiations and discussions with the province of Quebec in looking toward the signing of an agreement by September 1 so that we can allocate the money there. However, it is really a matter of the provincial government's deciding whether it wants to sign the agreement. If it is prepared to look at the conditions we have put forward, I have certainly instructed my officials to approach the matter in a very open and co-operative manner. I am very optimistic that we will be able to develop an agreement so that we can get a new training program started in that province as well as across the country.

INDUSTRY

REQUEST FOR TAX INCENTIVES TO STIMULATE PRODUCTIVITY

Hon. George Hees (Northumberland): Madam Speaker, I have a question for the Prime Minister. Canadian productivity in all commercial industries, measured in production per man-hour, increased, on average, between the years 1967 and 1971 by 4.2 per cent a year; by 2.6 per cent a year between 1972 and 1976; by 0.9 per cent a year between 1977 and 1981; and by 0.2 per cent last year, a very, very serious drop in productivity. Would the Prime Minister reconsider the negative answer he gave to me a couple of weeks ago in this House on this very important matter and, instead, give serious consideration to providing generous tax incentives, to be paid in direct proportion to increases in productivity, so that Canadian producers can find it practical and worth their while to buy the new machinery, plant and production systems necessary to increase productivity, and thereby lower costs and selling prices, and in this way, increase sales, production and jobs?

[*Translation*]

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is at it again with his remarks that productivity in Canada has dropped. The fact is, and I have told him this before, that productivity has dropped in most industrialized countries, and economists are trying to analyse the many reasons for this slowdown. Most people agree that it is at least partly due to a restructuring of our economies as a result of the OPEC or energy crisis. Indeed, the statistics quoted by the hon. member appear to indicate that the slowdown has been particularly visible since the OPEC crisis in 1973.

Regarding the hon. member's suggestion that further tax incentives be introduced, I would remind him that these measures have been adequate in the past, before we got into a recessionary period. Of course, all countries are now suffering from the recession we are experiencing today, and there is reason to believe that when we get out of this recession, the Canadian tax system, which is basically more generous to business than the American system, will again have a positive effect and that productivity will increase.

[*English*]

REQUEST THAT PRIME MINISTER CONSIDER PROVISION OF INCENTIVES

Hon. George Hees (Northumberland): Madam Speaker, if the Right Hon. Prime Minister would sit down and talk to any businessman, he would learn that the only way, and the best way, to get productivity up in this country is to offer a direct incentive, payable in exact proportion to the effort made. There is no other way it will be done, if we are going to work with businessmen. If the Prime Minister is more interested in doing something for his country in this regard than making excuse after excuse for doing nothing, would he take into consideration the suggestion I have made, which has been used with success in the past, and which has increased productivity, and in this way try to slow down the very fast slide this country is taking every day, not into recession, but right into depression?

• (1450)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think the hon. member recognizes that productivity is very directly linked to investment. He knows that there is a very generous tax credit in Canada, particularly in the manufacturing industry. The hon. member shakes his head, no. He has obviously not informed himself recently.

Mr. Hees: Your incentive is not working.

Mr. Trudeau: The hon. member usually asks questions and listens to the answers. Today, for some reason—he must have friends in the gallery—

Mr. Hees: No friends in the gallery. No cheap cracks!

Mr. Trudeau: No friends in the gallery, and probably less and less in the country, Madam Speaker.

Some hon. Members: Oh, oh!

* * *

CITIZENSHIP COURTS

MOVEMENT OF JUDGE TO BRITISH COLUMBIA

Mr. Walter McLean (Waterloo): Madam Speaker, my question is directed to the Secretary of State and also relates to the matter of the senior echelons of the civil service. He will know that a citizenship judge, Jack Ferguson, was moved at departmental expense earlier this year from Thunder Bay to Vancouver. Will the minister confirm that the judge has been paid at an annual rate of $40,000 since the end of March without being appointed to the position for which he was intended? Why is the judge not working in an area where there is an obvious need for an additional judge?

Hon. Gerald Regan (Secretary of State): Madam Speaker, I thank the hon. member for the question. He seems to be confused. He probably needs a more reliable source of information than he presently has. Judge Ferguson has been in the British Columbia area, if I recall correctly, for a period of two years. He was not moved there earlier this year. He served out the normal period of time and has been reappointed, if I am recalling correctly, and has been made the regional co-ordinator of citizenship judges in that part of Canada. He is an outstanding judge, doing an excellent job.

The other part of the question was about the financial details of his move more than two years ago. That may well have been before this government came to office so I am not sure of that. I will inquire, and give the hon. member the information.

CRITERIA FOR APPOINTMENT OF JUDGES

Mr. Walter McLean (Waterloo): Madam Speaker, a few moments ago we heard about the matter of performance bonuses. The performance seems to have been services rendered to the party. I should like to ask the minister if he will confirm that there is a need for a judge, that he is a judge, that there is a conflict, and that at this moment he has not been placed in that position. In clarifying the confusion which there obviously is across the country, would the minister indicate the criteria for the appointment of citizenship judges? Many people who are at the moment unemployed on the west coast wonder why a judge who is not in place is being paid.

Hon. Gerald Regan (Secretary of State): Madam Speaker, I can only conclude that while I was giving the first answer the hon. member was thinking about what he was going to say next, instead of listening to what I said. The hon. member should know that Judge Ferguson has been in place in Vancouver for over two years.

Mr. Clark: As a judge?

Mr. Regan: As a judge. He is continuing in that work in British Columbia now. The hon. member has bad information. Indeed, he has recently been appointed as regional co-ordinator.

On the question of the qualifications necessary to be appointed a citizenship judge, he was appointed long before I was in the department, but the basic qualifications are those that have always applied, that is, that a person be an outstanding Canadian, have a knowledge of citizenship requirements, be interested in the field, and that they be prepared to serve the country.

Mr. McDermid: You left one out.

Mr. Regan: What is that?

Mr. McDermid: That they be a Grit.

* * *

INDIAN AFFAIRS

LEVEL OF FUNDING FOR ECONOMIC DEVELOPMENT

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. Since last fall we have been waiting for some word on the $345 million promised for Indian economic development. We received that word. In the June budget it was announced that the funds are to be cut by over 50 per cent—cut or deferred this year and next. Will the minister explain to the House why economic development funds have been cut for a group that suffers from an unemployment rate of up to 90 per cent on reserves? Indian people need jobs this year and cannot wait another five or ten years. Why are Indian people being asked to live in a world of minus 50 per cent?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I do not agree with the premise of the hon. member's question. Despite the fact that there are many elements of the budget that preach restraint, it shows the concern of the government for the native people that there was no cut-back with respect to economic development moneys for native people. Rather, if there was a deferral, there was a shortfall this year over what had previously been committed and that was tacked on to the back end of the commitment. The same amount—in other words, $345 million—is committed, only the period over which it is to be spent is extended by two years.

TIMING OF APPROVAL OF PROJECTS

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, the fact remains that there is going to be $30 million available this year instead of $75 million for economic development for the Indian people. That means that those jobs will not be available. The native people have been waiting for a long time to know what the government's plans are.

I should like to ask the minister if he would indicate to the House when these projects will be approved and what mechanism will be put in place to ensure maximum Indian participation in allocating these funds.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I expect that we will be able to deal with the time frames when the mechanism is in place to consider applications.

Mr. Manly: When?

Mr. Munro (Hamilton East): Very soon, Madam Speaker. May I also indicate to the hon. member that when he talks about only $30 million, and so that no misunderstandings permeate the House, he should remember that this money of course is in addition to the economic development moneys available in my department through the estimates. The hon. member is aware of this because he has been at the standing committee.

He should also be aware that regional development moneys have been available and are being taken advantage of by native people in the provinces—what we used to call DREE moneys are available. My colleague, the minister responsible for employment, also has moneys which he zealously tries to make available to the native people. So it is far more than the limited amount the hon. member indicated in the House a few moments ago.

* * *

HUMAN RIGHTS

TREATMENT OF FORMER OPPOSITION LEADER IN KOREA

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, my question is for the Prime Minister, and it concerns Mr. Kim of

South Korea. A year and a half ago, after world-wide expressions of concern, including the unanimous vote of this House, the death sentence on the former opposition leader, Kim Dae-Jung, was commuted to life imprisonment.

The North American Coalition for Human Rights in Korea reports that Mr. Kim is being kept in deplorable conditions. Not only has he been in solitary confinement since his arrest in 1980 but the cells around him are empty and the guards are forbidden to speak a word to him. He is allowed no newspaper, radio, or visits from clergy or others, and only two 20-minute visits from his wife each month. He has been denied badly needed medical attention for a leg problem.

Will the Prime Minister take the opportunity when President Chun is here in August to make a special appeal on behalf of Mr. Kim for some relief, or even amnesty?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I must confess that I have not been briefed on the state of Mr. Kim in recent times. I will look into the suggestion of the hon. member and discuss the matter with the Secretary of State for External Affairs.

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[*Translation*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—INQUIRY WHETHER MINISTER RECEIVED MR. LAMOUREUX'S REPORT

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs and concerns homes insulated with UFFI. Could the minister inform us whether he has received Mr. Lamoureux's report on this product and whether he could give the House any details?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, this morning I received a letter from the chairman of the UFFI Review Board. Although I was going to do so at the time of tabling documents, I shall now, with leave of the House, table the document I was sent this morning. Very briefly, in one paragraph the letter confirms that one of the Board's members, Dr. Sutherland, has had a major operation and is now convalescing, and that unfortunately, the Board will be unable to finish its report within the agreed time-frame. However, because of the importance of the subject, the Board has decided to make public immediately its decision concerning the ban on the use of UFFI. The reasons for its decision will be announced in the weeks to come, as soon as the three members of the Board are able to finish the report. In any case, I can inform the House that as a result of the Board's decision, this product remains banned.

Point of Order—Mr. Pinard

• (1500)

[*English*]

PUBLICATION OF REPORT'S FINDINGS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, is the minister telling us that he is going to publish the results of the report but he will not publish the report because they have not finished preparing it?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, perhaps the Right Hon. Leader of the Opposition did not entirely grasp my meaning. I was saying that I received a document signed by the three Board members, Messrs. Lamoureux, Lu and Sutherland, and that the Board's decision has now been made public. When the Chair calls for the tabling of documents later on, I shall be tabling this correspondence, in both official languages.

INQUIRY WHETHER MINISTER WILL TABLE DECISIONS WITHOUT AUTHORITY

Right Hon. Joe Clark (Leader of the Opposition): I have a supplementary, Madam Speaker.

If I understand correctly, the minister is informing the House that he wishes to table, first of all, a letter and second, the text of a decision, without the reasons for that decision, since for the time being, the Board has not finished its work. Is that correct? If so, why is the minister now tabling the text of a decision without giving his reasons for doing so?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the official opposition's critic asked me in the House to make public immediately any communications I received from the Board, and that is what I am doing.

* * *

POINT OF ORDER

MR. PINARD—QUESTIONS DIRECTED TO MINISTERS

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I refrained from raising a point of order during question period out of respect for our practice that members do not interrupt the question period to raise a point of order. At this point, however, I may, very briefly, draw your attention to two provisions contained in Beauchesne, fifth edition, regarding the nature of questions that may be put to a minister in the House.

You probably noticed that at the beginning of question period, the President of the Treasury Board (Mr. Johnston) was asked questions referring to a statement he made outside the House and to the proceedings of a standing committee of

this House. In Beauchesne, on page 135, Citation 359(10), it says, and I quote:

A question ought not to refer to a statement made outside the House by a Minister.

And I will also quote Citation 360(3):

Some further limitations seem to be generally understood. A question may not:

(3) seek information about proceedings in a committee which has not yet made its report to the House.

There is also Erskine May, nineteenth edition, on page 146, which formulates the same principle and the same limitations.

In the circumstances, Madam Speaker, since Bill C-124 is now before a standing committee of the House, and in view of the provisions I just quoted which are, in fact, an integral part of our parliamentary practice, I would like to draw the attention of the Chair to these points and ask that the rules of the House be strictly applied during the next few days, since as long as the bill has not been reported back to the House, questions about the bill and about statements by the minister before the committee are out of order.

Madam Speaker: I am quite aware of the citations quoted by the hon. minister, but during question period, that particular question seemed entirely legitimate. It is true that there is a reference to things that were said at a meeting of a parliamentary committee, but it seems to me that the question stood on its merits. I am sure that during the debate on the Constitution, a number of issues were raised that were similar to those being discussed in committee. Finally, I have the impression that hon. members abided by the rules of the House. The hon. minister may have a different opinion, but now that the moment has passed, I can assure him that I shall be more vigilant. However, it did not seem obvious at the time that there had been a breach of the rules of the House.

[*English*]

TOURISM—REFERENCE TO QUESTION OF MR. CYR

Mr. J. M. Forrestall (Dartmouth-Halifax East): On a point of order, Madam Speaker, the hon. member for Gaspé (Mr. Cyr) would not want left standing on the record the inference that it was Champlain who discovered Canada. On behalf of every Norwegian in this country may I correct the record.

ROUTINE PROCEEDINGS

[*Translation*]

HAZARDOUS SUBSTANCES

TABLING OF CORRESPONDENCE WITH MEMBERS OF UFFI BOARD OF REVIEW

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I wish to table correspondence received from members of the UFFI Board of Review.

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,249, 4,259, 4,270.

[*Text*]

DEPARTMENT OF EMPLOYMENT AND IMMIGRATION—CODE OF CONDUCT

Question No. 4,249—**Mr. Crosby:**

1. Does the Department of Employment and Immigration have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. Yes. Standards of conduct expected by the Canada Employment and Immigration Commission/Department of its staff are set out in the "Code of Conduct for Commission/Departmental Staff". This document is applicable only to Canada Employment and Immigration Commission/Department employees and, as such, it is an internal Commission/Department publication which is not normally requested by members of the public. It is available to the public on request.

2. On the basis of the available data, the reply is as follows: Yes, April 1, 1977, to March 31, 1980, information not available. In accordance with the provisions of collective agreements dealing with employee files, all documents related to disciplinary actions are destroyed once two years have elapsed from the time that the disciplinary action was taken, provided that no further disciplinary action has been recorded in the meantime.

April 1, 1980, to March 31, 1981: Employees suspended, 38; employees discharged, three.

April 1, 1981, to March 31, 1982: Employees suspended, 47; employees discharged, five.

To be consistent with the provisions of the Canadian Human Rights Act we are not providing names.

DEPARTMENT OF LABOUR—CODE OF CONDUCT

Question No. 4,259—**Mr. Crosby:**

1. Does the Department of Labour have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Hon. Chas. L. Caccia (Minister of Labour): 1. Yes, Labour Canada does have several departmental directives which relate to the above mentioned question. These directives are widely issued and held in the department and are available to all employees, and thus by extension to the public. The pertinent directives are: Conflict of Interest: Policies and Guidelines; Application of Discipline; Telephone Service to the Public; Hours of Work; Employee Assistance Program; Employee Performance Review and Appraisal.

In addition to the above, the collective agreements and compensation plans, applicable to all public servants, provide a good deal of guidance with regard to accepted standards of behaviour. Also the Personnel Management Manual, which is readily available to employees, provides a wealth of information on standards of conduct, conflict of interest, hours of work and discipline, etc. Information on standards of conduct is also provided in the Staffing Manual, the Treasury Board Administrative Policy Manual for subjects such as contracting for services, travel and removal regulations etc., and in various other publications and directives available to employees.

2. According to our records, 11 employees were disciplined during the past five years for a total of 22 incidents. This figure does not include oral reprimands. We do not maintain cumulative records on discipline, as it has not been a large problem in this Department.

To be consistent with the provisions of the Canadian Human Rights Act we are not providing names.

DEPARTMENT OF VETERANS AFFAIRS—CODE OF CONDUCT

Question No. 4,270—**Mr. Crosby:**

1. Does the Department of Veterans Affairs have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the Code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): 1. Veterans Affairs has a document entitled "Standard of General Conduct". This document outlines the basic rules of behaviour for Veterans Affairs employees. The document is part of Veterans Affairs policy on discipline and is included in the Personnel Management Manual (PMM), Chapter 060-1. It is available to the public.

2. Most collective agreements contain provisions stipulating that documentation of disciplinary measures must be destroyed after two years where there is no recurrence of the same misconduct. Accordingly, active disciplinary files are not normally kept for more than two years. In the past two years, only two employees were dismissed as a result of their misconduct; based on partial returns for fiscal year 1981-82, it is estimated 100 employees were suspended for the same two year period.

To be consistent with the provisions of the Canadian Human Rights Act we are not providing names.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 4,267 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 4,267 be made an order for return?

Some hon. Members: Agreed.

[*Text*]

DEPARTMENT OF SUPPLY AND SERVICES—CODE OF CONDUCT

Question No. 4,267—**Mr. Crosby:**

1. Does the Department of Supply and Services have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the Code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Return tabled.

[*English*]

Mr. Taylor: Madam Speaker, may I ask the parliamentary secretary if he is having any success in finding out when I might receive an answer to question No. 2,329?

Mr. Smith: Madam Speaker, I am always delighted to make inquiries on behalf of the hon. member. I have done so in this instance, and while I do not have a report right in front of me, it is under way.

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

• (1510)

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83

MEASURE TO ESTABLISH

The House resumed from Monday, July 19, 1982, consideration of the motion of Mr. Bussières that Bill C-125, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs, and the amendment of Mr. Clark (p. 19456).

Mr. Jack Shields (Athabasca): Mr. Speaker, the government is asking under the present borrowing authority for what amounts to a $4 billion slush fund. This is over and above the amount of money required to run the government this year as has been projected. The government projected financial requirements in the amount of $17.1 billion for this year. It has already had $10.2 billion in borrowing authority this year and it also has $3.6 billion in unused authority from previous years. Bill C-125 proposes to give the government an additional $11 billion.

As a businessman I recognize the need for borrowing and the need to pay bills and accounts. But I also know that if I walked into my bank and asked for a borrowing requirement of $17,000 and I told the bank: "Just for the fun of it I want a little bit of a slush fund, so lend me $21,000", the bank would tear up my loan application.

An hon. Member: They would give it to you.

Mr. Shields: An hon. member on the other side says the bank would give me the money. Hon. members over there are not bankers; you can certainly tell that, Mr. Speaker.

If a small-business man went into a bank for a loan, he would show the bank his requirements. Take, for example, a small-business man who asked his bank for a loan of $1.7 million but said to his banker: "Mr. Banker, that is the requirement but I want $2.1 million because I need a $400,000 slush fund in case something goes wrong." The banker would certainly throw him out of the door. The banker would tell him that he did not know what he was doing and that he did not know how to run his business.

If I were responsible for a public company and as president went to the board of directors asking for the same kind of borrowing with a slush fund attached to it, the chairman and some member of that board would move a motion of non-confidence and say to me: "Mr. President, get out; you do not know what you are doing."

The people of Canada are saying, and they are saying the same thing to their representatives in this House, that this government does not know what it is doing when it asks this House to approve a $4 billion slush fund. This is a way for the government to avoid its responsibilities and its accountability to the people of Canada through this very important green room.

During the past two years that I have been here, we have continually seen a hiding from the public of what the plans of the government are and what the government is going to do. We have seen a blue ribbon committee appointed. This committee has been appointed to discuss a budget that was brought into this House and introduced by the Minister of Finance (Mr. MacEachen). The budget may be changed as a result of the findings of this committee. The government is treating the budget as a white paper. The government is treating the budget as a document that has not been tabled in this House of Commons as a budget or a plan of operation for the country. The government has done it to the exclusion of every member in this House, including its own backbenchers. In fact, the government's backbenchers are being treated shoddily. They are treated worse than the government treats the opposition benches.

Every time I pick up a newspaper or a magazine I see the following kinds of headlines: "Canada's economy in decline; Canada's economy is now in crisis; Crisis situation faces Canada; Canada in severe recession; Worst unemployment facing Canadians since the dirty thirties". These are the headlines that we read every day. What about these: "Is it a depression? Canada faces sick economy; bankruptcies at an all-time high; investment at an all-time low"?

Then we read what the very cavalier Prime Minister (Mr. Trudeau), the very arrogant Prime Minister of this country, says: "We have had the hell scared out of us." The Prime Minister should not be saying that. He should be saying: "The Liberals under me have scared the hell out of Canadians right across the country." The Liberals have created a Canadian nightmare.

Yesterday in this House, I asked a question of the Minister of Energy, Mines and Resources (Mr. Lalonde). I pointed out to him what the national energy policy had done to the country. And what was his reply? The minister said: "I am not responsible for that member's nightmares." I was only telling the minister what is happening. To get a reply like that to a very legitimate question to him shows the arrogance of this government, a government that can come into this chamber and arrogantly place before this House of Commons an order—an act—requesting or saying—because the government knows it will be able to pass the bill—that it wants a $4 billion slush fund. The situation is absolutely ludicrous.

I ask all hon. members to reflect for a moment on why in this country, with our vast, abundant resources, with our natural God-given resources, with our wealth, our highly educated work force, a very highly productive work force, a

highly skilled work force, with people who desire to get out and build our country, we are in the economic mess that we face today. We have everything going for us, Mr. Speaker. Why has the economy gone the way it has? Why is unemployment at an all-time high? Why are bankruptcies at an all-time high? Why do companies have liquidity problems? Why are workers being laid off every day? Why do we have people frightened that they will lose their homes? Why are people feeling threatened with the loss of their life savings? Why are all these things happening?

What do we hear in our debates? We hear from government members that it is because of world conditions. We hear the Prime Minister say it is all a result of world conditions. We hear the Minister of Energy, Mines and Resources say the same thing. We hear the Minister of Finance say it is because of world conditions or it is because of the situation in the United States. We also hear that it is because of Reaganomics. That is what we hear from the red rump, the New Democratic Party, the "Liberal Party west". We hear about Reaganomics and that it is Reagan in the United States who is causing all of this mess. We hear that our problems are caused by the United States high interest rate policy, and because the U.S. economy is not moving, ours cannot move.

Then we hear other members say that our problems are caused by a lazy work force and that Canadians are not productive. The Prime Minister has the audacity to stand up and say that Canadians' expectations are too high, that Canadians have to bring the level of their expectations down. We have heard him say that Canadians have been living off the fat of the land for too long and Canadians now will have to tighten their belts.

Those are the kinds of things we hear. We hear that Canada's problems are the fault of unions, that union demands have been too high. Then we hear the problems being blamed on civil servants and that their wage increase will be held to 6 per cent this year. But most of all we hear the problems being blamed on the general public, because it wants too much and wants too much for nothing.

I agree there is a general downturn in world economy which is bound to affect to a degree what is happening here in Canada. I agree that our economy is tied closely to that of the United States and that as a result we in Canada are going to feel the effects of an economic downturn in the United States. Certainly that happens, but of all the countries in the western world, Canada is the best equipped to face an economic downturn. Why are we not facing it? Why are we not surviving the economic downturn? Why are we not a model for the rest of the world? It is because of lack of trust and confidence.

• (1520)

For 30 unprecedented years Canada was looked upon worldwide as the place in which to invest. Canada was looked upon as having a stable government; it was the land of opportunity. When people in European money markets talked about investing in the new world, Canada was the place to go because it had a stable political climate. It was the land of the future.

Do my hon. friends remember ten years ago when the Prime Minister said that the eighties belonged to Canada, that the next two decades were ours, that we would become a world leader? Well, we have become a world leader! We have become a showplace for the rest of the world to look at as an example of how not to run a country, of how not to rob from every individual in the country to run a bureaucracy like we have in Canada.

My hon. friends should read the publications of respected economists in Great Britain. They should read what they have to say about the Canadian economy. It will make them ashamed. They should read what has been written in German and French publications. I am talking about publications in France. They should read what they say in the European Economic Community. Canada has now been relegated to the position of a Third World country for investment opportunities, with an unstable government, a government which cannot keep its promises, a government which will say one thing one year and change its mind the next.

Let us look at the confidence which the government inspired with the national energy policy. It was outright theft of investment. We in Canada have always had a policy of inviting foreign investment into the country and of saying to investors: "Please come in and help us develop our resources. Please come in, these are the kinds of things we will give you: we will allow you to write off some of your investment against income". Various incentives were put in place.

The very first budget introduced in the House of Commons by the Minister of Finance was in the disguise of a national energy policy. It was disguised document. It was a document which actually stole; it was out and out theft of interest and investments of foreign companies. The government might just as well have come forward and confiscated entire companies. Every large investor, every foreign investor in Canada, saw what the national energy policy was doing. It was clearly the most shameful document to come before the House of Commons in the two years I have been here.

What was the result? Well, investment flow stopped. There was no more investment by foreigners in Canada. They said that they could not trust Canadians. They do not look solely at the Prime Minister, the National Energy Program, the Minister of Energy, Mines and Resources, the Minister of Finance or the Minister of State for International Trade (Mr. Lumley). They also look at Canada and say that Canadians can no longer be trusted because they have elected an unstable government which does not keep its word.

I have roamed the world. I represented Canada in the armed forces overseas. I was proud to walk down the streets with the inscription "Canada" on my shoulders. I was proud, but I do not have that pride today when I visit the United States or Europe. Do hon. members remember when we all used to wear little lapel pins depicting the Canadian flag so that everyone would know that we were Canadian? Many Canadians are not wearing them now because they know that the government stole investment from people who took us at our word when they were promised a stable climate for investment.

What has been the result? There has been a vast outflow of investment capital from Canada which is needed to develop our resources. It has gone to other countries. It has created a drain on our Canadian dollar. Immediately when that happens, our Canadian dollar gets weak. Then to keep the dollar from getting weaker and weaker, which contributes to inflation, the government in its wisdom must raise interest rates for short-term borrowing to attract money back. The interest rate which we pay on investment coming to Canada is a reflection of how the investment community views the country.

We all know what first and second mortgages are. Do hon. members remember the days when we could obtain first mortgages for 12 per cent and second mortgages, because they were a little more risky, were available at 15 per cent or 20 per cent? We all knew if we went to finance companies to finance a car that they would look at our credit rating. We all knew that they would look at us as individuals and say: "Yes, he gets a preferred rate." It might have been 2 per cent or 3 per cent cheaper than the next man walking in the door who wanted to buy a car, because he was not as trustworthy and, therefore, had to pay more for his loan to finance his purchase. As a result of the national energy policy we are paying more to finance our country because the investment community no longer trusts Canadians, the Canadian government or the Canadian investment climate.

One country which has always been very similar to ours is Australia. It is much like Canada, a vast country, nearly as large as Canada, except for the Northwest Territories. It has a population of somewhere between 12 million and 13 million people. It is extremely nationalistic. Australia is as nationalistic as Canada, but it recognizes something which our government has failed to recognize, that the domestic supply of investment capital is not adequate. We do not have enough domestic supply of investment capital to develop resources in Canada to create a strong country. The Australians are very pragmatic. They have rolled out the welcome mat for foreign investment.

Let me turn to a list of names to see whether hon. members recognize them. They are: Carling O'Keefe Ltd., Canada Northwest Land Ltd., Coho Resources Ltd., Consolidated Five Star Resources Ltd., Hiram Walker Resources Ltd., Hudson's Bay Oil & Gas Co. Ltd., Medcon Resources Ltd., Norcen Energy Resources Ltd., Nu-West Group Ltd., Oakwood Petroleum Ltd., Ocelot Industries Ltd., PanCanadian Petroleum Ltd., Ranger Oil (Canada) Ltd., Sulpetro Ltd., United Canso Oil & Gas Ltd., Westburne International Industries Ltd., and Silverton Resources Ltd. Every one of those companies are Canadian companies which moved down to Australia during the past two years because of the economic climate, investment climate and political climate there. All told, there is approximately 30 Canadian companies operating in Australia at the present time with in excess of 1,000 Canadian geologists and approximately 2,000 well-trained rig operators, derrick men and floor men searching for oil and natural gas. And we wonder where the boys went? They did not all go to the United States; many of them went to Australia.

• (1530)

These 30 companies were lost to Canada because we have a national energy policy in the guise of a budget, which virtually destroyed an industry. Australia has laid out the welcome mat. Mr. William Nixon, a Canadian, president of Medcon Resources has said that it is one of the last places where you have political stability and vast areas of relatively unexplored and interesting rock to play with. In other words, he is an entrepreneur who wants to discover and actively produce those resources. That man was driven from Canada.

I will quote another example. I have a report which says that the Australian government—

—staunchly supports both free enterprise and energy development. And, while the Fraser government as a whole is nationalist-minded, it's also pragmatic.

It recognizes that the domestic capital is just not there. Therefore, it has put out the welcome mat.

Another example concerns exploration permits in Australia which would make you think you were reading about Canada 10 or 15 years ago when articles of this type were written about Canada. They are now being written about Australia with Canadian players. The article states:

Exploration permits in Australia are like the old-style permits in the Arctic, says Medcon's Nixon. 'You get a large area and commit yourself to a certain work program. The production lease, what you eventually have to pay, is then defined around what you discover.'

The Australians have learned from Canada. God help them if they ever elect people there who think the way the people in the front benches of this Liberal government think.

I would like to continue with another quote about Australia. This also sounds curiously familiar:

As well, the Australians Foreign Investment Review Board (FIRB)—

We have FIRA, the Foreign Investment Review Agency.

—draws just about as much praise from oilmen as Canada's Foreign Investment Review Agency (FIRA) draws criticism.

'The Australian system is a much more workable one from everyone's point of view', says Deacon. 'They don't say everything has to be 50 per cent Australian-owned. They just want 50 per cent ownership once there's production. And once you have reserves, it's easy to get local partners.'

It is easy to get local investors to invest. Of course, that is what we had been doing in Canada for many years. The aim of the National Energy Program to make the oil industry Canadian was already, in fact, happening. It was happening because the Canadian players were becoming involved and were beginning to take over and expand.

People do not realize that we had some of the best technology for oil rig construction situated in western Canada. It was the best of anywhere in the world and we were shipping what was being produced in Canada to fields all over the world. Many people do not know that we developed a new pump in Canada for bringing out of the ground oil which is shipped all over the world. This technology was enabling us to expand the industry.

Canada now has the reputation of being unsafe as a place to invest funds. The world no longer trusts Canada. This has been happening over the last two or three years. The government has reneged on agreements with NATO. We have not lived up to our commitments to NATO. More important is the fact that we allowed a government to develop a policy and ram it through Parliament, since we were powerless to stop it, which actually committed outright theft of foreign investment in this country. That policy was the National Energy Program. Once you have had dealings with someone who has not kept his word, you are an absolute fool to return to that person and enter into another agreement. Any lawyer or judge will tell you that. For 30 years Canada was the place to invest. That is no longer the case because confidence and trust have been destroyed. Not only has that trust and confidence been destroyed in our foreign markets, it has been lost in Canada itself.

I had occasion to walk into the lobby last night where two pages were sitting at a table discussing what would be the best occupation for a young person to take up. All members know these pages.

Mr. Kristiansen: You said that last night.

Mr. Shields: I know I said that last night, but it is worth repeating. We know these young pages. They are first year university students who are hopefully looking to what their future in Canada will be. These two pages came to the conclusion that they should enter into business dealings with bankruptcies, because that seems to be where the action presently is. That is a comment on our country. All across the country there are farmers, tradesmen and Canadian developers who have lost confidence in Canada. Canadian businessmen and those hardworking risk takers have lost confidence in Canada as a place to invest.

How do we restore confidence in our country? First, we must withdraw the National Energy Program. We must return to the pre-national energy policy days and restore a positive climate. We must phase out FIRA so that it works along the lines of Australia's review board of being flexible instead of saying to the world: "Foreigners stay out, Yankees stay out, because we do not want your investment." We must remove the taxes that were imposed in the second budget of the Minister of Finance. Those taxes hit every workingman and taxed everything he worked toward.

We must return to the concept that the government does not own everything. Everything should not be taxed. The government must move away from its concept that people cannot donate to charities because the money really belongs to it. Nothing is the government's unless the people want to give. Canadians have not lost confidence in Canada as a country. Canadians have not lost confidence in themselves as individuals. Canadians have not lost confidence in their own individual abilities. Canadians have not lost confidence in their skills, whether they be entrepreneurial skills or working men's skills. Canadians have not lost confidence in themselves to compete on an even footing with any other citizen of the world.

• (1540)

Canadians know that the land is strong. Do hon. members remember that slogan, "The Land is Strong"? Well, Canadians know the land is strong. Canadians know that we will survive in this country, no matter what the present Liberal government does to the economy. But, hon. friends, Canadians have lost faith in the Prime Minister. Canadians have lost faith in the arrogant Minister of Energy, Mines and Resources. Canadians have lost faith in the Minister of Finance, who tries to tell us that things are one way when, in fact, they are not, when he dipsy-doos and plays a shell game every time he introduces a budget. Canadians have lost faith in the Minister of State for International Trade who, with his sleazy tactics, does not have the guts to stand up and work out an agreement with the Japanese on car imports but, rather, plays games at the border.

Canadians have lost faith in a government which continually works on brainwashing advertising across the country. Canadians instinctively know that with the God-given resources and talents in this country and our level of education, everything is going for us. But Canadians know that this government is probably the weakest government in the history of Canada and they pray for that group to be gone from this place. I say to all hon. members opposite, on behalf of Canadians across the country who have faith in their country and faith in their land but who have lost all faith in the present government, for God's sake, please do the honourable thing. Resign and go!

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, today we are debating the borrowing authority bill which is asking the House of Commons to give authority to the Government of Canada to raise another $11 billion. This is the second time the government has been to the trough and it is doing so because it must make good on the incredible error that it made in the budget of last November. Last November the government said the deficit would be some $10.5 billion. Just two weeks ago, seven months later, we heard that the size of the deficit is some $20 billion.

Let us analyze exactly what the government is requesting. Coming into this fiscal year, there was a carryover of $3.6 billion from the last year. Then, on June 15, the government asked for $6.6 billion worth of borrowing authority. When that is added to the $11 billion that it is requesting now, it amounts to a request for a total of $21.2 billion of borrowing authority, contrasted to the $17.1 billion worth of cash requirement of the government as stated in the budget. That is $4.1 billion more than is needed, a $4.1 billion cushion, or "slush fund", as my friend, the hon. member for Athabasca (Mr. Shields), said. That is a 24 per cent cushion or margin for error that the government says it needs in this borrowing authority. That may seem reasonable in light of the 100 per cent error it made at the time of the last budget, but it is not good enough for the taxpayers of Canada. It is not good enough when we consider the impact of that $20 billion deficit and it is not good enough when we see the impact which loose financial management over the last ten years has had on people in the country today.

The figure of $17 billion or $20 billion is huge. It is very hard for anyone to understand the impact or the size of such figures. They are massive and must be put into some form of perspective so that people can get an understanding of exactly what we are discussing here. My colleague, the hon. member for Prince Edward-Hastings (Mr. Ellis), developed some very useful statistics which he put forward in the House a couple of weeks ago. They related to his riding, particularly the City of Belleville, but I have arrived at statistics for my own riding of Etobicoke Centre and the similarity of these statistics is surprising. They give us some idea of just how big $20 billion is.

We all pay municipal taxes in one way or another, whether through rent or as homeowners. Those who are homeowners must write cheques four, five or six times a year for the exact amount of their municipal taxes. Let us look at the $20 billion deficit in relation to municipal taxes. I am just referring to the deficit, not over-all federal government spending, which would be about four and a half times larger. The deficit is equivalent to about $840 per capita, per individual, per man, woman and child in the country today. For the residents of Etobicoke Centre, that works out to about $86.9 million. The total municipal bill in Etobicoke Centre for police and fire protection, for roads, garbage collection, snow removal, public transit and education, amounts to $67.5 million. In other words, our taxes could increase by nearly 30 per cent before the municipal taxes would be equivalent to our share of the federal government deficit. That is the magnitude of the problem which we are letting this government pass on to future generations. The government is spending money so fast now that it is spending the total share of the municipal budget of Etobicoke Centre in seven and a half hours.

Let me give hon. members one more figure. We have seen the government blow about $700 million on Mirabel Airport. The Minister of Transport (Mr. Pepin) is making a valiant effort to work out that problem right now and he is facing much conflict within his own caucus. That $700 million would pay for Etobicoke Centre's share of all municipal services for over ten years. We would not have to pay another nickel in taxes if that $700 million had been devoted just to Etobicoke Centre. It is easier for all of us to understand the magnitude of the problem when we consider it in terms of our own neighbourhoods. As I say, the Belleville figures are not far off from those of Etobicoke Centre, so I would imagine that there are many communities in Ontario as well as in other parts of Canada which could put the budget deficit in the same perspective and get a better understanding. It is more than equivalent to the municipal taxes all of us are paying across the country.

The Minister of Finance (Mr. MacEachen) is asking each Canadian taxpayer to sign a cheque for $2,000 to pay for his mistakes. All Members of Parliament should ask themselves how many of their constituents would be willing today to sign a cheque for $2,000 and send it to the Minister of Finance saying: "Here, Mr. MacEachen, this is to pay for your mistakes and for your shortfall." I do not think many Canadians today would be prepared to do that. That is a question all Members of Parliament should be asking themselves on behalf of their taxpayers.

• (1550)

It does not stop there. This huge $20 billion deficit has to be financed through borrowing. These deficits are accumulating and have been accumulating year after year since confederation, but not at the alarming rate we have seen in the last few years.

In the early part of the seventies, the budget was just about in balance. There were some deficits, some surpluses. In the last four years, the deficit has averaged $9.5 billion per year. In the current year it will jump to $20 billion. According to an article in *Maclean's* Magazine, the deficit next year will increase to $22 billion. We have not yet been told those figures. We tried to find that out from the Minister of Finance but he would not tell us what will happen next year. He does not trust us. He does not want us to know the depth of the problem in this country.

Right now the total debt of the country works out to about $5,500 for every man, woman and child, or $14,500 for every taxpayer. As I said earlier, it will jump by another $2,000 after this year to $16,500. The critical element is that we are financing these deficits on an ongoing basis at interest rates between 15 and 20 per cent per annum. That debt accumulates in an alarming way. It doubles every four or five years.

Let us look at last year's deficit of $11.5 billion and this year's deficit of $20 billion and see what will happen to them by 1990 if interest rates stay at the same level they are at today. Those two years alone, nothing else, will build to $116 billion by 1990, almost the size of the total federal government gross debt today.

That is the magnitude of the problem we are dealing with here. That is why we have to do something to get this huge problem down to a size where we can deal with it. We are leaving this problem to our children and grandchildren. We are asking them to pay for the government waste and expenses that Canadians do not want to pay for today. We are mortgaging their future in a major way when the debt is accumulating at rates of interest between 15 and 20 per cent.

Eight years ago $1.00 out of every $9.00 of federal government spending was devoted to payment of interest alone, not repayment of debt but interest alone. Next year one dollar in four of government spending will be devoted to payment of interest on the public debt—no repayment of debt. The government has been asking Canadians to support its irresponsible fiscal policy for ten years.

Economic conditions are getting worse and there is still no effort to turn the matter around. The government is, in effect, asking us to steal from our kids. Each of our children who this year enters the work force will be asked to take on a debt of $14,500 to finance the fiscal mismanagement of the past ten years. That is what we are being asked to do today. That is what we have to change.

One of the major goals of this budget is to send a signal to the capital markets today to tell the markets how much of the country's financial resources are to be taken by the federal government. How strongly is the federal government going to compete with other more productive users of capital? That is the $20 billion shock of the budget of June 28.

Government spending this year as a percentage of the overall national income is at 25.3 per cent, a post-war high. This year the government will be taking the largest share of the total economic activity of the country it has taken since the war. That means more taxes for the future. It also means more borrowing in the future.

Let us look at it from the standpoint of the impact of borrowing. In 1980 the net new issues of all securities—federal, municipal, provincial governments, as well as corporations—was $31 billion. In that year the Government of Canada took 36.7 per cent. In 1981 the amount had decreased to $26.8 billion and the government took about 46.5 per cent of that amount. We do not know what the total new issues will be this year, but probably they will be a little lower because of the poor markets we have had. The markets have been devastated by the impact of government policies over the past few years.

However, the Government of Canada will be taking $17 billion of that and it will amount to 60 per cent of the total issues. That is what we mean by crowding out. Borrowers have been crowded out. They have been forced into the banking system as the only source of capital for them.

In 1980-81 the provinces and municipalities were not borrowing a considerable amount of money. In some cases the provincial governments in aggregate were in net surplus. They were not putting much pressure on the markets. This year the problem of crowding out will become compounded because of the increase in borrowing requirements. Therefore the small-business men, home owners, those who want to buy a car, farmers, fishermen and others who need money will have to compete against this massive government borrowing.

When the minister came back from Versailles, he had the audacity to tell us that the big problem in this country today was the huge size of the federal government deficit in the United States. He said if we could only get the United States to deal with its huge deficit problem, we would be better able to solve our problems here. Let us look at the size of the deficit in the United States. On a per capita basis it is about $475. In Canada, as I said a moment ago, it is $780. It is 65 per cent higher in this country than in the United States. That is why we have a problem with interest rates in this country.

Let us look at this in the context of one of the most serious problems we have today, the problem of the severe corporate liquidity squeeze in the country. The Bank of Montreal did a study which it issued last month. It is a very illuminating study because of the generally deteriorating picture across Canada and across industries in the area of corporate liquidity. I want to quote a few statistics. The ratio of interest to pre-tax income in the years 1977 to 1980 has been running at between 20 and 25 per cent a year. In 1981 that figure had increased to 66 per cent. It is bound to go up further this year because of the continuation of high interest rates and the clearly depressed corporate profit position.

It was announced earlier this year that corporate profits were down between 40 and 50 per cent. Let us put it another way. The coverage of interest by earnings in those earlier years was about five to six times. In 1981 it dropped suddenly to two and one-half times. Various other ratios are quoted which give the same picture.

There is one important figure, critically important today in light of the bankruptcies that have been occurring across the country—the net working capital, the ready cash that keeps a company in business. When there is no working capital, once it has run out, the game is over and the company goes bankrupt. Net working capital in the first half of 1981 actually dropped by $1.7 billion, and that is widely spread across many industries. This report says that some industries are quite vulnerable. It also says: "Should present trends continue, the results will most certainly be disastrous." That is not political rhetoric. That is raw economic analysis based on the facts in the real world today.

• (1600)

For the future the report concludes that the deterioration is accelerating. It does not imply that any real pick-up in activity will be sustained, because of this problem. The response of industry is seen regularly. The clear objective of many companies today is survival. That means cost cutting. That means lay-offs. The struggle for liquidity is really being made on a panic basis. The necessity to preserve cash is essential to the maintenance of business, but the response of the government in the face of this problem is business as usual. "We increased our spending last year by 20 per cent; let's increase our spending this year by another 20 per cent." For two years running spending will increase by 20 per cent.

As I said before, *Maclean's* had told us that the budget deficit is forecast by some people in the Department of Finance to be another $3 billion. That means we will have continuing pressure on interest rates. It means that people who need to raise money for new cars, homes, rolling over mortgages or for the maintenance of small businesses will be under severe pressure when they have to raise money.

We in the Progressive Conservative Party have been very conscious of this sharp deterioration in the economy. We warned of it last September, and we are very conscious of the impact of the huge $20 billion deficit on the very weak position of Canadian industry today. We have continuously been proposing clear alternatives to the measures proposed by the Liberals and New Democrats in order to ease this situation. First, we have said there must be restraint in government spending. We must have a board program to cut discretionary spending by up to 10 per cent. The prime focus of this type of spending cut would be in areas such as government advertising, which clearly is not essential; in rental costs and professional and consulting fees; and in general materials rented by government departments across the board. This has to be done

in an equitable way. Let us not be fooled by the questions hon. members opposite put to us. They say, "Where would you cut?" Cuts cannot be made in one particular area or another; there has to be a broad attack on discretionary spending across the board. Back in 1979 we showed that it can be done. We have shown that the Conservative Party, with a commitment, an understanding of the problem and the necessary management skills, can do it. At that time we kept government spending 2.5 percentage points below the rate of growth in the national income.

The second point is that we could reduce the pressure on the Canadian dollar by changing the policies which have caused that pressure. My colleague, the hon. member for Athabasca, referred to the National Energy Program and clearly set out in his speech that that program is one of those policies which has caused that pressure on the Canadian dollar. The Foreign Investment Review Agency has policies which are scaring money away from the country. My colleague discussed that as well. It is clear to all Canadians that downward pressure on the Canadian dollar is leading to upward pressure on interest rates. High interest rates only aggravate the tremendous corporate liquidity problem we have today. That is causing the lay-offs which are swelling the unemployment ranks in the country today.

The third objective should be to create a more favourable investment climate by reversing those parts of the November budget which have undermined the investment climate in the country and have dulled the investment intentions of Canadian business.

All these policy initiatives would lead to a reduction in the deficit, a reduction in interest rates and an easing of our economic problems. The over-all result would be a reduction in the federal government deficit. Let me make it quite clear that the federal government deficit will not be cut just by cutting spending alone. It will be reduced only if we get economic activity going and if we bring about a reduction in interest rates.

The three-point program I have just outlined would go far in achieving the objectives of growth and lower interest rates, but cost cutting is also a very important element in sending a signal to the private sector that Canadians can understand. Canadians should expect that the government means business about controlling its spending and reducing the deficit. That signal has never come. The minister says that the Government of Canada will limit the growth in its spending below the growth in the economy. That is a cruel joke because government spending, two years running now, has been increasing 20 per cent per annum. But then the minister goes on and bleats about all the expenditures which are totally outside his control. He says he can do nothing about them because they are statutory or they are contractual. The minister has a point there, but those of us who have families and have to control our family expenses and those of us who have small businesses or large businesses and have to control our business expenses all have contractual expenses such as rent and interest. We also have to eat, but if our over-all spending increases faster than we can afford, we cut back.

Let us look at the basis on which the government would judge itself. Let us look just at discretionary programs, the programs I said we would have to cut, in terms of spending, by 10 per cent. What has happened? The amounts spent on those programs have increased at a rate 2.5 percentage points faster than the rate of growth in the economy this year. So much for what the government says is its prime yardstick for judging whether it is restraining itself. That restraint is just not there.

Hon. members may wonder why I have been so concerned about government spending. Let me put it in the most simple terms I can. Government spending leads to higher taxes, higher taxes lead to more spending, and so on. It is a vicious circle. Just to illustrate my point, let us look back at the 1980, 1981 and 1982 budgets. They are perfect textbook illustrations. The 1980 budget imposed higher taxes through energy taxes. We found out that tax revenues were expected to increase 31 per cent one year and 50 per cent over a two-year period. However, that higher tax revenue led to slackness in control of government spending. As I said a minute ago, we have seen that government spending increased 20 per cent one year and then 20 per cent the next year.

What happened in last November's budget? One does not need to be a genius to figure it out. The government came to the trough and said: "We have to increases taxes $1.4 billion," and it did so under the guise of tax reform. What do we have as a result of the increased spending in the June budget? We have a $1.3 billion increase in spending under the guise of deindexation.

The tragic part of this $2.7 billion increase in taxes is that we are in a serious recession. This is the first time we have had taxes increased by this magnitude in a recession since the 1930s. There is no economic theory which calls for increasing taxes in the middle of a serious recession. I do not believe the goals of Canadians to generate economic growth, to reduce unemployment and to preserve our economic freedoms are met by increasing taxes in a recession. We have to make a fresh start by reducing government spending if we are to get off this vicious circle and meet the objectives I am sure all Canadians have.

Let me make one other thing clear. I say in all seriousness that the job of the Minister of Finance is to protect the fiscal integrity of the Government of Canada and to manage the nation's finances in a prudent and proper way. The Minister of Finance has failed in relation to those objectives. He has failed in his responsibilities. Inflation is running at 11 per cent to 12 per cent per annum. The value of the Canadian dollar dropped from 87 cents at the time the minister took over his job to 77 cents and then around 76 cents a few weeks ago. It is now bubbling along at about 79 cents. The human toll of this 10.9 per cent unemployment rate, representing 1.3 million unemployed, says it all. It shows where the minister has failed. All of these figures represent a devastating condemnation of the minister's performance on the job.

• (1610)

Let us consider what might happen next year, Mr. Speaker. We have no projections. The Minister of Finance has said that he cannot give us projections because he does not know what is going to happen and he does not trust his figures. At the same time he has enough contempt for this Parliament to come here and ask us to authorize $11 billion more borrowing to carry over to the next fiscal year when he has not even given us projections for that fiscal year.

Some of us have done the calculations, Mr. Speaker. Some of us have some understanding of what the figures for next year might be. We believe that the *Maclean's* magazine figure of $22 billion is correct and it is for that reason that we are resisting the government's request for another $11 billion borrowing authority.

This uncertainty in the future is the cause for real concern in business in Canada. Business fears that the $22 billion deficit figure for next year will be low and that the pressures on the market, on interest rates, for financing businesses and households, rollovers on mortgages, new cars and other goods that need a bank loan, will be even greater. Confidence is bound to remain low if people do not trust the government's ability to see ahead into next year.

Canadians want to hear the truth today. They want to know how serious the outlook is in the minister's view. He must tell Canadians what that truth is. It may be his last chance to tell the truth, Mr. Speaker.

Most of all, Canadians want the government to live within its means and not to ask the rest of the country to make sacrifices. From the June 28 budget we see that the country is in a real bind. The government wants all Canadians to move to the 6 per cent world of recovery, but at the same time it wants to stay in its dream world of 20 per cent spending increases. While the rest of the country has to suffer with a 6 per cent increase, the government is going to increase its net debt by a full 18 per cent.

The Minister of Transport and others in the government have expressed some doubts about whether Canadians will move to the 6 per cent world. This is why Canadians are reluctant, Mr. Speaker, because they do not feel they are being treated fairly. They do not believe the government is committed to deal with the problems of the country. It is either that or the government does not have the intelligence or the confidence in Canadians to understand that they are not treating them equitably, with a fair hand. That is the problem we are facing today.

I want to comment briefly on the amendment moved by my leader yesterday, Mr. Speaker.

Mr. McRae: Mr. Speaker, on a point of order, I wonder if the hon. member for Etobicoke Centre would accept a question before he goes on to his next point, or at the end of his speech.

The Acting Speaker (Mr. Patterson): Would the hon. member accept a question?

Mr. Wilson: Mr. Speaker, I would prefer to defer the question until I finish my remarks. After that I would be prepared to accept a question.

The first amendment we offered was to decline second reading of this bill. There is a well established principle that Parliament only provides sufficient borrowing authority to a government to allow it to finance its operations within the current fiscal year. It is quite clear from the figures in the bill and from the statement by the Minister of State for Finance (Mr. Bussières) in response to my question yesterday that the government has every intention of this borrowing authority spilling over into 1983-84.

This is all the more reprehensible because the government has not given us any projections about what will happen in 1983-84. If things are too uncertain for it to predict what is going to happen in 1983-84, then it is too uncertain for us to give it the carte blanche freedom to go on spending money like a drunken sailor. It is for that reason that we feel the government should withdraw this bill and offer something that will allow it to live within its means. This bill is clearly objectionable. I believe that amendment must be and will be supported by other members of the House.

The second part of the amendment put forward by my leader yesterday was to the effect that after this bill before us is withdrawn and replaced, we expect the government to reduce its borrowing requirement in view of what we have said about the level of increase in government spending. It is clear that the impact of this borrowing will lead to an increase in interest rates. Canadians do not need an increase in interest rates, Mr. Speaker. It is absolutely essential that the government embark on a program to cut its spending to reduce its safety cushion, the margin for error, the slush fund of that $4 billion requested in this bill. It is for that reason that we believe that, together with a reduction of some $2 billion in cash balances, the borrowing authority can be cut back to $5 billion through these three steps.

It is also very clear that the budget was a short-term response to our immediate economic and political problems. It is not a long-term solution. It is not part of any long-term plan. I believe a long-term plan will have to be presented to the House some time in the fall. Perhaps the Secretary of State (Mr. Regan) will give us an indication of that when he speaks.

At that time the government will give its projections for the next fiscal year and we hope it will get back to giving projections on a five-year plan as in previous budgets. At that time we should be asked to give the full borrowing authority that will carry the government through, based on those projections. In the meantime, the House should be asked only to provide borrowing authority until the end of November or possibly the end of December. The figure of $5 billion should be more than sufficient to meet those requirements.

The second amendment regarding future borrowing authority would provide greater protection for taxpayers. Currently there is no over-all limit on borrowings by Crown corporations and no limitation on the total amount of guarantees that the

government can give out in loans under the enterprise development program, for Canadair or for financial rescue operations such as Chrysler and Massey-Ferguson. For most Crown corporations the only authority necessary is the approval of the Minister of Finance.

Let us consider the loophole in the borrowing authority, Mr. Speaker. Many of the large Crown corporations, such as the EDC, Petro-Canada, Eldorado or the Federal Business Development Bank, can borrow directly from the government or go to the public market. If the government falls short in its estimate of what the deficit will be, then the minister will be under pressure not to come back to the House but to push some of the Crown corporations into the open market and free borrowing room for the Government of Canada directly. Whatever happens, the net result is that the exposure of the taxpayer will be increased and Parliament will have lost control of the over-all borrowing by the government or of borrowing indirectly through Crown corporations.

Let us consider another possibility. Many companies are under severe financial pressure today. I discussed that matter earlier in my speech. Some of these will come to the government directly for help and some have done so already. We must have more control over this area, Mr. Speaker. The amendment asks for three things on this score: We want an over-all limitation on the amount of borrowing by Crown corporations—so-called off balance sheet borrowing; we want an over-all limitation on the total amount of government guarantees of loans; we want an annual report setting out in one place all the information on this type of financing which is supported by the government; or, to be more precise, which represents an indirect call on the resources of the taxpayer.

We do not know today what the total amount of Crown corporation borrowing is and we do not know what the over-all amount of government guarantees is. We feel that it is essential that taxpayers and voters have this information. We do not know either, in these hard times, how many government guarantees will be called on. We have had two examples in the last six or seven months, Massey-Ferguson and Consolidated Computer Corporation, involving an aggregate amount of around $350 million.

• (1620)

We are making these I believe very responsible requests because we believe this type of disclosure and control is necessary. I do not believe there is one taxpayer in the country who would not give us support. I call on members opposite to discuss these proposals with the Minister of Finance and encourage and pressure him to allow an amendment or, if not an amendment, a form of legislation which will provide this protection to the taxpayer.

I serve notice on members opposite and the three ministers present that this is not a frivolous request designed to waste the time of the House. It is a very serious and I believe very reasonable request for a much tighter degree of control over government financing. I also say to the ministers opposite that with that type of control they will be in a much stronger position to resist the pressures which are bound to be applied to them in the months and years ahead.

The evidence is very clear, Mr. Speaker; this government must reduce the borrowing requirement. It does not need all the money it has requested. The government has hidden from Members of Parliament the complete picture of its over-all requirements and it has made no attempt to control spending. The already severe liquidity crisis which all corporations are experiencing is being added to enormously by pressures from the increased government borrowing, and it is also increasing the unemployment problem in the country today. The crowding out of private sector borrowers and the increase in interest rates due to competition from the government is intense. Finally, the forecast increase in spending is bound to lead to higher taxes as we get more and more engrossed in that vicious circle I referred to earlier.

The government must give serious consideration to the alternative policies we have put forward to ease this liquidity crisis and the pressure on interest rates. The government must amend the bill to remove those loopholes which allow unlimited borrowing by Crown corporations and unlimited guarantees by the government. For that reason, Mr. Speaker, I feel this bill must be opposed.

Mr. McRae: Mr. Speaker, I asked the hon. member earlier if I could ask him a question. I am a little puzzled about one statement he made, that the Canadian deficit is about 65 per cent higher than the U.S. deficit on a per capita basis. I hope he is comparing the same years because, do not forget, the American fiscal year is October to September and ours is April to March.

What figures is the hon. member using? OECD uses a figure of about $150 billion; some of the figures coming out now in the U.S. show the deficit this year could be $125 billion, and up to $170 billion or $180 billion next year. The figures I get seem to indicate that the deficits of each country are very close to each other on a per capita basis.

Mr. Wilson: Mr. Speaker, the figures I am using were arrived at by a bi-partisan compromise in the United States Congress, which has been put to the President as the basis for a budget for the next fiscal year starting in October. That budget will develop a deficit of some $110 billion. If the hon. member wants me to use another figure, I could use the $22 billion deficit projected for next year by people within the Department of Finance, as was indicated to *Maclean's* magazine, and that would probably move it up to about 175 per cent.

Mr. McRae: You are using two different fiscal years there.

Mr. Wilson: The fiscal years cross. The fiscal year I am using started in March, 1982. If the hon. member wants me to use the one starting March, 1983, I am happy to do it, because then the figure is 175 per cent, not 165 per cent.

Hon. Gerald Regan (Secretary of State): Mr. Speaker, in view of some of the speeches we heard yesterday and today in

this debate, I think it is important to remember that we are dealing with a borrowing bill, not with a budget and specifically not with the deficit. It is money that government needs to meet its commitments for pensions, family allowances and other programs which hon. members feel are important to the country. In due course I will be talking about why such a deficit exists at the present time, but the distinction must clearly be made between the excellent budget which the Minister of Finance (Mr. MacEachen) has presented and the question of the deficit, which results not only from what has happened to our economy but also what has happened to the economies of the United States and other countries of the free world.

Without question we are confronted today with a serious recession both here and in the U.S. Even in West Germany, a country which ever since its recovery after World War II has seemed to be immune to unemployment, the recession has brought a higher level of unemployment than has been experienced in North America.

Having said that we are dealing with a borrowing bill, I want to start by saying a word about the speech made in this debate by the Right Hon. Leader of the Opposition (Mr. Clark) yesterday. He is a man for whom I have considerable respect, as I have said on a number of occasions, but he does have a habit or custom of falling into error and mishaps rather frequently and easily. If one were to read yesterday's *Hansard* and conclude that he is as accurate in everything he said as he was in the very first paragraph, then I think we will have to write off his remarks in relation to this bill rather quickly. If you do not mind, Mr. Speaker, I am going to go off on a sharp tangent and just read the opening paragraph of his speech yesterday. He said:

> Mr. Speaker, I am a baseball fan—

So he qualifies himself as an expert right off the bat on that subject!

> —and I remember when the changes were brought into the American League; assuming that a *Editor's note: The word "batter" appeared incorrectly in daily Hansard. See page 19452.* batter was not quite up to being able to knock the ball out of the infield, they brought in a designated hitter. It is pretty clear that the Minister of Finance (Mr. MacEachen) felt he was not able to come in and defend the atrocious $20 billion deficit and the demand for money which the government does not need and cannot justify . . . We do not have a designated hitter here. We have a designated apologist—

I imagine, Mr. Speaker, most members of the House, unlike the Right Hon. Leader of the Opposition, know exactly what a designated hitter is. What the Leader of the Opposition was talking about was a pinch hitter, a person sent in to replace a batter who is thought unable to hit the ball particularly well. The designated hitter rule is one which provides that the pitcher never comes to bat in the American league regardless of whether he is a particularly good or particularly bad hitter.

• (1630)

Perhaps the Right Hon. Leader of the Opposition could be forgiven that he did not designate himself at the beginning as being a baseball fan and therefore somewhat knowledgeable. The hon. member from Quebec who is standing at the back would know the difference very clearly. But when I read what the Right Hon. Leader of the Opposition said on the subject yesterday, I have to conclude that his understanding of the economy is the same as his understanding of baseball. The baseball judgment that would be made of him would be "Fair field; no hit." In other words, when he is in opposition, he is able to talk against things; but we have already seen when he has been in government that he had some problems coming through and doing the things that are so easily said can be done when in opposition.

Mr. Wilson: But we did it.

Mr. Regan: You sure did it.

Mr. Wilson: We cut spending right away.

Mr. Regan: The hon. member for Etobicoke Centre (Mr. Wilson) who has just spoken said they did it when they were in office. They did it in such style that after only eight months the electorate threw them back into opposition where they so justly deserve to be. Not only did the Tories achieve that, but they set a record of some sort. I do not know of any new government coming into office on such an auspicious occasion, when other people had been in for 16 years, that was disposed of in such short order.

How about contrasting that occasion with the last time the Conservatives were in power? When the Conservatives came to power in 1957 with a minority government, after being around for about eight months Mr. Diefenbaker called an election. The public said: "We may not agree with everything these people have done, but they deserve a chance to show what they can do as an alternative." The Conservatives were given an overwhelming majority. Does it not gnaw a little bit at the innards of the hon. member opposite? What a contrast that was to when the Tories came in under the leadership of the present Right Hon. Leader of the Opposition. This time, after eight months in office, when the public was faced with the opportunity to give the Tories a full term and a full chance at a majority government, the reaction was very different from what it was in Mr. Diefenbaker's day. The public said "that is enough". They said "no more".

Mr. Wilson: What about a small wager? Your seat against mine in the next election?

Mr. Regan: The hon. member wants to wager my seat against his. He can make up his mind whether he would like to run against me in my riding or whether he wants me to run against him in his riding. I would win in either case.

Some hon. Members: Oh, oh!

Mr. Nowlan: Hope springs eternal, 18-cent-a-gallon lover.

Mr. Regan: In his remarks today, the hon. member for Etobicoke Centre seems to have ignored what has happened in relation to the budget of Canada, the United States and other countries since last fall. He would leave the impression that the size of this deficit flows from a tremendous increase in government spending. He would have us believe that the government

spent a great deal more money than it had projected, and that is why the deficit is such a size. While he is saying that, he is not being totally honest with the people. It is a case of not having full disclosure. He knows as well as I do that the problem has been not just in Canada but in the United States and other areas which were hit by a recession last fall and which has unfortunately deepened since then. Governments have not been spending more money. The question has been a tremendous fall off in revenues. Fewer people and companies have been making profits and less money has been coming in through taxes. That is quite an unusual difference.

In saying that these are unusual times, I will say something further later on about the question of comparing what happened in Canada with what happened in the United States. But it is interesting to note immediately that in this question of decreased revenues, and therefore larger deficits, the same thing that happened in Canada under this government happened in the United States under a Conservative government; has happened in France under a socialist government; has happened in England under an arch right-wing government; and has happened in Germany under a social democratic government. Those are the facts that need to be remembered in these circumstances. In such times as a temporary decrease in revenues, whatever government is in office must either borrow more or simply fail to pay its bills, simply fail to pay the money transferred to the provinces for provincial programs or fail to pay the money transferred to people for people programs.

If the government does not receive this money—if this bill does not pass—and if the government does not borrow the money, does not borrow the necessary funds in such unusual times, it will mean provinces will not receive their transfer payments, pensioners will not receive their pensions and other worthy government programs will not be carried out.

The Right Hon. Leader of the Opposition, after being caught off first base on baseball yesterday, after being picked off there, went on to say that he would cut this borrowing bill by $5 billion. He did not say which programs of the government he would cut off.

Mr. Fulton: External affairs.

Mr. Regan: The Tories would cut external affairs.

Mr. La Salle: We would have $4 billion more.

Mr. Regan: The isolationist attitude would return. We would be putting our heads deep in the sand and we would have no relations with other countries. Therefore, as a trading nation we would not be able to carry out our trade to advantage and the standard of living in Canada would collapse.

So much for that idea of the Leader of the Opposition. He has not said what other programs he would cut. But do you know, Mr. Speaker, what I suspect he would do? I suspect that what the leader would do would be to cut the programs that would help the ordinary working people of this country, pensions and things like that. That is the way he allowed the hon. member for St. John's West (Mr. Crosbie) to talk before the public took away the chance and took the rug right out from under him, preventing him from doing what he would do in that regard. That is the way the Tories were talking. They were talking just like Reagan was talking in the United States, which was to cut back on the support for the disabled and the people who simply have a disadvantage in our society.

Mr. Althouse: But Reagan is your brother.

Mr. Regan: No, his name is Reagan. Mine is spelled differently, thank heaven! I must not be drawn aside by these comments from the other side, Mr. Speaker.

I want to say that the situation that we are in today with reference to borrowing more money in such times is something that people in business often experience. People in business often find themselves in similar circumstances. I am not talking about the salaried people, people who receive a pay cheque each week as employees. They always face a threat in hard times. They may lose their jobs or find themselves working only part-time, and that is a terrible threat. I am referring to people who are themselves in business. Those who operate any sort of business know that, if their income depends on sales, there are years and trends in business when they do not take in as much money as they need in order to pay themselves a salary and operate their business. In those circumstances, they have to borrow. As long as they have the credit and the resources behind them to justify the credit, businessmen weather economic downturns and their business continues and goes on to better days making good profits. That is a parallel to be drawn.

Hon. members opposite who have participated in this debate would have us believe that this is not an unusual year, that there is nothing extraordinary about the circumstances. They would not look across the fence at the United States or at the rest of the world to see that the problems we have are in common with other areas.

What about our situation? Is this government doing the right thing to allow such a deficit to exist when revenues have fallen off to this extent? Or is there some other reasonable alternative? I believe that the government is doing the right thing. It is not following the course of the arch-conservative government of the United States, but is following the course of maintaining important government programs of support to people rather than cutting them. I think most responsible groups in office would do the same. We will not interrupt worthy programs of support to people, but we must practise restraint. This is why the Minister of Finance came forth with a program which can lead us to a 6 per cent society and recognizes that in these times we must all sacrifice if we are to prosper thereafter. Also the program recognized that we must work together as a nation to ensure that the restraint does not rest heavily on the shoulders of any one group but, rather, that all share in the sacrifice.

• (1640)

I believe there are many expenditures which can and should be cut. This is the case not only in relation to this government but in relation to every government, whatever its political philosophy, of every large territory, province or country anywhere in the world. Also we will find that this is the case in normal times in very large companies. We find that the same duplications will sometimes occur in any large organization. As a minister of government I want to say I recognize in these times that it is the responsibility of all of us who have such assignments to be particularly vigilant in watching our departments and in finding where cuts can be made and money can be saved.

I do not have the exact figure, but we must remember that only about 20 per cent of total government expenditures relates to the operation of government, the employment of all people who work for government and all associated activities. The vast majority of the money handled by government, which makes up the budget and contributes to the deficit, is expenditures in transfers to people and in transfers to other levels of government. We are reluctant to cut these for the reasons I have indicated. We are in the position of having to borrow substantially more money than was anticipated last fall on the eve of this very serious recession.

We are not the only government in that position. We have a deficit which is favourably comparable on any basis to those of the United States, of Japan and of Germany, and indeed on the basis of our resources and our population, to many of our provinces. I have said elsewhere—and I ask hon. members to think about this fact—that when we examine how a government is doing, when we try to decide whether people who have responsibilities of management and administration are out of line in their practices and their policies or are doing reasonable jobs, it is a good test to look and see how our neighbours are doing. If I found that we were running up a much higher deficit than had been expected and that the United States, Japan and the European countries were reducing their deficits, then I would say that there was something wrong, that this government was doing something wrong. But that is not the circumstance in which we find ourselves today. Hon. members opposite conveniently ignore that fact when participating in this debate.

The deficits in Japan, the United States and Germany have greatly increased over what they anticipated. I think that is the first area of comfort, because while the deficit is much larger than I would like to see it, this can be attributed a great deal to international circumstances and therefore requires international remedies. The problem exists in other countries, regardless whether they have Conservative, socialist or Liberal-type governments. Whether a person, a company or a government borrows for capital purposes, the amount which can be advantageously or safely borrowed depends upon what is available by way of assets to the lender. If persons go to banks or credit unions, they want to look at their level of income, their assets, and their potential for using their assets to achieve a cash flow for the future.

I wish I had not said that the Right Hon. Leader of the Opposition was kicked off first, because if he was it is hard for him to be also caught stealing second. What the Leader of the Opposition said yesterday on this subject was a case of his being caught stealing or trying to steal second base; heaven only knows how he got to first.

An hon. Member: He did not even get to first.

Mr. Regan: He stood and participated in this debate. He compared the Canadian and American government deficits on a per capita basis without knowing what the deficit would be. He made his comparison strictly on a per capita basis. He did not apply any other test in determining what is an appropriate comparison of the level of deficits between that of our country and that of the United States.

Mr. Gustafson: It is much higher here; it is ten times higher.

Mr. Regan: The hon. member opposite says that it is much higher here on a per capita basis. I should like to put a proposition to him. If he says, as did the Right Hon. Leader of the Opposition with his rather shallow understanding of the economy, that it is safe to carry a deficit in unusual times based upon the population of the country divided into the deficit, there is no question that the two countries in the world which should be able to carry the biggest deficit would be Bangladesh and India. I do not believe the hon. member would have the temerity to suggest that India and Bangladesh, with their lack of resources, with largely uneducated and untrained work forces, with their other problems and very low levels of savings, could carry much larger deficits because they have larger populations than other countries. The per capita comparison of the Leader of the Opposition, the idea that the size of deficit a country can safely carry relates to the size of its population, is unmitigated nonsense.

Let me tell the House what matters. It is the same as a person going to a bank to obtain a loan. The bank wants to know the assets, the future potential and the level of security one can provide. The first thing in making a comparison between the situations in the United States and in Canada is that statistically the level of savings, as a percentage of the nominal gross national product in Canada, is today, and always has been, much higher than in the United States. Total savings in Canada today run far above those in the United States. For 1983 it is projected at 20.1 per cent in Canada and at 12.5 per cent in the United States.

Next it is a question of assets. Thank God we are fortunate enough to live in a country with incredible natural resources. Our natural resources are the assets which we have at the bank. We have natural resources which are the envy of the world. We are not a Bangladesh. We are not a poor country without resources. We are a country that is rich in natural resources. We are a country that is rich in human resources because we have a well educated and trained work force. Thanks to medicare, we have a fine health system in our country which is the best in the world. When Canada goes to the bank to borrow money it does so on the basis of being able

to provide a good credit rating. That credit rating is not based just on the per capita comparison which the Right Hon. Leader of the Opposition made. I think he knows better than that, but sometimes when we are in opposition we attempt to put the best face we can on the case we have to make.

● (1650)

Mr. Baker (Nepean-Carleton): You will soon experience that.

Mr. Regan: Occasionally, even those in governments may do that. However, I firmly believe that we have a very sound case on these matters which we are comparing today.

I think it is unfortunate not to be frank about that case. If being fair is a problem in a recession, if establishing confidence is part of the future prosperity in our country, a future which I know hon. members opposite want our citizens to have as much as we do, let us then put the real facts forward to show that the size of this deficit is not something for Canadians to worry about when one considers the depth of the recession, and that it is not a case of increased government spending but almost entirely a case of reduce revenue of a temporary nature, when considering what is happening in relation to deficits of other countries and considering as well the level of savings.

In our present situation it is not necessary to make the kind of cuts that the Leader of the Opposition would have us make. Yes, we do need to find areas of restraint and areas where we can become more efficient. We must strive for this goal harder than we have in the past. We do not need to ride out the recession on the backs of the poor.

I compared our situation to that in other countries. We should also make a comparison with the provinces of Canada. Is it only at the federal level that the amount of money governments spend is increasing year by year? Unfortunately, both within Canada and internationally it has been a situation where the cost of governments meeting their statutory responsibility to provide public services has been increasing. Over the past 20 years—beyond the Diefenbaker days—every group that has been in opposition has pointed to the vast changes which have occurred in the level of a budget in the previous three or four years. Not only have budgets constantly gone up—largely due to inflation—for federal governments but they have for governments in all parts of the country, whatever their political complexion, as well as internationally. The *Financial Times* of July 5 indicates that provincial expenditures for 1982-83 will be up at least 14.1 per cent across the country and for some it will be a great deal more than that. I suggest that at the end of the year, judging from the deficits the provinces are running, it will be more than that. Many of these provinces are running substantial deficits and simply saying that Ottawa should give them more money.

I think that one of the most serious problems and one of the greatest areas of malaise in our country is the ability of the provincial governments to blame Ottawa for their own shortcomings. I am not just talking about blaming this government, which happens to be a Liberal government. The provinces did it in the days of Mr. Diefenbaker, they did it in Mr. Pearson's day and the provinces are blaming Ottawa today. This shifting of blame to the federal government for things that are provincial problems would continue even if the Conservatives came to government or the NDP came to government. After the honeymoon period they would blame Ottawa because it is a safe distance away.

I want to say that I think the provinces must practise restraint in the same manner as the federal government must practise restraint during these times. In order to make my point about growing budgets, I would like to use my own province of Nova Scotia as an example. When I ceased to be Premier of Nova Scotia in 1978, our total budget was $1,650 million. I remember that in the years preceding that the then leader of the opposition and present Premier of that province, Mr. Buchanan, continually railed about the growth of expenditures, as every opposition does. Yet today, three and one-half years later, their budget is now $2,709 million as compared to the $1,650 million. That is an increase in compounded annual growth rate of 13.2 per cent. In that little province their deficit is $387 million. This year they will receive $590 million in equalization from the Government of Canada, which is $85 million more than last year. But they scream that their problems are caused by Ottawa. They get away with this because most of the people accept it.

This applies to other provinces as well because of Ottawa's distance. I said that Nova Scotia had a $387 million deficit. I want to tell hon. members of the House speaking on this subject today that when I defend the necessity and safeness of a deficit at the federal level in the present situation, I do not do so from the background of having supported deficit financing. It is a matter of record that the government I led in Nova Scotia from 1970 to 1978 had a balanced budget on current account and funded sinking fund arrangements for capital borrowings in each and every one of those eight years. Since 1978, however, there has not been one balanced budget in Nova Scotia and as a result Nova Scotia had its credit rating cut back last week due to the Tory government.

Mr. Baker (Nepean-Carleton): You should be Minister of Finance.

Mr. Regan: I believe that provinces, not having the monetary and fiscal tools available to a national government, should strive to balance their budgets except in extraordinary circumstances. I might point out that it is always easy to take that path of deficit financing. Indeed, I would like to think that if I had done that in Nova Scotia, against my best judgment, instead of being faced with the huge power rate increases in one year, I might still be in government there. But I am sure that the hon. member oppoisite would have missed me in that circumstance.

Mr. Baker (Nepean-Carleton): Dreadfully.

Mr. Regan: At the national level we should move toward balance, but not in a recession and not at the expense of vital

programs. We must practise restraint and not make inflationary demands. Of course, that is what the restraint program is all about. The civil servants of this country, along with Members of Parliament and cabinet ministers, have been asked to lead the way in restraint for this country by restricting their increases to 6 per cent and 5 per cent over a two-year period. I believe that the contribution being asked of public servants should be recognized because they are being asked to make a very important contribution. I believe that is part of the responsibility of working with the government. There are certain securities and advantages that go with working with government, but I also believe by the same token that there are certain responsibilities.

If we can make this restraint program work, then everyone will benefit from it. It will work if all Canadians recognize the importance of restraint and try to ensure that no one group fails to sacrifice or attempts to take special advantage. If we could establish the attitude in Canada that it is unpatriotic for an individual or a group to take more than their share. I think we would be doing Canada a great service.

I sometimes think we are too partisan in Canada. In constantly knocking one another we end up knocking and hurting the greatest country on earth. It would be better if we could reserve our divisiveness for election time and let the voice of faction be more hushed when, as at present, it is important to the country that we all pull together to fight inflation. I know that all hon. members of the House, regardless of their party, are here with the intention of helping the country.

● (1700)

This debate has demonstrated different points of view. Last night there was a very good speech by the hon. member for Yorkton-Melville (Mr. Nystrom). I thought it unfortunate that the hon. member for Simcoe South (Mr. Stewart), in expressing his philosophy, had to add the old poison pen trash which has been circulated by the ultra right-wing for 15 years. Nevertheless, their speeches were interesting. They were a contrast, yet one could see a belief and certain virtues in both their positions. The hon. member for Simcoe South strongly said: "I do not want more government." We can have the feeling that government is sometimes too interventionist and that we wished things could be more simple. But having felt something in both of their positions, is perhaps why we Liberals are considered to be in the middle, in between, or having the virtues of both without the evils of either, if that is possible.

Mr. Baker (Nepean-Carleton): You are in the middle of the road.

Mr. Regan: People are very easily marked down as being either right-wing or left-wing. However, I have found that most politicians have right-wing views on certain subjects and left-wing views on others. It reminds me of the time my young son heard a political discussion at home and came to me and asked; "Dad, how can anyone be very right-wing?" He was thinking in hockey terms. He asked; "Are you not either right-wing, centre or defence?"

Mr. Wilson: Gerry is a rover.

Mr. Regan: But I suppose we so quickly say that one is very right-wing or very left-wing without recognizing that one may have very different views on different subjects. I believe, as do most Liberals, that a pragmatic approach best serves the interests of our country. I find that economic circumstances force socialist France to follow similar policies to right-wing England in many ways, and that that comparison could also be made with many provinces across this country. By the same token, every government, Liberal, Tory, NDP and Social Credit, has experienced the same growth in the costs of meeting their responsibilities of public office. They all yell when in opposition and they are unable realistically to prevent an increase, year by year, in the level of budgets when they are in office. That, of course, is something that the hon. member for Etobicoke Centre should keep in mind.

We all need to work together to find ways to police waste. I think the opposition has an important role to play. I appreciate it every time an example of waste that occurs somewhere in the government is brought to the attention of ministers, because that not only helps to spot where improvements can be made, but also helps to keep the ministers on their toes. The consultation process that is going on with labour and business in this country under the auspices of the Minister of Finance is very important. I hope that it becomes a very permanent part of our system. There are many other things we can do to improve the government and I hope that all efforts will be made in that direction.

While we deal with this bill and other important legislation, such as the restraint legislation which has gone to committee, the official opposition appears to be carrying on on the basis of a platooned vacation. There are too many cases of opposition members coming here, making one speech and then disappearing for two weeks.

Mr. Baker (Nepean-Carleton): Name them.

Mr. Regan: I could. I will tell the hon. member opposite that he is certainly not one of them.

Mr. Baker (Nepean-Carleton): Oh, thank you!

Mr. Regan: Mind you, he is not far from his constituency, either. There were only 55 hon. members of the official opposition here for the budget vote.

Some hon. Members: Name them!

Mr. Regan: That was not a good show. Today there were 57 here during the height of the question period, which is not too good.

Mr. Baker (Nepean-Carleton): They were in committee.

Mr. Regan: When they are here they have the same highly paid assistants and air conditioned offices as those government

members, to which the Right Hon. Leader of the Opposition was referring yesterday. It must be remembered by hon. members opposite, when considering ways to cut, that tremendous facilities are also provided to the opposition, and that should also be carefully taken into account when considering the question as to how restraint can be applied.

I have used a considerable amount of the time of the House. I want to say that I believe I have used it to greater advantage than the hon. member who just preceded me. I want to stress that what we have in the size of this deficit and in the need for borrowing authority is the automatic stabilizer system that the Minister of Finance spoke about in his budget. It is working as it should. When there is a recession, more spending should take place to alleviate hardship. Increased amounts reflect the downturn in the economy, not a relative increase in government expenditures.

The hard question for those who oppose the bill concerns what services should be abandoned. That question has not been answered.

Mr. Wilson: That is not the point.

Mr. Regan: They have not said where the cuts of the magnitude about which the Leader of the Opposition spoke can be achieved. The position of the government is that we ought to maintain services to people who need those services and carry on a restraint program aimed at lowering inflation and thus helping all Canadians. I hope that all hon. members will support the bill.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, it is a great pleasure to follow the Secretary of State (Mr. Regan) in this debate. As I listened to him extol the virtues of his administration in Nova Scotia, virtues which eventually drove him into federal politics, I was wondering whether or not he was preaching a call to become the minister of finance of the country when he told us that he was remembering the financial position of the government of Nova Scotia when he was Premier. That concerns me because from time to time I hear that they are about to shuffle the deckchairs on the deck of the *Titanic*. There will be a cabinet shuffle at some period and adding to the speculation, perhaps we will see the name of the Secretary of State on the list.

If in his speech the minister was arguing—and he was coming awfully close to it—that it is impossible to find areas in which legitimate cuts could be made, or an overview of spending could be undertaken, then I would beg to differ with him because there are decisions which have to be made by governments from time to time, some of them wise and some of them unwise; but they are there. That is one side of the equation.

I go back to the argument that he raised with respect to the necessity for revenue, which is a justification for this bill, the need for money. I put it to him and to the House, through Your Honour, that one of the problems which has caused us to suffer is that for over two years we have faced general government economic policies, augmented certainly by conditions elsewhere, but policies of the government which have succeeded immeasurably, beyond the wildest dreams of even enemies of the country, in driving investment out of Canada, in discouraging investment, in encouraging people not to invest or to build or to grow.

It is no accident that the unfortunate statistics in the rise of unemployment insurance payments go on and on and add to the fiscal burden. Government policies have caused that. Of course, there are areas in which a prudent government would not venture to begin with, let alone maintain itself in that position. Those decisions are pretty difficult ones but some of them could be made. I will give the minister an example of one which could be taken right now. It will save millions and millions of dollars of public money that would unnecessarily be committed to a program that, in terms of the efficiency of the delivery of services of the particular department, could mean great savings, if one could measure efficiency in the public sector. I have in mind the announcement made July 13, 1982, of the decentralization of the incomes security program by the Minister of National Health and Welfare (Miss Bégin).

• (1710)

It is very interesting to note that in the decentralization program is the move of the existing large incomes security Ontario regional office located in Toronto to four places, Peterborough, Chatham and Timmins, with one part remaining in Toronto. Also the Canada Pension Plan operation for the processing of Ontario benefits will be dispersed from the national capital area to those same four regional offices, including Toronto. Also, the incomes security regional office for Nova Scotia, which is in Halifax, is going to be relocated to Sydney, Nova Scotia.

It is interesting that when that announcement is made there is no corresponding statement about what it is going to cost. I wager I am low when I suggest that that move involving moving expenses of families, the acquisition of land, the development of buildings and equipment, the purchase of equipment, etc, etc, *ad nauseam*, will cost $75 million. If it does not, I will apologize to this House. There is one suggestion.

When we were in office, we looked at the decentralization program. The hon. member says I am interested in it. Of course I am. I have always said that if it is rational to have bits and pieces of departments and agencies in the regions, that is an excuse for a regional development program. When I was minister of national revenue, in only one case did I not recommend against the decentralization program of a department, because it made sense to bring the components of that department out into the country. However, there were 19 others we looked at which we stopped. It would have involved millions and millions in government expenditures. Some finality had to be given. There was a demand upon the public purse which was not as great as it is today.

That the government should continue that program in the face of a $20 billion deficit borders on the immoral. If the minister wants to know where to begin a tremendous savings programs, that is the place. He asked for a beginning. There is

one. It could save the country a great deal of money, not just in raw dollars but in terms of loss of efficiency.

Members of Parliament should ask their colleagues in cabinet to show them the cabinet documents that exist with respect to the advice from the public service as to the inefficacy in terms of administration and delivery of services as well by the decentralization program. If my friends opposite, on seeing those documents, believe that is the way to spend our money, I would suggest that their judgment is pretty far gone. My suggestion to the government is to stop that silliness. There are other priorities in the country that are much more important and there could be savings of a tremendous amount of public money.

There is a second area I want the government to look at. It is important that we look at some of the decisions made by certain agencies. I hope that members opposite understand the tremendous losses of CMHC and thereby the public of Canada with respect to some projects. I invite my friends opposite to look at this one. CMHC lost over $100 million on the 1981 property sales it made. It had a sizeable inventory of housing units acquired as a result of defaults and abandonments. It sold off a significant amount of property at far below the market value. As I said, the losses for 1980 are estimated at $100 million. The principal beneficiaries of those sales have not been the taxpayers of Canada. They have been the developers and housing speculators. I will give two examples.

In September, 1980, 1,130 CMHC housing units in the Outaouais area of west Quebec, valued at $45,000 per unit, were sold to a group of businessmen for $7,079 per unit. Consider whether it might have been more prudent to have kept those on inventory.

In early 1981, Steveston Enterprises of Vancouver paid $18,500 per unit for 42 London, Ontario townhouses with market values of $23,300 to $59,000. They paid $14,700 per unit for 50 Oshawa, Ontario, townhouses valued at $30,000 to $33,000 per unit. The average loss on the sale in London, Ontario, was $20,000 per unit. The average loss on the sale in Oshawa was $25,000 per unit. Think of it. CMHC did not have to sell those properties. However, as a result of making that so-called business decision there was that loss not only of the units into the hands of speculators but loss to the taxpayers of Canada. Somewhere in the $20 billion deficit must be shown those figures. I could go on. Some of the things that have happened are almost unbelievable.

Can you imagine the Canadian National Railways spending $64,244 to purchase advertising space to wish its competitor, CPR, a happy birthday? Can you imagine that kind of expenditure by a Crown corporation, a public agency? Can you imagine paying two chefs $110,000 in 1981 for cooking lessons? Bruno Gerussi and Madame Benoit were given six-week television contracts worth $110,000 to promote metric cooking.

I want members to imagine the thinking which goes into that kind of a decision. Just imagine it. Then we in this House are asked to approve of a bill authorizing the borrowing of an amount which the minister admits is far more than he needs. It is no wonder that the Leader of the Opposition (Mr. Clark) moved the following amendment in the House yesterday:

• (1720)

—this House holds the opinion that the granting of an authority for the borrowing of a sum greater than that amount which is required to meet the government's needs to the end of the current fiscal year is objectionable in principle and this House therefore declines to give second reading to Bill C-125, An Act to provide supplementary borrowing authority.

What is implicit in that amendment by the Leader of the Opposition is whether this government, which has demonstrated year after year its failure internally to put some harness on expenses and on the letting of public contracts and to provide some judgment with respect to that matter, which is apparent to the Canadian public, ought to be trusted with more money than it absolutely needs.

The Secretary of State discussed what a banker would ask a person wishing to borrow money from his bank. A banker asks what assets a person has. Certainly the firm called Canada is rich in assets; no one will argue about that. That is in every high school essay that was ever written. It is also in every ministerial speech ever given. The banker would ask about the future potential prospects of the business enterprise called Canada. I would like to believe what Sir Wilfrid Laurier said. I have not seen much of it in the latter part of the twentieth century, but he said that the twentieth century belongs to Canada.

Most Canadians are beginning to think that the twentieth century belongs to our creditors, and that is one of the problems, but I would like to believe that in the long term there is a future because the people of Canada always have the ability to change the government. Then the banker would ask about security. No one would argue that Canada cannot provide security, but there is not a member of the House of Commons who does not know of a business which has had great assets, great potential and a great level of security but which, as a result of poor management, poor policies and bad investments, has gone down the drain.

The minister did not mention one other question that banker would ask the person coming in and looking for a line of credit: What about one's attitude? What is the attitude of the business enterprise called Canada and its board of directors toward proper management? I have some documents about bad management, and I have seen others, which would make the hair of the hon. member from Middlesex turn greyer than it is. I have mentioned some examples of bad management.

We are in a period of restraint which is so bad that the government is attacking the pensions of ordinary senior citizens and reducing indexation by 6 per cent. It is so bad that the government is going to breach the contract it made with federal public servants with respect to recognizing increases in the cost of living. In this situation can hon. members imagine that an agency of the government, the National Capital Commission, in November of 1981 decided to change the colour of its trucks from green, black and white to brown and beige—a matter of tremendous public importance!—at a cost of $1.4 million?

I am hearing from the senior citizens who were attacked by the budget of the Minister of Finance (Mr. MacEachen). They now feel a sense of insecurity because increases in their incomes are being limited to 6 per cent. They are asking who is trying to kid whom. What those people are paying for—and they know it—is year upon year of inefficiency and year upon year of wrongheadedness. They are now paying the piper for the tune called a long time ago, which was wrong. These people will remember. They remembered the "six-buck boys" when Walter Harris was minister of finance. That is all he could give for old age security. Pensioners today will remember the "six per cent boys and girls" when the next election is called, because this government has removed from the senior citizens of this country that sense of security which was very important to them and which, by the way, was one of the bottom lines of the great humanists in the Liberal Party of Canada.

There are other victims of the foolishness of the government, which asks other people to pay the price of its stupidity. The government asks this of people who are not protected and who no longer are in the work force. I want to put their case here today in the context of a bill in which this government asks for more money than it needs to finance the foolishness of the past. That is exactly what this bill requires. I think it is absolutely wrong, in the context of the waste and extravagance which has gone on, for the Minister of Finance to announce on budget night that the government will finally breach an agreement made many years ago with the federal public service of Canada. That agreement was with respect to the pensions of public servants. By agreement over a long period of time, those pensions were to reflect the cost of living. Public servants made contributions in relation to that agreement. The federal government also made contributions over the years pursuant to that contract.

I think what is happening now is wrong, and I want members of this House of Commons to consider what is happening. I refer particularly to members who represent public servants, including the Secretary of State. I refer also to members from the National Capital Commission area on both sides of the Ottawa River who represent public servants. I hope they are successful in ensuring that the bill—it has to be a bill—never sees the light of day, because it is wrong.

I want to put some things on the record because I want members of this House to understand how wrong it is. Not only are retired public servants to be subject to the reduced indexing of their old age security payments and of their income tax exemptions; they are, if the budget proposal is not withdrawn, to have payments out of the several superannuation accounts to which they and the government as their employer have contributed treated as though they were subject to appropriation at the whim of the government rather than administered in accordance with the terms established by Parliament and communicated to public servants before they retired. All of the government's indexing proposals, with the sole exception of the indexing of public service pensions, relate to the government's budgetary revenue and expenditure accounts. The limitation on the indexing of public servants' pensions, however, is the only proposal which will affect a trust or pension account held by the government for the benefit of a specified group of citizens. That was money committed by public servants through deductions for that indexing provision and money committed by the government, impressed with a trust. That is the way that should be regarded.

The understanding which retired public servants have of their pension entitlements in so far as indexing is concerned is summed up in a booklet from the Treasury Board entitled "Your Superannuation Plan, 1974 Edition," and I will quote from that as follows:

> There is no means test and all in receipt of pensions, whether former employees or their widows and dependants, benefit from the Supplementary Retirement Benefits Act's provisions. In any year where there is an increase in the cost of living, pensions will be increased in an amount directly related to the increase in the Consumer Price Index, without limit. The percentage increase payable each January represents the increase of the average of the Consumer Price Index for the twelve-month period ending on the preceding September over that for the twelve-month period of the previous year.

• (1730)

The President of the Treasury Board (Mr. Johnston) put it even more simply about a year ago when he said that the federal government remained dedicated to the principle that public service pensions are to be protected from inflation. But there goes the commitment of the government, blasted away by the budget of June 28.

On the basis of guarantees made over the years, pensioners planned their retirement and entered into all the commitments associated therewith. We believe that they had every reason to count that their expectations would be met. Even in the depression the government of the Right Hon. R. B. Bennett, while reducing salaries of public servants by 10 per cent and withholding all annual increases, held the existing pension arrangements in respect of retired employees inviolate.

Those who would cheer this proposal of the government ought to remember that it has been recognized for years that pension rights accumulated during the period of employment form part of the total compensation package earned by the employee. Time and time again the President of the Treasury Board has said that this is deferred wages, that it is earned income. Now, because it is short of funds, the government decides to breach an agreement.

I have talked to people who were involved in the early days of the negotiations and asked them what the attitude was at that time. Mr. Leslie Barnes, during the time he was President of PIPS and afterwards when he was executive director, was present during the negotiations when Arnold Heeney was involved in the public service. At that time the Public Service Employment Act was being amended. The staff associations wanted pensions to be a bargainable issue but Mr. Heeney, quite properly, pointed out that was a difficult thing to do because it was difficult to bargain certain things that were fixed by statute. A consensus was arrived at.

A gentleman's agreement was reached to the effect that, while pensions as such would not be bargainable, the right to

them would be enshrined. That meant that any amendment to a pension scheme would be done by mutual consent, not unilaterally. This recent action was a unilateral move on the part of the government. Some people think that this is not such a terrible thing, that the public service will go to a 6 per cent pay increase and, as pensions reflect income, they will be increased as well. Any one who has thought about the matter knows that any amount lost to a public servant as a result of a change in indexing is lost forever. It will never be recovered. The contribution is really the premium for an insurance scheme. If inflation came down to zero and there was no indexing of pensions, the 1 per cent contribution of the public servant would continue to be paid and the 1 per cent contributed by the government would continue to be paid. The public servant would receive no benefit, yet his contribution would continue.

The government must think about what it intended. Unlike members of the active work force, pensioners have no way of recovering this loss in the future. They cannot bargain, so they must look to Parliament. They can look to the government, with despair, but they must look to Parliament to be fair and reasonable and keep agreements that have been made.

The typical public servant who retired on pension in the last financial year, after about 25 years' service, received a pension of about $8,000 per annum. If the government's proposals are implemented, that will reduce the real value of such a pension to about $7,200 for the rest of the pensioner's life. One third of all those who retired during the same period on pensions of $5,500 or less will suffer a permanent 10 per cent cut while the surviving spouse's meagre pension of about $2,000 will shrink in real terms to $1,800.

More than money is involved, Mr. Speaker; there is a question of morality. I suppose the government has a legal right to act fraudulently. Some people say that Parliament can turn a woman into a man and a man into a woman if it is necessary; if it cannot do that, it can come close to it. Parliament can do all kinds of things, some that are legal but also some that are immoral.

I believe this will be an immoral act, Mr. Speaker. I believe also that this particular aspect should be fought for what it is—a fraud on the thousands and thousands of people in the Public Service of Canada who made a contribution for that extra benefit, in good faith.

The President of the Treasury Board told me in the House and at the miscellaneous estimates committee that the government was going to deal with this question in the total consideration of pensions and that it did not intend to deal with it in isolation. Now it has dealt with it in isolation, Mr. Speaker. There is no way that any right thinking member of this House can support this kind of double dealing, shot in the dark, stab in the back approach to the employees of the government.

The people who are now asking serving public servants to accept a decrease in their income of 6 and 5 per cent know that they are to be involved in a two-year program. The government said so, if it can be believed. People are suspicious about other things but they know that. They also know that they belong to bargaining units which can bargain at the appropriate time. I believe that it is important that the government and its supporters consider the difference between its serving public servants and those who are retired.

The calls that I have received were not with respect to the 6 and 5 per cent, Mr. Speaker. People are not happy with that any more than I am happy with Bill C-124, but there is a latent anger in the public service about the pension system to which they have contributed and about which a solemn undertaking was given by the government of the day and repeated by successive governments. Public servants and their families know that throughout the years an abatement was reflected in salary negotiations because of a contribution made to the total compensation package paid to public servants, including the pension.

I ask the government to reconsider its position because I think this is important. If it needs any help I can supply it. I have here a letter from the wife of a retired public servant who lives on Evergreen Drive in the city of Nepean. This is what she writes to the Minister of Finance (Mr. MacEachen):

> I was shocked to hear in your Budget speech on Monday evening that you are putting a ceiling on indexing the public servants' superannuation for two years.
>
> I feel that this action would be a serious breach of contract with public service pensioners. Indexing pensions to inflation has already been paid for jointly by the employee and employer, by mutual agreement. To use these funds for other purposes would be dishonest in the extreme.
>
> I trust that you will reconsider this proposal.

● (1740)

Another retired public servant from Richmond, Ontario wrote to the Minister of Finance, and this is what he said:

> The general reason is that this government for the past several years has ignored economic issues, with the sole exception of the NEP, and is now up to its eyes in debt. Instead it has sloganeered on national unity, Constitution, bills of rights, Quebec separation etc. It hoped that the U.S. would recover from its recession and bring Canada up with it. Tough luck for us that it has not.
>
> The specific reason pensioners are to be penalized is because they are as a group weak, inarticulate and not politically active. They tend to be loyal and maybe a little old fashioned, and are now being punished for being so. Their votes can be bought just before the next election by raising the index a little. And they will be grateful.

The letter concludes this way:

> Further, pensioners do not have a Chamber of Commerce, a John Bulloch or a professional association to speak for them. It is significant that the only pensioners who have not been caused to take a pension loss are the veterans, who have the Canadian Legion to defend their interest.

Referring to the Minister of Finance it says:

> You know as well as I that inflation will be closer to 20 per cent than 6 per cent in the next year. Meanwhile, pensioners will still have to pay proportionately more of their income to dentists ($68 for a ½ hour) and extra billing surgeons ($220 for a ¾ hour) than the general population, in addition to basic necessities. And that on a lower income and higher taxes.

In conclusion, referring to the hon. member for Bow River (Mr. Taylor), he says:

> Mr. Taylor was correct when he said the government's actions were "legally right but not morally right".

I ask every member of the House to consider that particular position. Mr. Speaker, members ask where we can save money. Everyone knows where we can save money. The work of the

committee dealing with parliamentary reform is to provide within this Parliament ways in which members can appropriately scrutinize government programs. It is not there to tear out the guts of programs necessary for the people of Canada, but surely there is no one in the House, given the litany I just began to recite, because it goes on for page after page of examples of foolishness, stupidity and extravagance, who could ever trust this government with the extra money over and above what the Minister of State for Finance (Mr. Bussières) says is needed. Therefore, I support the motion of the right hon. Leader of the Opposition (Mr. Clark). I do not believe any right thinking member of this House could do anything but say to this government: get your own act together, look after your own people properly, and do not blame your foolishness on others. Do not ask of Canadians that which you do not need, and do not do to Canadians what you promised you would not do.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): It is my duty pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Surrey-White Rock-North Delta (Mr. Friesen)—Emergency Measures—Query respecting Crown prerogative. (b) Powers of Prime Minister; the hon. member for Bow River (Mr. Taylor)—National Parks—Banff—Proposed increase in land rents. (b) Rents charged to park employees; the hon. member for Kindersley-Lloydminster (Mr. McKnight)—Canada Post Corporation—Number of provinces served. (b) Provision of one-day service.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Bussières that Bill C-125, An Act to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am pleased to have the opportunity to rise today to participate in the debate on Bill C-125, the supplementary borrowing authority, 1982-83, with which once again the government has to come before Parliament—this time rather unexpectedly—to ask for authority to borrow such a vast amount of money to see us through the remainder of this particular fiscal year and well into the next. I have had the opportunity to participate in a number of these debates in this, the Thirty-second Parliament, and I remember that in its first borrowing authority bill the government asked permission to borrow $12 billion. A number of months later a second request to borrow $14 billion came along, and then just a few weeks ago the government again came to Parliament feeling that it needed $6.6 billion. That request received Royal Assent on June 17, 1982, and four weeks later the government is back asking permission to borrow $11 billion to see us through the remainder of the year. In one session, so far, the government has asked to borrow $43.6 billion. What has been the result? Presumably that money has resulted in a variety of government programs serving the people of Canada well, providing opportunities for Canadians to be productive, and meet their obligations to their friends, families and the economy generally. However, when we review the facts, we find that quite a different picture emerges.

I do not have to remind members of the House that today we are experiencing in Canada an unemployment situation which has not been duplicated since the hungry thirties. Nearly two million Canadians find themselves in a state of forced idleness. People who normally have led productive lives and contributed to the development of the Canadian economy all their lives, now find themselves for the first time in a situation where they are no longer able to provide as they would like for themselves, their families and their country. We are experiencing a situation in which the Auditor General himself, Kenneth Dye, is quoted as saying, "The country is close to being on its economic knees." That is the Auditor General of Canada, a man responsible for overseeing the fiscal affairs of government and a man who presumably has to inform Canadians as to how well the government is doing. This man, who is in a very serious position and knows full well that his words are going to be considered very seriously by every Canadian, says that the country is close to being on its economic knees. The former auditor general, Mr. James Macdonell, made a similar comment recently when he said, "We are going down the bloody drain if we don't do something about it." He actually said that, the former auditor general of this country, that we are going down the bloody drain. I suppose that means one thing to one person and something quite different to another. Being "on its economic knees" might be interpreted in different ways by different people, but one thing that everyone agrees on is that our economy is in an economic crisis. It would not be difficult to add that it is in a social crisis as well.

Earlier today one of my colleagues raised in the House the matter of a social phenomenon which is taking on unprecedented dimensions, that of violence to women in our society.

While one might have difficulty in making the direct connection between that and our economic crisis, one would have no difficulty in recognizing some relationship between those two phenomena. Of course, we could add to that the rising incidence of child abuse, wife battering, drug and alcohol abuse, and a long litany of other social problems which indeed have a very direct relationship to our economic recession, or depression as more and more people are calling it.

• (1750)

The $43.6 billion which the government has asked this Parliament to provide for its economic mismanagement has resulted not only in two million people being unemployed or in a state of forced idleness but also in the economy being generally on the ropes. It has resulted also in such things as a 60 per cent increase in farm bankruptcies in the first six months of this year compared to the first six months of last year, and last year was bad enough.

Mr. Miller: Last year was terrible.

Mr. Riis: Last year was terrible, as my colleague has just indicated. Last year was a very bad year for those in the food producing industries. Business bankruptcies generally are up 37 per cent in the first six months of 1982 compared with the same period in 1981. That is only the tip of the iceberg, Mr. Speaker. When we speak of business bankruptcies, we do not mention the receivership proceedings that are in place. It is estimated that between three and five times the number of bankruptcies occur in the receivership form. Of course, that does not touch those thousands of small businesses and medium-sized businesses that are simply closing their doors nor their owners who are walking away from their hopes and their dreams. By the end of this year, I suspect that if the figures could be obtained, we would find that in excess of 20,000 businesses have folded as a result of the economic crisis which this government has perpetuated. Indeed, I think we have to recognize that there is an unholy alliance between the Progressive Conservative and the Liberal parties of Canada. When one considers that we are dealing with the federal government, one must note that we are also dealing with the mismanagement that has happened in a variety of provincial jurisdictions. It is not surprising that those provincial jurisdictions are almost exclusively Tory in terms of their leadership.

The situation with respect to the economic capacity of this country at the moment is very serious. We have a 69 per cent operating capacity in our manufacturing productive sector, which is resulting in shutdowns, cutbacks, freezes, lay-offs, threats of lay-off and threats of closure. When you walk through the shops of Canada, you find they are largely empty. People do not have the purchasing power that they had. Those who are fortunate to have jobs today or those who have a few dollars in their savings account are not going to risk spending that money with the uncertainty that prevails across this fine land today. With no one buying goods or services, the government came in with a new budget in June saying, "We have an answer. The reason our factories are not at full capacity and our shops are not producing as they should is that people are not buying the goods and services as they did in the past." The government told us it had the answer. The government said, "We are going to raise taxes across the board." But that measure will take more of the purchasing power out of the hands of Canadians. The government said, "Listen, we want to focus in on certain groups. The senior citizens are a good group. Let us reduce the benefits going to senior citizens. That will help the economy surely." Then the government looked at increasing energy costs. The government's increasing the costs of energy will improve the situation. The government said, "We will jack up the energy costs this year by 20 per cent and by 31 per cent next year." The government said that it will keep interest rates high so that no one will be encouraged to expand his plant, factory, shop or build a home.

Mr. Fulton: Eighteen cents a gallon turned out to be a buck.

Mr. Riis: Those are the kinds of solutions, if you can believe it, Mr. Speaker, that this government has brought to Canadians, saying, "Here is the way to get out of our economic recession or the beginning of a serious depression." What a way, raising taxes, hitting senior citizens, jacking up interest rates and energy costs. That logic escapes me.

Mr. Deans: That logic is illogical.

Mr. Riis: As my colleague, the hon. member for Hamilton Mountain suggests, rather than logic there is a certain amount of illogic involved in the suggestion that this is the way to get us out of our economic malaise.

It is the human suffering, the human tragedy, the pessimism, the gloom and doom, and the down and out syndrome that prevails now in all parts of Canada as a result of improper policies having been introduced by this government in difficult times. That is the real price this country is paying today. People have lost faith and they have lost trust in this government.

Let us look at a few facts, Mr. Speaker. Often when government members stand up in their places and present us with the picture as they see it, it is easy to manufacture facts. It is easy to manufacture statistics or slant statistics in a certain way or to create a certain impression by leaving out certain numbers in a statistical review. Let us be very straightforward and let us keep the numbers to a minimum.

Let us review what has happened in the last little while. Canada's accumulated debt is now over $108 billion. That, in more personal terms, is $4,400 for every man, woman and child in the country, or over $10,000 for every person who is lucky enough to be employed in this country today. That debt will cost Canadians $17.7 billion to service this year. That is over 25 per cent of the projected revenues for this year, from 22 per cent last year and from 19 per cent the year before. Thirty years ago it was only 9.7 per cent. This government is putting us further and further into an economic mess.

The government's expenses rose by $400 million due to increases in the cost of UIC alone. However, the burden on taxpayers is much greater. Premiums on employees and employers account for 80 per cent of UIC financing. With

high unemployment UIC will accumulate a deficit of at least $2.2 billion this year. This means premiums for UIC will have to be raised this fall between 50 per cent and 100 per cent. That is the kind of program which this government appears to be interested in perpetuating, that of a deficit and, of all things, in the unemployment insurance fund.

One could go on and on. Projects for income from corporate taxes have fallen from $2.75 billion in the November to June period. The revenue expected from federal sales taxes has fallen $820 million in the last seven months because the economy has slowed down to such an extent. What makes matters worse is that the imaginative program of the 6 per cent world, to which the Minister of Finance (Mr. MacEachen) refers repeatedly and the fact that he feels the solution to our problems is to restrict wages and salaries to federal employees, will take $500 million per year out of the economy of the national capital alone. What does that say to the small business people in the national capital of Canada, that $900 million will be taken out annually from their pockets as a result of this decision of the government?

Quite simply, with so many people out of work and so many businesses failing, tax revenue obviously will not be as high as was expected even six months ago. There will be $595 million less in personal income taxes coming in for 1982-1983 than was projected back in November. This will be in spite of the fact that personal taxes will be increased by $160 million in 1982 because of the deindexation provision introduced in the last budget.

In seven months the projected revenues for 1982-1983 fell $6.4 billion while expenditures increased $2.6 billion. That is the kind of tragic situation in which Canadians find themselves today.

May I call it six o'clock and return after the dinner hour, Mr. Speaker?

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the chair until 8 p.m.

At 5.59 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Deputy Speaker: When the House rose at six o'clock, the hon. member for Kamloops-Shuswap (Mr. Riis) had the floor.

Mr. Riis: Mr. Speaker, earlier today a number of members referred to the Minister of Finance as a baseball player, to their experiences in baseball, to the fact that he had been up once and struck out, up twice and struck out, up three times and should be out of the ball game, and so on. Upon reflection, although I played ball in my youth, I think a more appropriate game would be hockey. I remember watching a hockey game last winter. I will not mention the teams because what I am about to describe is something of which I am not particularly proud. Half way through the hockey game, one player who was particularly rambunctious found himself encouraged to jump up into the stands and start beating someone over the head with his hockey stick. It was a fan who had aggravated him. Eventually the player was thrown out of the game. I suspect that that probably describes the Minister of Finance more aptly than a baseball player. He is up today with his hockey stick bashing Canadians over the head and is about to be pulled out of the game, if Canadians had an opportunity to make that decision today via a federal election.

Today we are debating Bill C-125, a bill to give the government the authority to borrow $11 billion. It must be seen in a certain context. When the Thirty-second Parliament first began, the government eventually came to Parliament asking for permission to borrow $12 billion. At that time many difficult questions were asked about how the money would be spent and so on, and hesitantly approval was eventually received. A few months later the government said that it needed another $14 billion to continue on because it was a little short; its revenues were not as much as its spending. The government needed authority to borrow another $14 billion. Then a little later it came before us again and asked permission to borrow $6.6 billion. That $6.6 billion request just received royal assent on June 17. Today, virtually four weeks later, the government has the audacity to come before Parliament and say, "Listen, we have erred in our judgment. Things have not gone quite as we expected. We are not asking for $6.6 billion this time. We are asking for $11 billion". It is asking for $11 billion only four weeks after the last request. If that does not describe a government which is out of control, if that does not support the Auditor General's claim that the economy is on its knees or the previous auditor general's comments that we are going down the tubes, I do not know what does. The government has had to come to Parliament to seek authority to borrow $43.6 billion because of its misjudgment and mismanagement of the economy. It is a sad state of affairs in the wealthiest country in the world.

If positive things had occurred as a result of this borrowing, that would have been one thing. I do not think that we can consider a 60 per cent increase in farm bankruptcies in the first six months of this year as any kind of positive program. I do not think we can consider the 37 per cent increase in business bankruptcies as any kind of positive program. I think we should be ashamed when we learn that plant capacity in the country is operating at 69 per cent of its capacity. That means there is a 30 per cent idleness in the factories of Canada.

Mr. Fulton: It is the same level of idleness as in cabinet.

Mr. Riis: I think the hon. member for Skeena (Mr. Fulton) is wrong. I think it is a lot higher than that.

In the last number of days we have been presented with a debt which requires servicing of $17.7 billion. That accounts for 25 per cent of all projected revenues of the government. It

is a clear indication of the sickly financial position of the Government of Canada. Our net debt is up 18 per cent. We must remember that this is a 6 per cent world. Hon. members on the government benches, hour after hour, are saying, "6 per cent, 6 per cent". We notice that the net debt is up 18 per cent and that debt servicing is up to 22 per cent of total federal expenditures. Where is this 6 per cent world? Only when it serves their purposes do we have a 6 per cent world. But that is not the worst of it. We are being asked tonight to authorize the borrowing of $11 billion. We ask hon. members opposite whether they require $11 billion. The chorus ought to be, "No, we do not; $4 billion of that we do not need right now but we would like to have it just in case".

Mr. Fulton: The minister admitted it.

Mr. Riis: That is right. The minister stood in the House a few hours ago and said that they do not really need $4 billion of the $11 billion at this point but that they would like to have a slush fund or a contingency fund. Can one imagine borrowing $4 billion one does not have to borrow at the interest rates of today? Mr. Speaker, can you imagine what would happen if a small business person, farmer or consumer walked into a bank, credit union, caisse populaire or trust company and said, "I want to borrow some money but I want to add an extra 35 per cent in case I need it some time in the future"? Can you imagine what the financier would say to such a person?

Mr. Fulton: He would probably be a Liberal.

Mr. Fisher: He would ask whether you could pay for it.

Mr. Riis: That is right. Hon. members opposite say that they can pay for this. They believe in fairies. They believe in unicorns as well if they think they can repay this. They are here today on bended knee asking to borrow an extra $11 billion, four weeks after their last request received royal assent. It is unbelievable. Also we hear them refer to the world economy and that we must compete. They indicate that we exist in the world and that Canada is like every other country.

I should like to refer to a few figures. Of course, inflation is a critical factor in understanding the economy of Canada and its health. Let us compare our inflation rate with the inflation rates of some of our major trading partners. I do not want to bore hon. members opposite, but I would like to share with them some facts about our inflation rate and their inflation rates. In the United States of America the inflation rate today is 6.7 per cent; in the United Kingdom it is 9.5 per cent; in West Germany, 5.3 per cent; in Japan, 2.3 per cent; in Switzerland, 5.9 per cent; and in the Netherlands, 6.4 per cent. Do you know what ours is Mr. Speaker? Members opposite were ecstatic today about the fact that our level of inflation moved down to 11.2 per cent on a seasonally adjusted year to year basis. We do not compare ourselves at all with any of our major trading partners. If we wanted, we could now relate that figure to the interest rates in those countries. It is not surprising to find that the lowest interest rates occur in those countries with the lowest rates of inflation. Is that not a coincidence?

• (2010)

Mr. Fulton: Except for the United States.

Mr. Riis: As my colleague says, except for the United States which has a monetary policy designed to strangle the life out of the economy and to stop growth. That is the purpose of MacEachenomics as well. He wants to strangle the life and growth out of our economy. He has done this magnificently because there is no life left in the Canadian economy.

The government also says that we cannot have high wages in this country because we must compete with other countries, especially our trading partners. Presumably the assumption is that our wages are much higher. They must be much higher if the government is concerned about reducing them in order to be competitive.

Let us look at the facts. Let us discuss manufacturing wage rates. The manufacturing sector is a critical part of our economy in which labour intensive productivity must be built. How do these figures compare with the countries I have mentioned? For example, the hourly wage rate in Belgian, which is a major trading partner of Canada, is $13.18. In Sweden, the average manufacturing rate per hour is $12.60. It is $12.18 in the Netherlands, and in West Germany it is $11.94. The rate in the United States is $9.92. In France it is $9.46. In Canada it is $9.06. We have a lower hourly manufacturing wage rate than France, the United States, West Germany, the Netherlands, Sweden and all the other countries I mentioned.

Let us examine the increases in those wages. Since 1975 the manufacturing wages in West Germany have increased by 91 per cent. Since 1975 in the United States, the manufacturing wages there have increased by 56 per cent. For the same period in Canada they did not increase 91 per cent or 56 per cent as did the manufacturing wages of our two major trading partners; they increased by 46 per cent. These are the facts which speak for themselves.

Mr. Crosby: Whose facts are they?

Mr. Riis: They were put out by Statistics Canada.

When hon. members opposite say that they want wages decreased in order to compete internationally, who is it they want to compete with? Do they want to compete with Taiwan, the Philippines, Brazil or Equador? If that is what they want, then our effective wage rates must be $1 an hour in order to be competitive with those countries. Surely the government does not advocate lowering our wage rates so we can compete on an equitable basis with Bangladesh and India. Those facts speak for themselves.

While I do not want to bore the House with too many figures, I would like to set forth another set of statistics. These figures concern the value of the Canadian dollar between June of 1970 and June of 1982. I would compare our dollar with the currencies in a number of other countries. This is a comparison of our dollar over the 12-year period with the currencies of other countries with which we are closely involved. These

figures are based on an indice of 100. In 1975, the United States dollar has increased very slightly. The Japanese yen is up significantly. The German Deutsche mark has risen significantly. The Swiss franc is up significantly. The Dutch guilder is up significantly and the Belgian franc is also up significantly. However, the Canadian dollar has dropped from $1.06 on an index of 100 to 85 cents on that same ratio. There has been a drop in the value of the Canadian dollar relative to these other countries. That is an indication of the health of our economy.

Some hon. Members: Oh, oh!

Mr. Riis: There is a lot of yelling from across the way. If I were part of that disastrous group I would be yelling at the statistics also. But they speak for themselves.

I recall that the day after the budget, when presumably the confidence of this country was lifted and the situation improved, was the day the dollar dropped to 76.8 cents U.S. That was the day after the budget. I also remember that the stockmarket plummeted as well. It is a sad day for Canada.

Those members opposite are not the only ones to blame. We must be fair.

Mr. Fulton: Blame the Tories as well.

An hon. Member: Who put the Liberals in there?

Mr. Riis: The hon. member in the Progressive Conservative Party beside me asks who put them in there? I must say that we provided the opportunity for the people of Canada to speak. It is a free and democratic country where Canadians have the opportunity to decide whom they want to govern. If we had the opportunity, we would do it tonight as well. The people of Canada decided that they did not want the Conservatives to lead the country, and they thought that the Liberals had the answers. Let us hope there is an opportunity for Canadians to decide once again.

Mr. Gustafson: Are you going to support the Liberals this time?

Mr. Riis: My hon. friend in the Progressive Conservatives asks if we would support the Liberals. I would remind him of the voting record of the House. It is the voting record which counts, not the rhetoric that we hear down there on a continuous basis. How many times have the Progressive Conservatives supported and voted with the government?

Mr. Fulton: Thirty-four times.

Mr. Riis: They have voted with them 34 times. Let us put that into context. How many times have the New Democrats votes to support this government? Nineteen times, Mr. Speaker. The Conservatives has supported this government 34 times.

Just the other night I recall the debate as to whether we should restrict the wages of public employees and use them as the scapegoat or someone to blame. Who supported the government? The Progressive Conservatives stood up hour after hour to criticize the bill but they voted for it anyway.

It is a sad day, Mr. Speaker, and the people of Canada are sick and tired of the rhetoric they are hearing from the Progressive Conservatives because they know who Tweedledee and Tweedledum really are.

As I said, I do not want to blame the Liberals for all the difficulties facing Canada today. The provinces have to carry some of these responsibilities as well. This is evident when one looks at the budgets of the various provincial governments for which an interesting set of figures emerge. Every provincial government has had a deficit except one. Let us review these figures. The budget deficit for Alberta this past year was $2.5 billion. The deficit in British Columbia was $359 million. In Manitoba it was $334 million. In New Brunswick it was $422 million. In Newfoundland it was $168 million. For Nova Scotia, it was $375 million and in Ontario the deficit was $2.23 billion. In Prince Edward Island the deficit was $33 million. What is interesting about these statistics is that I have virtually described the financial affairs of all the Tory premiers in this country. While every Tory government has had a major deficit, the one province that has not had a deficit for many years—a fact which my Progressive Conservative friends from the prairies will know—is the socialist province of Saskatchewan which has had balanced books year after year. Is it not interesting how that one province alone seems to have the desire to balance its books and the capability of achieving it?

Mr. Fulton: Devine will wreck that.

Mr. Riis: My colleague says that Premier Devine will wreck that. I was interested to read Mr. Devine's recent statement that, "It looks as though we could be looking at a deficit of $200 to $300 million this year." That is the first year of Progressive Conservative operation in the province of Saskatchewan, and for the first time in many, many years, there will be a deficit. Surely that tells us something. Oh, but then they say that there must be many civil servants in Saskatchewan, that if it is a socialist government, the civil service must be very large.

• (2020)

It is interesting to look at the percentage of public employees in the work force. In Nova Scotia, it is 2.3 per cent under a Tory government. In New Brunswick, it is 3.7 per cent under a Tory government. In Alberta, 2.6 per cent of the work force is comprised of public employees under a Tory government. But in Saskatchewan, which has been under a socialist government for decades and decades, it is only 1.9 per cent. On a per capita basis, it is the lowest percentage in Canada.

There has been much rhetoric shared around these areas during the last little while. I listened carefully to the Tories telling us what they would do under these circumstances. Their previous finance critic, the hon. member for St. John's West (Mr. Crosbie), made it very clear when he said, "Listen, if I were to tell you what we would do if we were in government,

we would never be elected." He is a very honest man. He said that the Progressive Conservatives would never be elected if the people of this country knew what to do. I do not blame him, then, for keeping quiet about it. I suppose that if that is the kind of policy that we can expect, again we do not want to hold our breath waiting for the Progressive Conservatives to act.

Mr. Gustafson: Elect an NDP government and see the dollar fall.

Mr. Riis: It is a surprising day for me as a new Member of Parliament, just a small boy from western Canada—

Mr. Young: Oh, you are doing well, though.

Mr. Riis: —listening to hon. member after hon. member speaking for the Conservative Party, saying they are against the 6 per cent—

Mr. Deputy Speaker: The hon. member for Surrey-White Rock-North Delta (Mr. Friesen) rises on a point of order.

Mr. Friesen: When the hon. member said he was a new boy from western Canada, that was the first point with which I agreed.

Mr. Deputy Speaker: The hon. member is not making a point of order.

Mr. Riis: It is that kind of brilliance, Mr. Speaker, that—anyway, I will not pursue it.

Mr. Young: For a Tory, he made a good speech.

Some hon. Members: A typical Tory.

Mr. Riis: I want to make one further comment about my friends to the right. I do not like to pick on them, because it is so easy. But the Leader of the Official Opposition (Mr. Clark) in his speech, which was a good speech, went on at some length about the problems of Crown corporations and how the government had moved too much into this one area. It was interesting, because while I was listening to his speech, I happened to be reading the *Alberta Report* of July 5, 1982.

Mr. Fulton: A Socialist publication.

Mr. Riis: The *Alberta Report* went on to explain what is happening in that Tory bastion of Canada, namely, the government of Peter Lougheed. It stated:

—the oil industry was ... surprised last month by the news that the ... provincially owned Alberta Energy Company Ltd. (AEC) was seeking a majority interest in Edmonton-based Chieftain Development Co. Ltd.

So I read further and I was interested to find out that this Crown corporation in the Province of Alberta, which is held up by all MLAs in that province, stated that this is the Alberta Energy Corporation's empire, which includes only certain things, such as 28 per cent of British Columbia forest products, 100 per cent of Blue Ridge complex, 100 per cent of Suffield oil and gas and 100 per cent of Primrose oil and gas. It also includes a 10 per cent investment in Syncrude, a 30 per cent investment in Western Basin oil and gas, 67 per cent of AEC Power Ltd., 50 per cent of Steel Alberta, 25 per cent of the Coal Valley project, 100 per cent of the Alberta Oil Sands Pipeline, 100 per cent of the Ethane Gathering System, 100 per cent of the Cold Lake Bitumen Pipeline, 50 per cent of Pan Alberta Gas Ltd, 50 per cent of Zimpro-AEC Ltd, which is involved in heavy oil extraction, and 100 per cent of Petalta, which is involved in the petro-chemical industry. But I guess that was not enough, because the corporation felt that it must expand and it went on and bought Chieftain Development Co., 100 per cent ownership of Tri-City Drilling, 100 per cent of Chieftain International, 100 per cent of Armstrong Drilling, 100 per cent of Hartfield Chieftain Leasing Ltd, 100 per cent of Chieftain Explorations, and 100 per cent of Chieftain Minerals, plus a little bit of the action in Texas, North Dakota, the North Sea, the Arabian Gulf and western Australia.

Mr. Fulton: What kind of government is that?

Mr. Riis: That is the Progressive Conservative government in Alberta. So I hope that when my colleagues to the right rail and rant about the role of Crown corporations in the country, they will remind themselves of the fact that their colleagues in Ontario and especially their colleagues in Alberta are into this business very deeply indeed. That is just a calm reminder.

I want to end by saying that there are two ways to eliminate a deficit. One is by abolishing the Defence Department, by stopping family allowances, by cancelling all spending on the environment, industry, trade, commerce, labour, agriculture and DREE, and also by removing all the support for the CBC, the National Research Council, the RCMP and prisons. Of course, that would still leave it a little bit short, so the government would have to cut out the old age pensions by about 30 per cent. That is one way of reducing the deficit. Another way, just as a round-up, is by raising taxes. We could, for example, eliminate the deficit by nearly doubling everyone's personal income tax. But we in this party feel that there is another way to reduce the deficit. That way is to stimulate the economy to get growth going again in the country, so that revenues start to flow into the government and so we can start taking care of the debt. That is our proposal.

[*Translation*]

Mr. Louis Duclos (Montmorency-Orléans): Mr. Speaker, I have been a member of this House for a little over eight years, and I am used to the show of rhetoric displayed by members of the New Democratic Party. Our friends on the left of the Canadian political spectrum are usually very fond of demanding more elaborate social programs, and they obviously tend to favour a more expansionary budget policy. To them, budgetary deficits are not a problem but a routine instrument of the government's economic policies. That is why I was quite astonished when I saw the position being taken by that party on Bill C-125, legislation that will provide the government with borrowing authority for $11 billion. I am particularly

surprised, Mr. Speaker, since, as the House is well aware, the New Democratic Party has already shown its true colours with respect to Bill C-124, pursuant to which wage increases in the federal public sector will be limited to 6 per cent in 1983 and 5 per cent in 1984. The effect of this policy will be to allow the government to save some $800 million over the next two years. That is why I have some doubts as to the logic of the position taken by the New Democratic Party on Bill C-125 since, if, as they claim, a budget deficit of nearly $20 billion is too high, I am surprised they should take a position that would have the effect of adding another $800 million to the deficit.

As for the official opposition, the Progressive Conservative Party, as usual, it is convinced that by repeating over and over again that the budget deficit is too high and is causing inflation, it will be making a useful contribution to the debate in the House and towards solving our country's economic problems. Mr. Speaker, I would like to know whether our friends in the New Democratic Party or in the official opposition have any constructive ideas and any sound and well thought out alternatives.

• (2030)

Only yesterday, the Leader of the Official Opposition (Mr. Clark) wanted to set a ceiling of $5 billion on the government's borrowing authority under Bill C-125. Mr. Speaker, I have no objection at all, but I would have appreciated it if the Leader of the Official Opposition had used his speaking time in the House to explain which budget items he would cut to manage a reduction of $6 billion in the government's total budget. He should have told the House which taxes would have to be raised and which expenditures would have to be cut. With the exception of some vague references to the National Energy Program and hospitality-related expenditures by senior officials, he mentioned the purchase of briefcases for public servants and finally said that if these budget items were eliminated completely, it would be possible to save about $25 million. Well, that is not going to do much for a $78 billion budget. Predictably, he quickly got on to his favorite subject, namely, the privatization of Crown corporations, and I hope the Leader of the Opposition will recall the reaction he got from Canadians on February 18, 1980, after he started toying with the idea of eliminating a number of Crown corporations which had served our country well for some twenty or thirty years.

Mr. Speaker, there are only so many ways to reduce a budget deficit. In fact there are three ways: increase taxes or reduce expenditures or a combination of the two. So the first question is: Is the Official Opposition in favour of higher taxes? No, of course not. In fact, they are just slavish imitators of the Reaganomists in the U.S., and like them, they tend to favour tax cuts. In fact, Mr. Speaker, we must not forget that, since the budget was brought down on June 28, they condemned the 6 per cent ceiling on the indexation of personal tax exemption, which, if inflation remains higher than 6 per cent, would, of course, constitute a form of tax increase. So a tax increase is out of the question. We may now ask whether they favour a reduction in expenditures, since they do not want to raise taxes. One would think that our friends in the Official Opposition would be in favour of a reduction in expenditures. Not so, Mr. Speaker, and except for a few vague references I mentioned earlier and which were made yesterday evening by the Leader of the Opposition, the latter has no definite or detailed proposals regarding government programs that could be cut—and justifiably so in some cases—in order to reduce the government's expenditures. Mr. Speaker, when the Minister of Finance (Mr. MacEachen) brought down his budget on June 28, he proposed a ceiling on the indexation of various social programs, more specifically family allowances and old age security. For the government, this would mean a $360 million reduction in expenses. How did they react? The next day during question period, the New Democratic Party members and members of the Official Opposition accused the government of fighting inflation by exploiting low-income groups in our society.

Mr. Speaker, at this point I want to set the record straight, because the members of the opposition have been mouthing worse than half-truths, they have been practically telling falsehoods about this question. As far as old age security is concerned, is a government that, starting in 1983, will put a ceiling of 6 per cent on increases in old age security benefits, is such a government using these people as hostages in its fight against inflation? The facts are simple enough. Among the elderly, 47 per cent receive only old age security benefits, that is, they receive no guaranteed income supplement, and in their case it is true that if inflation were to remain at 11 per cent—which is far from certain, since I think the measures taken by the government should, in the months to come, bring about a substantial drop in inflation levels—but assuming that inflation remains at 11 per cent, Mr. Speaker, for the 47 per cent of Canadians who are not eligible for GIS because they have other sources of income, that would represent a loss of $55 per year or a little over $1 per week, which would enable the government to create jobs for their children and grandchildren and thus put our economy on the road to recovery. As for the 53 per cent who, in addition to the base pension, also receive GIS, they will continue to have their benefits and pensions completely indexed, so that in their case, the 6 per cent and 5 per cent policy will not apply.

Now a few words about family allowances. There are basic allowances which all families receive, and there is also the child tax credit that is received by 70 per cent of the 3,600,000 familes with children in this country. Obviously, in the case of the 30 per cent who do not receive the child tax credit, namely, families with above average incomes, they will have to do without a certain amount, which may vary according to the number of children, but average out to $16 per year. I repeat, these are families that belong to the 30 per cent that are

financially well-off. In the case of the 70 per cent group, there will, of course, be an average loss of $16 per child annually but, to compensate, the government has announced in the budget a $50 increase in the child tax credit. I think it is clear the government, in this recession, wanted to continue in its role of providing for social justice in this country. Mr. Speaker, I would ask the Official Opposition two things. First of all, I would ask it to act responsibly and tell us once and for all how it would bring down the budget deficit: by increasing taxes or reducing expenditures. I want to know, once and for all, and I am sure many Canadians feel the same way. I also would like to know, Mr. Speaker, what the opposition would feel is an acceptable deficit.

• (2040)

In these circumstances, what would be an acceptable deficit? One of these days members opposite will have to lay their cards on the table and for once come up with constructive suggestions.

Mr. Speaker, what I deplore about this debate on the budget deficit is the fact that they lead people to believe that in itself a budget deficit is unacceptable and is bad for the country's economy, whereas I think one has to be more openminded and discriminating. Mr. Speaker, a budget deficit is not necessarily bad in itself, for it can even be used as an instrument of economic policy. One does not have to be a leading economist to be able to understand a few notions of the Keynesian economic theory. According to that theory, governments can be expected to record budget surpluses when the economy is growing and the unemployment rate relatively low; conversely, during an economic recession such as we are now experiencing and when unemployment is high, too high it is true, governments have to resort to deficit financing.

Why should governments resort to deficit financing in circumstances such as those now prevailing? Simply because the government must take over from the private sector which, given the idle productive capacity and overblown inventories, does not make enough investments to keep the economy on an even keel. In fact, Mr. Speaker, what is a deficit? In our case, it means that the government borrows from Canadians through Canada Savings Bonds, other securities and treasury bonds rather than raise taxes. We ought to keep in mind the fact that the major part of the debt of the Canadian government is money borrowed from Canadians. To put it another way, Mr. Speaker, Canadians owe money to themselves. I suggest there is nothing catastrophic about that. Of course, I will be reminded that, although what I am saying is true, the fact remains that government deficits—and they say this without a shred of supporting evidence—fuel inflation and therefore push up interest rates. Well now, Mr. Speaker, let us see if that is true. Is there any way to show that there is indeed a link between the level of government budgetary deficits on one hand, and the rates of interest and inflation on the other?

Let us compare Japan and Canada. As everybody knows, Japan's current inflation rate is a shade over 3 per cent and its rate of unemployment is roughly the same. And yet, Mr. Speaker, during the six-year period between 1975 and 1981, year in and year out the budgetary deficit of the Japanese public sector has always accounted for a larger share of their gross national product than was the case in Canada. In 1975, Mr. Speaker, it was 2.8 per cent in Japan and 2.5 per cent in Canada. In 1976, 3.8 per cent against 1.7 per cent in Canada. In 1977, 3.7 per cent against 2.4 per cent in Canada. In 1978, 5.5 per cent against 3.2 per cent. In 1979, Japan's public sector deficit was 4.8 per cent of the gross national product compared with 1.9 per cent in Canada. In 1980, 4.2 per cent against 2.1 per cent and, in 1981, 4 per cent against 1.2 per cent. I might also mention the borrowing requirements of the governments, the percentage of the gross national product, and make a comparison between Canada and Japan. In 1980, Japan's public sector borrowing requirements amounted to 10.8 per cent of the gross national product.

In Canada, the figure was 4.5 per cent. We can do the same for 1979: 10.6 per cent for Japan compared with 4.4 per cent for Canada. Mr. Speaker, since we know the rate of inflation in Canada and in Japan, I think we also know that it is difficult to find a relationship between budgetary deficits on the one hand and the rate of inflation and the level of interest on the other.

Let us make another comparison, Mr. Speaker. It has become popular in the last little while to compare Canada with the United States, our powerful neighbour to the south. In 1981, the government deficit represented 2.4 per cent of our GNP. In the United States, the budgetary deficit of the federal administration amounted to 2.1 per cent of the GNP. For all practical purposes, the difference was therefore minimal, Mr. Speaker. Yet the rate of inflation in Canada is still something over 11 per cent compared with 6.5 per cent in the United States. What we may conclude from this, Mr. Speaker, is at the very least that no one can establish a relationship between government budgetary deficits and levels of inflation and interest rates. The situation in Japan proves this very clearly and very definitely, as does the comparison between Canada and the United States for the year 1981.

Mr. Speaker, I believe that because of the very high level of savings in Canada—as we all know, nearly 14 per cent of the available personal income is now invested in savings in Canada—the deficit of just under $20 billion can be financed without putting any upward pressure on interest rates. Nevertheless, we must remember one thing, namely that businesses and the government compete to a certain extent on the money markets, and I believe that we should look very closely at the possibility of using the tax system to make businesses much less dependent on the money markets so that they can generate their own investment sources through their own profits. I believe, Mr. Speaker, that in view of the present situation, it is

time to review very closely the possibility of abolishing the taxes on corporate profits and of taxing these profits when they are transferred to shareholders as dividends. Of course, some will say that this would encourage businesses not to pay out dividends and to reinvest instead, but in my opinion, it would be a marvellous invitation to reinvest and it would make businesses much less dependent on the money markets. This would mean less upward pressure on interest rates, but I think it would also have the very beneficial result of increasing significantly the value of corporate shares and the loss of earnings by shareholders because fewer dividends would necessarily be paid out. This would be more than compensated by the significant increase in the value of shares. As I said before, Mr. Speaker, this would tremendously encourage reinvestments, especially in the case of small and medium-size businesses which would have the choice of distributing dividends that would be taxable or of simply reinvesting their profits, thus creating employment and contributing to the economic recovery, a great advantage to the Canadian population as a whole. Of course, Mr. Speaker, we would have to consider other factors as well. I am thinking in particular of all our business grant programs, many of which I think simply promote inefficiency.

• (2050)

Mr. Speaker, I believe that, with the exception of regional development grants, if Canadian businesses really want to play the game of free enterprise and of the capitalist system, the government should stop paying grants to businesses, so as to cut its spending, of course, although lower corporate profits would certainly affect federal tax revenues. Of course, the implications of such a reform under the capital gains tax system would have to be considered.

Mr. Speaker, while there is no evidence of a cause and effect relationship between government deficits and inflation and interest rates, I believe that it is nevertheless vital for the future of our economy to reduce inflation. Otherwise, we run the risk of finding ourselves with higher inflation and more unemployment than at the present time. It is often said, especially by labour leaders, that the government has overemphasized the fight against inflation and neglected the fight against unemployment, and that by simply inverting these priorities, the government could promote an economic recovery tomorrow, even though this might create a bit more inflation. Mr. Speaker, I find such talk irresponsible because the economy is not so compartmentalized. It is a bit like communicating vessels, and even more so in Canada, Mr. Speaker. Since Canada exports 30 per cent of the goods and services it produces and since two thirds of our exports go to the United States, 20 per cent of all jobs in Canada are directly dependent on our capacity as a country to compete on the American market.

If, because we stopped fighting inflation, we found ourselves with an inflation rate of 15 or 20 per cent, which is not impossible—some Latin America countries have inflation rates of 50 and 100 per cent, and it could easily happen here—it is obvious that labour unions would then call for wage increases of 15, 20 or 25 per cent, which would obviously affect our production costs. As we know that in the United States, with an inflation rate of about 6½ per cent, collective agreements are now being signed at 5, 6 or 7 per cent or even less, it is obvious that we would very quickly find ourselves in a non-competitive position on the American market, and that we would have not only a much higher inflation rate, but also an even greater unemployment problem than at the present time.

Mr. Speaker, I was reading today the comments of the Leader of the Official Opposition (Mr. Clark), and I was struck by his repeated attempts to undermine the anti-inflation policy of the government. Several times in his speech, he mentioned the fact that the government had decided under Bill C-124 to restrict wage increases for public servants to 6 per cent next year and 5 per cent in 1984. He made a subtle attempt to undermine that policy. Mr. Speaker, I would like the Leader of the Official Opposition and the members of his party to make up their minds and to have the courage to practise what they preach when Bill C-124 is put to a vote. However, we know that the Leader of the Official Opposition is aware that all the poles show that 50 per cent of all Canadians support our budgetary and anti-inflation policies. Of course, he reads the poles. And we all know that the depth of his beliefs is equalled only by the depth of his political philosophy, which is saying a lot.

In concluding, I would like to say a few words about the need for a new philosophy in the public service if we truly want to reduce the growth rate of government spending. To anyone who is more or less familiar with the public service, how careers are developed and powerful mandarins are made, the system encourages behaviour that is not helpful at all in slowing down federal spending. A young and ambitious bureaucrat, who wants to have a brilliant career and be promoted in a matter of years, must have an increasing number of staff under his direction, and responsibility for increasingly larger budgets. This is one of the criteria used to evaluate our federal public servants and managers, and to determine whether a young or middle-aged public servant should or should not be promoted. Mr. Speaker, I think that in the months and years to come some serious changes will have to be made in this respect. I think that a feeling for sound economic management and financial restraint will have to become a way of life in the federal public service because, otherwise, I feel that we are only fooling ourselves, no matter which party is in power, if we believe that we can actually control the growth of government spending.

[*English*]

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, before I make my general remarks on the matter before the House I should like to refer to the figures quoted by the hon.

member for Kamloops-Shuswap (Mr. Riis) who was speaking when I came in. Last evening the hon. member for Yorkton-Melville (Mr. Nystrom) used the same figures regarding the Province of Saskatchewan. One could forgive the hon. member for Kamloops-Shuswap for not being too aware of the figures that apply in Saskatchewan, but we should not have to make excuses for the hon. member for Yorkton-Melville.

He stated, as I believe did the hon. member for Kamloops-Shuswap, that in Saskatchewan 1.9 per cent of the people are civil servants. Mr. Speaker, the correct figure is 2.9 per cent, that is, approximately 29,000 people in Saskatchewan are on the public payroll. I think that is something which should be brought to light.

• (2100)

The other subject I found interesting was that of the per capita debt of the province of Saskatchewan. It amounts to $2,831, the third highest in Canada. It was mentioned last night, Mr. Speaker, that after the Conservatives came to power in Saskatchewan they increased the salaries of executive assistants from about $36,000 to about $40,000 or $50,000.

Let us talk about what has actually happened. Mr. Sinclair, deputy minister to Mr. Blakeney, had a salary of $69,936. I can understand why those hon. members are not aware of these figures because it was not until the new government came into power in Saskatchewan that they were made public. I forgive them for not knowing them. Freedom of information may not work in this House, but I think it will work in Saskatchewan. Mr. Blakeney's cabinet secretary received a salary of $62,376. Under the Progressive Conservative government—I will give you the numbers because there is nothing to hide—the deputy minister to Premier Devine receives a salary of over $80,000, but he replaces the cabinet secretary at $62,000 and the deputy minister at $69,000. I do not think you could call that exorbitant.

When we talk about government restraint, Mr. Speaker, when we talk about the debt we are facing and the borrowing we will have to do as we are discussing it tonight under Bill C-125, being a farm boy from Saskatchewan it seems strange to me to have a piece of paper 8 inches by 10 inches in my hands which represents $11 billion. I cannot really visualize or understand $11 billion. The budget of June 28 was the aftermath of the November budget from last year, which in turn was the aftermath of a previous budget. Putting all those budgets together, Mr. Speaker, it is obvious that the Minister of Finance (Mr. MacEachen) had to attempt to draw his party and his career back from the brink of oblivion. Both the November budget of last year and the June budget of this year were full of mistakes. I am sure they were not deliberate mistakes, but they were mistakes in philosophy concerning what the Canadian people really want, what they would accept, what they would like to build and how they would like to have this country grow. Some of the mistakes were very obvious. The November budget forecast an unemployment rate of 7.8 per cent in 1982. The most recent figures available from StatsCan are that in fact 10.2 per cent of the country's labour force is out of work. That is 1.25 million Canadians, Mr. Speaker. According to the Minister of Finance in his November budget the deficit was to be held to 10.5 billion. We find out from the June budget that the deficit is going to be $19.6 billion; almost 100 per cent wrong in eight months.

We now have the minister coming to the people of Canada through this House asking to borrow $11 billion. Mr. Speaker, I can tell you what my bank manager or any other bank manager would say to a businessman who went in and said "I am sorry, Sir, I was 100 per cent wrong." My bank manager would tell me that I am not capable of managing my business. That is what any bank manager would say, and that is what the people of Canada are telling the Minister of Finance. He is not capable of managing the business of Canada or of Canadians.

We are talking about billions of dollars. Not C. D. Howe's word "millions", but billions. That is many more zeros, Mr. Speaker. That is the way it works, one thousand million. This means that there will be one borrowed dollar for every $3 of revenue this government is going to bring in, one borrowed dollar for every $4 spent. To put it in perspective, Mr. Speaker, this deficit is twice the size, on a per capita basis, of the deficit being discussed by the Reagan administration in the U.S. The U.S. economy is about ten times as large as ours, but the $20 billion deficit of this Minister of Finance is the equivalent of over $200 billion in the U.S., twice as large as the deficit which has preoccupied Washington in the past few months.

There is no sign of economic recovery in Canada, but there is in the U.S. Their inflation rate is half of ours. Why the difference? In the last two or three years the Americans became deadly serious about doing what was necessary to bring down the rate of inflation. Most segments of American society showed more willingness to trim unrealistic expectations, and those unwilling to do so were pushed into it. I think we all recall the air traffic controllers strike in the U.S. They made unrealistic demands and the people, through their government, denied them those demands.

Our Minister of Finance tends to blame everything on everyone else in the world. He blames our problems on the Americans, on the global recession, or on the hon. member for Central Nova (Mr. MacKay). I can understand the necessity for that, but the one thing he did not do last November or this June was to accept the responsibility for the mistakes. He is the Minister of Finance in Canada, no one else, and he bears the responsibility for the shape we are in. There has not been the slightest admission of guilt.

According to Charles Lynch, Mr. Speaker, members on the government side applauded the Minister of Finance 34 times during his budget speech. I cannot find anything to applaud in the speech. Well, perhaps I could applaud two or three times, but certainly not 34 times. It just shows that as long as the minister is delivering a budget, members on the government side are bound to find something to applaud. As a matter of fact, some of them even went around saying, "Hey, we helped draw this budget up". I would not say that, guys and gals. I

would not go home and tell that to my constituents if I were you. My goodness, you have to be more careful about your health. You should not be telling your constituents that you helped draw up this budget. That is very dangerous, I think, Mr. Speaker.

Mr. Deputy Speaker: With all due respect to the hon. member, the Speaker did not participate in the drawing up of the budget.

Mr. McKnight: I accept that, Mr. Speaker. Let us go on and look at where inflation in Canada stems from. I believe it is government induced and government sponsored. StatsCan, the federal government's own department, has revealed figures which I hope some of the members on the government side and the Minister of Finance will soon have an opportunity to read. StatsCan reports that while all consumer prices rose between May, 1981, and May, 1982, many prices which are controlled or heavily influenced by government rose far faster than those in the private sector. For example, energy costs are up 23.8 per cent and transportation costs are up 16.1 per cent. By the way, transportation costs will rise even further when the Minister of Transport (Mr. Pepin) implements his Crow proposal. For the producers of grain in Western Canada these costs will increase about 45 per cent over the next three years and they will double in the next five years. Tobacco and alcohol costs, also controlled by governments, are up 15.6 per cent. But the other components of our economy, those not controlled or influenced by government rose far less. For instance, clothing rose by 6.3 per cent. According to a recent Statistics Canada study, private sector inflation was 9 per cent while the rate for government and government regulated industries was 18 per cent, twice as high as private sector inflation.

• (2110)

What about the postal rate? There was a postal rate increase of 72 per cent. It is not bad to have an increase of 72 per cent if you can have mail delivered to your door and if you can use the new Priority Post. But in my riding of Kindersley-Lloydminster, Saskatchewan, 95 per cent of the people drive to pick up their own mail. They drive 10, 15 or 20 miles one way. They suffered a 72 per cent increase just to get their letters out, but if they happen to go on a Saturday morning, the post office is closed. I cannot see why, when the government is trying to assess the blame for inflation, it does not look within itself and at some of the policies it has brought forward.

We have listened to the Minister of Transport speak. He stated that Canadians were spoiled and that we had to be pushed into line. We have heard the same thing from the Prime Minister (Mr. Trudeau) and from the Minister of Finance. To back up my statement, the hon. member across the way, the hon. member for Montmorency-Orléans (Mr. Duclos), said that Canadians are saving. That means individual Canadians are living well within their means. If you can save from your after-tax income, you are not overspending. In 1979, individual Canadians saved 11 per cent of their after-tax income. In 1980 they saved 11.2 per cent; in 1981 they saved 12.4 per cent and in the first three months of this year Canadians saved 13.3 per cent of their after-tax income despite rising unemployment and inflation. That is living well within your means.

I cannot say the same thing for the government. Where is the fairness of imposing dictatorial government policies upon individuals who are saving their own money to protect themselves against the government that runs their country? Canadians are saving because they are scared stiff of what is ahead for them under this government. They want to try to save everything they can so they can be protected from what they see this government doing and what they have seen it do in the past.

Mr. MacKay: They should try buying pawn shop stocks.

Mr. McKnight: What is the government going to do with this additional $11 billion in borrowing authority? It has not even told us what it is going to do with the money. I have not heard one proposal from the government about what it is going to do with the extra money. I have not heard what the government is going to do with the $21.2 billion spending authority it will have. The $21.2 billion is considerably higher than the $17.1 billion, which the Minister of Finance told us he needed in his budget in June. Where is the extra money to go?

Liberals tell Canadians to come into the 6 per cent world. Do hon. members remember the statement, "Welcome to the 1980s"? I am sure some hon. members opposite were at the Chateau Laurier in February, 1980 when the Prime Minister said "Welcome to the 1980s". I do not see anyone over there very happy about what they have found in the 1980s.

Mr. MacKay: They were out about 50 years.

Mr. McKnight: Now we hear the words, "Welcome to the 6 per cent society". We have heard the minister say, "Tighten your belts". How do you tighten the belt on a skeleton when you have nothing left to tighten and when people in Canada are losing their homes, their farms and their businesses? How do you tighten your belt then? That is not something the people of Canada are not prepared to do. They are well prepared, but they have to have some leadership, not forced direction.

Let us take a look at uncontrolled growth in government. The government started out in the early 1970s. At that time it wanted to have a window on the oil industry.

Mr. MacKay: The government has broken the window.

Mr. McKnight: The Liberals called this policy Canadianization. But actually it is nationalization. Petro-Canada advertising states "Buy Petro-Canada, it's ours". But it is not really ours. It is more the property of the banks and the other lending institutions that lent the money to the Crown corporation to acquire Petro-Canada. It has not yet been paid for by the people of Canada.

The original proposal to establish Petro-Canada was sound. It was to be a window on the industry. I would like to quote

what Mr. Donald MacDonald said in May, 1974. He said that Petro-Canada would likely be nothing more than a small player in the domestic oil patch so the federal government could learn how the energy sector works. Although it might be empowered to refine and retail petroleum products, Mr. MacDonald deemed that role unnecessary and rather inappropriate.

Let us take a look at some of the history and just where some of this money has gone which the government has spent. Petro-Canada came into existence in January, 1976. Its federal shareholder, the federal government, did not know what to do with it. But Mr. Strong did, and his successor, Mr. Hopper, did. They started with not a bad chunk of capital of $383 million, which is a nice little start for a company. At the end of 1976 PetroCan had 400 employees and the rights to 88 million acres of land.

In 1977, Ottawa infused additional cash of $155 million. It also passed on to the corporation 25 per cent of all, promising federal prime lands in the Arctic not hitherto leased, allowing PetroCan up to seven years to select what it wanted. As well, PetroCan was allowed to appropriate-appropriate is a nice word—up to 25 per cent in Canada land holdings of foreign-owned companies. At the end of that year PetroCan had 649 employees.

The pace picked up in 1978. The corporation bought Pacific Petroleums Ltd. for $1.5 billion, partly out of production earnings and partly out of a further federal contribution of $240 million. It finished that year with a B.C. oil refinery, interest in coal, uranium and various other minerals, minority shares in two pipelines, 426 gas stations and 2,038 employees.

Then there was a brief lull. But with the return of the Liberals in 1980 Petro-Canada speeded up again. It began undertaking state to state oil purchases with Mexico and Saudi Arabia. Petro-Canada had a hand, and in fact it had an employee who was an executive assistant to the Minister of Energy, Mines and Resources (Mr. Lalonde), helping to draft the national energy policy. When the Liberals drafted that energy policy it worked out that instead of losing 25 per cent of its cash flow, as did any other oil company outside of Canada, Petro-Canada its cash flow by 23 per cent. Then what happened? The federal government in that year contributed $80 million. In 1981 the company bought Petrofina for $1.5 billion. This was financed in part by a 4 cent per gallon surcharge on all Canadian sales on gasoline and home heating fuel. At year's end, this corporation that would not interfere extensively in the private sector, this corporation that was going to be a window on the world, this corporation that was going to have the ability to refine and retail—but Mr. MacDonald in 1974 said that he did not really think that it was really necessary—had $6.6 billion in assets, 169 million acres of land, 5,800 employees and 1,500 gas stations. This is where some of the money which we are discussing this evening has gone.

• (2120)

The hon. member for Montmorency-Orléans asked where we on this side would start. We cannot start in June 1982 or in November 1981. We would have to go back and start 14 years ago. These things which we see inflicted upon our economy and upon Canadians today did not just happen in six months or twelve months. They have built up over 14 years.

Mr. MacKay: It is difficult to unscramble an egg.

Mr. McKnight: The hon. member for Central Nova is absolutely correct. I think we could attempt it and be successful because it is very evident that the people of Canada have lost their trust in the party opposite. They really do not trust the government. It is not individual people, it is not individual members; it is the trust which a society should have in its government. The government has broken faith far too many times with the electorate of Canada. That is why there is no trust or faith at this time.

There is one area where we could save a little bit of money. Right now we are paying more for imported oil than we are for Canadian oil. Is it not funny that a country with vast oil reserves is paying more money to someone in Mexico than it is paying to someone in Saskatchewan or Alberta? It does not make a lot of economic sense. It certainly does not make political sense.

There are several examples of what happens when a party has been in government for so long that it forgets the money it is spending is not its money, that it is money held in trust for the people of Canada to be spent wisely. The Liberal government is spending $111,851 to study the spreadability of butter. I think the hon. member for London—Middlesex (Mr. Bloomfield) who is sitting opposite, could study the spreadability of butter tomorrow morning when he spreads it on his toast. That would cost a lot less than $111,851.

In February, Canadian National Railways spent $64,244 to purchase advertising space wishing CPR, its chief competitor, a happy birthday. It is nice to be friendly with one's competitor, but I do not think it is worth over $64,000 to the taxpayers of Canada to wish a happy birthday to the CPR.

Canadian taxpayers will shell out $4,000 per month over the next five years for rent on the Vancouver apartment of a senior government bureaucrat. The apartment has been rented by the Department of Public Works for Pat Reid, the Commissioner General of Transpo 1986, a world fair on transportation and communications. The justification for the expense is that the apartment is being used for entertaining. An aid to the Secretary of State for External Affairs (Mr. MacGuigan) has called the amount "chicken feed". It is not chicken feed to someone who is having a great deal of difficulty paying $700, $800 or $900 per month in mortgage payments. Four thousand dollars per month for an apartment in Vancouver for an employee of the people of Canada, an employee of the taxpayers of Canada, is really not chicken feed.

Between April 1, 1980, and June 30, 1981, the government spent $674,972 to supply public servants with briefcases. After

I was elected to this place and before I even had an office, I was given a briefcase. Apparently not only Members of Parliament receive briefcases from the taxpayers of Canada; so do public servants. In any job in which I have been involved I have been able to supply my own briefcase; so can all hon. members. I see them shaking their heads indicating that they would. They do not want them, but they got them.

It will cost $400,000 to provide business cards to 25,000 public servants.

An hon. Member: No.

Mr. McKnight: Yes, it will cost $400,000 because now we have two Canadian flags on the business cards of public servants. The "word mark" is what it is called, and there is not room to put the telephone number and address on one side; now we must print two sides. We know that that costs money.

Of course we know about the flying in formation to Winnipeg by three ministers. They flew into Winnipeg in three separate Jetstars which cost approximately $27,000. First-class return air fare would have been $1,777.

I saw the Minister of Employment and Immigration (Mr. Axworthy) here a while ago. In the spring of 1982, with a record 1.2 million Canadians out of work and the economy in a recession, the minister and his department spent $5 million to tell Canada that the economy was working. God help us if it really had been working; would they ever have been able to spend money!

Then we come to Miss Janet Smith, an assistant secretary to the Liberal cabinet, who was sent to Nice, France for four months to learn French at a cost to taxpayers of $12,000.

An hon. Member: Yes, yes.

Mr. McKnight: I hear an hon. member saying, "yes, yes". It is not Janet Smith's problem. It is a real lack of caring or lack of understanding when people are having difficulty financing their homes, finding jobs, looking after their families and putting their children through college—everything we all want to do. Someone does not understand that there is a real world out there and sends a member of the public service to France to study French. That I do not understand.

We all live in Ottawa and know that it is difficult to get around. Between March 1, 1980, and May 31, 1981, the government paid out $3.5 million in taxi fares. We have participaction on the one hand, but we have $3.5 million in taxi fares on the other. At the current Ottawa taxi rates, it is enough to go around the world 120 times.

Where is the restraint? I do not see any restraint in what I have outlined. We have heard of restraint. We have talked about lack of growth. We have heard restraint discussed on the other side, but we have not seen it. Every time someone mentions the public service, government members ask, "Why are you picking on the public service?" We are not. I am certainly not picking on the public service this evening. I do not blame anyone for wanting to work for the government. There are many dedicated, intelligent, hard-working public servants, but it does not mean that it has to expand and grow.

At the end of September 1976, the Treasury Board reported that it had 311,284 continuing employees. One year later it had 316,547, and in September 1978 it had 317,210. The latest estimate in September 1981 was 322,414. There is a lack of understanding. The government must understand that people in Canada are hurting. People are having a great deal of difficulty with more than 1,250,000 Canadians out of work, or over 10 per cent of the work force. That figure does not include the people who are tired of walking the streets, walking into factories, knocking on doors and asking for jobs. If we took into account the people who have absolutely given up, who are hopeless and in despair, and if we took away the public service, we would find that probably 15 per cent of our work force is unemployed. That is, 15 per cent in total unemployment, and unemployment in the public sector is about 6.4 per cent.

• (2130)

Our debt this year will be $122.7 billion. The cost of servicing that debt will take up 22 per cent of all government spending. That is almost one quarter of government spending which is to be used for servicing the debt. I hear members opposite saying that we should not worry about the deficit because it is money we owe to ourselves. It is not money that we owe ourselves, it is one quarter of the government spending which goes to service the debt. If it is our money, why do we service it? Why do we not just keep that 22 per cent? Everyone realizes that money is not free.

An hon. Member: It belongs to our grandchildren.

Mr. McKnight: As my colleague says, it is our grandchildren's money. It is our children's, our grandchildren's and their children's.

I fail to understand how some people think that we are doing very well. In 1982 the net farm income is expected to decline by 17 per cent. Farm cash receipts will increase marginally by 2 per cent. The net farm income in 1982 in Saskatchewan is expected to decline by 35.6 per cent. Farm bankruptcies are up 60 per cent this year.

Since I have had the privilege of being a Member of Parliament, I have had phone calls for the first time in the last seven months from young farmers in my riding who say that they are up against the wall. They cannot finance and pay for their spring operations, they are in arrears on their land payments, and they cannot meet their machinery payments. This is the first time since I have been a Member of Parliament that calls like that have come to my office. I know it is happening to every member in the House as well.

What will the government do about this? I have not seen it do anything tangible nor do I believe that Canadians have seen any concrete action taken by the government. The budget proposes to provide $750 million for job creation. Economists tell us that $1 billion is required to lower the unemployment rate by one per cent through job creation. When I look at the

budget, the clear implication is that the $750 million in new spending is not there. At best, there is $267 million of new spending, and at worst there is $117 million allocated for new homes this year in job creation.

There is nothing mentioned in the budget about the tax increases in UIC which will be imposed upon Canadian employers and employees. The implications of that tax could mean that each employee in Canada could pay up to $142.50 more per year for UIC payments. As a group, employers could pay $1.2 billion more this year.

While the government talks about borrowing money, it introduced a budget which increased taxation. Once again this shows the inequity. For example, the 1984 federal and provincial tax increases which will come about as a result of capping indexing at 6 per cent will mean, for a single taxpayer with no dependants who makes $10,000 earned income, a tax increase of 14.7 per cent. However, the single taxpayer who makes $100,000 a year will have an increase of 2.5 per cent. If we take the example of a married taxpayer with two dependants under the age of 18 who has $20,000 earned income, we find that his increase in taxes will be 21.7 per cent. However, a similar taxpayer who earns $100,000 a year will have an increase, under the deindexing that has taken place under this government, of only 3.2 per cent. Is that a just society? It is not just nor is it fair, and the members opposite know that.

During the last election campaign, members of the Liberal Party promised to keep the rate of government spending below the growth in the GNP. The government is spending twice as fast as it promised during the election campaign. Yesterday in the House we heard the Minister of Agriculture (Mr. Whelan) give his government's policy on upholding election promises. My colleague, the hon. member for Vegreville (Mr. Mazankowski) asked the Minister of Agriculture what happened to his election commitment for a special structure on farm fuels which would be exempted from federal taxes. At the present time the government takes 60 cents, or 40 per cent, for every gallon of gasoline used in the production of food in the agricultural industry in this country. However, what did the minister say on behalf of his government? He said that the speeches used during an election campaign were not prepared speeches; they were made in the heat of an election campaign. We now hear directly from the minister what many people in Canada are beginning to believe, that the Liberal Party and the government will say anything during an election to get elected. They do not feel any commitment to fulfill those promises.

The hon. member for Montmorency-Orleans spoke about capital gains during this debate. I agreed with some of the points he made about that subject. But the Minister of Agriculture during the 1980 election campaign promised all farmers a once-in-a-lifetime capital gains exemption. It is not there. It is not there for small business and it is not there for farmers. He also promised to provide an option to change the valuation day. We have seen nothing about that. When the hon. member for Vegreville asked the minister how he was proceeding with these promises, the minister answered that he was coming along slowly.

We have an appointed member in the Senate, from the Province of Saskatchewan, Senator Argue. He is a cabinet member who is responsible for the Wheat Board and he is assistant to the Minister of Transport. After the budget which made this $11 billion borrowing authority bill necessary, he said that Canadians face a confident future. He said that the government has given leadership with this budget, providing a sense of direction and a target for Canadians to aim at. If anyone knows the Senator from Saskatchewan, he is some target.

What was the reaction to the budget? The best indication is investor interest. Share prices plummeted 13.14 per cent on the Toronto Stock Exchange under hectic trading the day after the budget. The day after the other budget in October of 1980 the market dropped 0.89 per cent. After the November budget the market went down 1.99 per cent.

If hon. members want to talk about confidence we should make comparisons with the budget of the former minister of finance, the hon. member for St. John's West (Mr. Crosbie), in the winter of 1979. That budget, which was later defeated by the NDP and the Liberals, caused the market to rise by 1.9 per cent, a rally on the market.

I heard the members from the Liberal Party west, the NDP, talk about how to expand the economy. I would like to draw to their attention some remarks made by the predecessor to their finance critic, the hon. member for Kamloops-Shuswap (Mr. Riis) since he left the House. Mr. Rae began by saying that Ontario's unemployment rate last month was 9 per cent. He wanted the treasurer of Ontario to do what the finance minister in this House had done. He said that he should reassess his policies and bring in a new budget. He wants to double the deficit and tax the corporations. He wants to tax those who have the ability to pay. That is what the leader of the NDP in Ontario wants to do. He wants higher taxes. The reason there is so much unemployment is that we have fewer corporations which are able to employ people. That will not work.

• (2140)

As I draw my remarks to a conclusion I would like to read to hon. members opposite the words of a prominent Canadian stated in 1965. He said: "It must never be forgotten that in the democracies that we know the political party is not an end but a means, not a goal but an instrument. He who enters a political party, then, is choosing a tool. We do not repudiate any of our convictions. We have only resolved to pursue elsewhere and in other ways the intellectual and social struggle which has always claimed us."

I have just quoted the Prime Minister of Canada. I would like to quote another—

Mr. Deputy Speaker: I hesitate to interrupt the hon. member, but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, the bill before us today clearly and chillingly illustrates the serious financial problem being faced by this nation. We are deeply in debt, and the interest we pay on that debt pushes us even further in the hole, a hole dug for us by the government with its abysmal fiscal and economic policies and its arrogant and wasteful spending.

Mr. Lalonde: Now, be nice.

Mr. Darling: I am being nice to the minister, or I could say a lot more than that.

Like the sink holes which swallow up everything in their path, the hole created by the government has gobbled up homes, businesses, farms and jobs of thousands of Canadians in every community across the country, in large cities and small towns, and those who have been fortunate enough to own homes are losing them because of high mortgage interest rates which have nearly doubled their monthly payments. Right across the country, businesses, large and small, have been going belly up as business bankruptcies climbed to 5,383 in the first half of this year, 37 per cent higher than the previous year. Experts say that the number of firms going out of business may actually be five times greater than the recorded rate because most of them do not even bother to file bankruptcy. So we may have upwards of 25,000 employers losing their livelihood in the first six months of this year. Given an average of 11 employees per firm, some 275,000 employees will be out of work as a result and will be forced to join the ranks of more than 1.5 million already unemployed. In one way or another, millions of Canadians have toppled into the hole created by the government and thousands more are expected to vanish into the abyss.

The hole created by the government has become a seemingly bottomless pit and, into this bottomless pit, the government would have us willingly toss another $11 billion, just like that, no questions asked, or, if questions are asked, no answers will be given. That is because the government has a history of taking, not giving. What it takes is the taxpayers' money. It then takes more money so that the hole gets bigger and bigger.

Our gross national debt was $119 billion at the end of 1980-81 fiscal year, and it is expected to reach $135 billion this year. By comparison, when the Prime Minister (Mr. Trudeau) took office in 1968, the nation's gross national debt was $31 billion. The government has plunged the country another $104 billion into debt since that time. This gross national debt of $135 billion is equal to a debt of $5,560 for each and every Canadian, or $14,260 for each taxpayer. While the debt itself is shocking enough, the interest we pay on the debt is staggering. The cost of interest on the public debt this year will be $16.6 billion. This is the cost equivalent of $680 for every man, woman and child in the country, or $1,750 for each and every taxpayer. One tax dollar in five is now used to pay interest on the nation's debt.

Faced with these financial horrors, it would be reasonable to assume that the government would be drastically trimming its spending and working night and day to develop and implement policies for rapid and stable economic growth. Not so. The government's June budget forecast a record deficit of $19.6 billion this year, and the estimates are that it will be considerably higher than that. Deeper we go down into the bottomless pit.

The government adds to our deficit, and then finds itself only two options from which to choose to finance that deficit. First, it can print more money, and over the past ten years it has done so to cover up to $12.4 billion of its financial requirements. But putting the Mint's printing presses on overtime eventually just adds to the problem. The more dollars are printed, the less they are worth.

The other option open to the government, that is, to borrow money, is also fraught with financial penalties. In 1981, borrowing by the federal government accounted for 44 per cent of all net new security issues placed in Canada. Borrowing of this magnitude has an obvious effect on the supply and demand for money and, thus, on the interest rates that must be borne by the private sector. Simply put, this means that, with the federal government borrowing almost half the available money, what is left over is limited and costly, which is why interest rates remain so high and why Canadians are being forced out of their homes, forced to abandon their businesses and farms and forced onto welfare rolls as they lose their jos.

It is not that this government cares one whit for the plight of millions of Canadians. It wants the authority to borrow $11 billion and the devil take the hindmost. The $11 billion it seeks permission to borrow will be added to the $3.6 billion in unused authority from previous years, plus the $6.6 billion authorized last June. If the bill before us today passes, it will give the government the right to borrow a total of $21.2 billion, an amount significantly higher than the $17.1 billion financial requirement outlined in the budget.

There is no reason to assume that the bill will not pass. Despite the grief which excessive government spending and continued high interest rates have caused millions of Canadians, no one on the opposite side of the House seems to care about or understand the urgent need to place the welfare of people before political party loyalty, not even when most of them privately cringe over what occurs in their names.

Not one member on the opposite side of the House has risen in his or her seat to condemn publicly the record level of business bankruptcies in the country. Not one member on the opposite side of the House has risen in his or her seat to condemn publicly the financial hardship the June budget will impose on the elderly and low-income families because of increased taxation. Not one member on the opposite side of the House has risen in his or her seat to condemn publicly policies which have resulted in the unemployment of well over 10 per cent of the Canadian work force. Not one member on the opposite side of the House has risen his in or her seat to protest publicly either increased consumer costs or industry failures as a result of the disastrous National Energy Program. Those

hon. members opposite are not protesting the questionable and costly air trips, 36,000 in 37 days, taken by public employees out of Ottawa and Canada, or the cost to the taxpayer of ministers' use of government planes to and from their ridings. They are not demanding a halt to the millions of dollars wasted on government advertising, blowing their own horn to the tune of $73 million this year. We do not hear them speaking up on behalf of Canadians when the price of postage stamps more than doubles, with an increase of up to 72 per cent. Not a peep was heard from those on the other side when it was revealed that a staff member of the Prime Minister's office was being sent to the French Riviera at the taxpayer's expense to learn French.

• (2150)

It was not anyone on the other side of the House who bothered to unearth the fact that government spent $5 million on food, liquor and entertainment in the first six months of 1981. Nor did anyone on the other side of the House raise the question of why, during a period between March 1980 and June 1981, government employees ran up taxi bills of $7,000 a day. The total taxi bill for this 15-month period is almost $3.5 million.

Mr. Lalonde: That's not true.

Mr. Darling: What do you mean it's not true? I suggest that the Minister of Energy, Mines and Resources (Mr. Lalonde) look at the Auditor General's report. Who across the floor rose to object to the fact that during the same period the government spent more than $275,000 a day for telegrams and other message services? Who bothered to wonder why officials at Canada Post, who approved the spending of more than $260,000 on telegrams and other message services, are so determined to prevent other Canadians from using alternative services?

No one on the other side of the House has ever complained about the $65 million spent to date by the metric commission to implement a program which is costing business and consumers literally millions of dollars. Not a whimper of protest was heard from the other side when it was revealed last November that the National Capital Commission had decided to spend $1.4 million to change the colour of its trucks and signs.

I am sure many members will be aware that a few years ago the Department of Public Works decided to change all its signs. Depending on where the sign was located, originally the sign had English on the top and French on the bottom in the Province of Ontario and French on the top and English on the bottom in the Province of Quebec, as it should be. Millions of dollars were spent to change that to a rectangular sign so that both languages would be at the same level. That might have some merit, but not at a time of austerity. That kind of money should not be wasted. It continues on and on.

Then there is the $2,000 it cost the taxpayers for a hearing last September by the Canadian Transport Commission on why a Yukon railway should be given more time to instal warning lights when those lights had already been up and working for a year at the time of the hearing.

It did not seem to bother anyone on the other side when last February Canadian National Railways spent more than $64,000 on advertising to wish its competitor, CPR, a happy birthday. Surely a nice letter from the president of CNR to the president of CPR would have been sufficient, and if he had wanted to send a telegram that, too, would have filled the bill quite well.

Members opposite blushed when it was revealed late last year that the Canadian Unity Information Office was spending as much as $500 to $700 a day to have same-day newspapers from other cities flown to Ottawa, even though one of the papers could have been purchased on the same day at a news stand in a local hotel within five minute's walking distance of the Unity office.

No one opposite bothered to hang his or her head in shame when it was learned that during 1980-81 the government was billed $26.3 million for telephone calls not placed on government rented lines or through government operators. The list of financial follies of this government is as bottomless as the financial holes it has dug.

Those opposite prefer to pretend publicly that none of these scandalous incidents have occurred. Canadians will not hear a word of complaint from those opposite, although in all fairness when the heat got pretty bad in their ridings, several members on the government side stood up and criticized the government and the budget, first the November budget and later the June budget.

A group from the Province of Quebec ten-strong held a meeting and then publicly stated they did not agree with the budget. More recently, the Solicitor General (Mr. Kaplan) very truthfully stated publicly that he did not agree with the budget. On his return to Ottawa, he was taken to the woodshed by the Prime Minister, and talked to in a very serious and fatherly fashion. We have not heard very much from him since. Members can smile, but that is true.

Mr. Hnatyshyn: He was called unforgivably naive.

Mr. Darling: Canadians hear very few complaints from the other side of the House. This tone of silence is particularly in place when it comes to giving a voice in this House to the constituents of three ridings where byelections have yet to be called: Timiskaming, Broadview-Greenwood and Leeds-Grenville.

No one on the opposite side of the House can even bear to think of the humiliation this government would receive at the polls if the byelections were held. A week or so ago I spoke to a distinguished member of the government. We were talking about other matters. I asked him when the byelection would be called for Timiskaming, which is in my area of northern Ontario. After telling him that two candidates had already been named, I asked when they were going to have their nominating convention. He looked at me and said, "Stan, you know, we may be crazy at times, but we are not stupid. We would be tarred and feathered."

Mr. Rossi: Name him.

Mr. Darling: No, I will not name him.

Mr. Rossi: Name him.

Mr. Darling: I certainly won't name him. I will name him to you privately and you can talk to him. I certainly will not reveal any confidence, but I thought it was worthwhile mentioning it here.

Mr. Rossi: Name him, Stan.

Mr. Darling: I am touching a sore spot when I mention those three byelections. There is no doubt about that. We know very well that if those three byelections were held, the Liberal Party would not place better than third. I give the Prime Minister full marks.

Mrs. Hervieux-Payette: We get elected.

Mr. Darling: Don't worry, you won't get elected. I see it is ten o'clock. May I call it ten o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

• (2200)

[*English*]

EMERGENCY MEASURES—QUERY RESPECTING CROWN PREROGATIVE. (B) POWERS OF PRIME MINISTER

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, it is now 13 months since the emergency planning orders passed by Order in Council 1305 were gazetted and legitimized. That was the order in council which drew national attention to the fact that the government was drawing power to itself so that in wartime it would be permitted to build and administer civilian internment camps. What drew national attention to that particular power was the fact that it was being passed at almost the same time as the Charter of Rights and Freedoms was being adopted by this Parliament. The government was billing and cooing to the Canadian public and indicating that never again under this new and great Charter of Rights and Freedoms would it be possible to intern people in internment camps.

When that order in council was passed, I think all Canadians would agree, it had the force of law. Yet the government House leader, the President of the Privy Council (Mr. Pinard), says that that particular order in council has to be legitimized and endorsed by statute in order to give it force and meaning. As I looked at that particular order in council as gazetted, I noticed that directly under the registration number and the date was the heading, "Other than statutory authority". If the government House leader says it needs to have statutory authority to give it force, but the order in council itself says it gets its force from other than statutory authority, I think that leads us all to conclude that the only other force supporting that particular order in council is the Crown prerogative. The Crown prerogative is an almost mystical term in Canada. In many ways it has been narrowed by statute so that the Prime Minister (Mr. Trudeau) cannot in all instances assume dictatorial powers.

I turn now to a letter written by the President of the Privy Council addressed to the two chairman of the Standing Committee on Regulations and Other Statutory Instruments on March 25, 1982. In that letter the President of the Privy Council said:

> If Parliament were dissolved, or if the pace of the crisis at hand did not allow the time to assemble Parliament, the government would be forced to act in reliance on the Crown prerogative, to the extent that it provided a legal basis for authority to act.

That was just nine months after the minister said in a speech to his provincial counterparts that if Parliament were not in session at the time an emergency arose the government would have to act extralegally.

In the summer of 1981 the President of the Privy Council said the government would act extralegally. In March he said it would have to rely on the Crown prerogative, which naturally then leads us to ask what the powers of the Crown prerogative are. I therefore wrote to the research department of the Library of Parliament and asked that department to undertake a study on the powers of the Crown prerogative. On April 27 of this year the research department sent me the results of its study. The report is entitled "Emergency Powers: Executive Action in the Absence of Legislation". Nothing could be more to the point than a title like that. I would like to quote what the research department of the Library of Parliament said on page 15 of its report:

> Executive action without such legislation is always possible, but has very little legal basis. If a situation arose in which Parliament could not enact legislation, the government would act and the legality of the actions would be later determined by the courts under the common law, unless an indemnity Act were passed.

Those are some very operative terms.

> Executive action without such legislation is always possible—

If a situation arose in which Parliament could not enact legislation, the government would act and the legality would be tested later.

My mind flips back to the year 1970 during the so-called Quebec crisis when 450 people were arrested in the Province of Quebec without charges being laid. Those people were never seriously questioned. They never stood trial, and most of them were released later without ever having been charged. It is now 12 years after that event but how many of those people have reached the point that they could legally challenge the government? The fact is that after the event those people are in no position to question the legality of that action; they either feel

too harassed or too impoverished to challenge the government. The government has the power to act extra legally under the powers of Crown prerogative and most of the people affected by that extra legal activity are in no position to check things later.

• (2205)

The government has had a full year since this was brought to light to draft legislation but that has not been done. No legislation has been tabled. We have no way of knowing what it will contain. There is no way of limiting the Crown prerogative, so one must conclude that the government does not want to, and certainly that it does not want the Canadian people to know the limitations of the Crown prerogative, if there are any.

The clue may rest in a speech made by the President of the Privy Council a year ago, Mr. Speaker. I should like to quote three paragraphs from it. He said:

> But there are factors in addition to a concern for human righs that militate in favour of an emergencies statute. When we need authority during a crisis, we cannot afford lengthy discussion about "inherent powers" that may be implicit somewhere in precedent. When we need to act decisively within the law, we cannot afford to be burdened by real uncertainty about the law . . .
>
> And if the emergency arises when Parliament itself is dissolved, we would at present have no option but to act extralegally.

Later in the speech he said:

> I believe that three general classes of emergency can, during peacetime—

And, Mr. Speaker, I underline, "during peacetime".

—threaten the "peace, order, and good government of Canada"—

> First, there are emergencies in which the safety and welfare of large numbers of Canadians are threatened. An unexpected, serious shortage of essential commodities such as food or fuel provides one example of such contingencies—

If we think back to the energy crisis of a year ago, we will realize that now we have virtual nationalization of our energy. If we think of the possible emergencies that could arise regarding food, we realize that now we have the Canagrex legislation to deal with that problem. These are the kinds of emergency powers that are ominous for all Canadians, and they need to be dealt with by legislation that will explain clearly what the government is up to with this emergency powers legislation.

Mr. Jim Schroder (Parliamentary Secretary to Minister of the Environment and Minister of State for Science and Technology): Mr. Speaker, the hon. member already knows the answer to his question, and he knew it before he asked it. The Crown prerogative to which he refers is, according to Dicey:

> —both historically and as a matter of actual fact, nothing else than the residue of discretionary authority which in any given time is legally left in the hands of the Crown.

The prerogative amounts to no more than those powers that Parliament and the courts continue to allow the Crown to exercise alone. What remains of the Crown prerogative is a residue of royal discretionary authority following centuries of evolution during which the struggle for the supremacy of parliament was conducted.

Prerogative powers are non-statutory in origin and are always liable to be superseded by legislation. Indeed, the Crown prerogative exists as a source of legal power in the hands of the executive only to the extent that it has not been abrogated by statute.

Among its other uses, the Crown prerogative in Canada has often been relied on to change or clarify internal working relationships among federal departments and agencies. It has long been established that the prime minister of the day may assign responsibilities to Her Majesty's ministers and alter these to suit changing circumstances, provided this is done in a way which accords with duties specified by legislation.

A recent example of this use of the prerogative was the passage of Emergency Planning Order P.C. 1981-1305. As the hon. member well knows, the order assigns only planning responsibilities to federal ministers in order to enhance our over-all standard of emergency preparedness, and does not purport to convey any new powers to ministers or anyone else.

However, if I understand the hon. member correctly, he is concerned about an allegedly unlimited prerogative power being used to implement the emergency plans called for in the planning order in any time of proclaimed emergency.

In this context, Mr. Speaker, I can only repeat what the minister responsible for emergency planning has already indicated, namely, that no such unlimited prerogative power exists. Some limited authority does remain in the Crown prerogative as it might pertain to great national emergencies, but it is an enormous overstatement to characterize this residue as "unlimited".

• (2210)

NATIONAL PARKS—BANFF—PROPOSED INCREASE IN LAND RENTS. (B) RENTS CHARGED TO PARK EMPLOYEES

Mr. Gordon Taylor (Bow River): Mr. Speaker, the motto of this Liberal government in Ottawa is, "Don't do as I do, do as I say". The government is capping the wages of its employees and then taking much or all of the increase back by increasing land and accommodation rentals. The government is asking industry to keep prices down, and then increasing the rentals of land and accommodation for its employees. Employees' wages at Banff National Park have been capped at 6 per cent and 5 per cent; at the same time accommodation rentals are being increased for those employees by 15 per cent to 40 per cent, and higher. The continual increasing of prices induces inflation, makes it necessary for employees to bargain for higher wages in order to make both ends meet. The government should practise what it preaches, namely keep prices down in order that wages will not have to rise. But in the case of Banff, and I understand in other national parks, the government is keeping wages down, but putting up the rentals.

In Banff, for instance, in the case of one employee the minister himself stated in a letter, "your payments now constitute 13.1 per cent of your gross income from Parks Canada". The minister also stated in the letter that they have prepared a proposal which would allow the establishment of rents in Banff at approximately 10 per cent above the average

rent charged at bordering parks. Big deal! Why should the rents be 10 per cent higher for the employees in Banff who must live there than it is for those who live outside the park? Why must they be penalized because they live close to a place like Calgary where rentals have skyrocketed?

When the minister was answering my question in the House he appeared to be completely confused; he was confusing staff accommodation with commercial accommodation. Did he do that deliberately so that he would not have to answer my question? The minister goes on to say in the letter that the rents are below those charged in the eastern part of the country. I question this very much and I ask him to publish the rentals in national parks in Eastern Canada.

The rental increase of which parks employees have been notified takes effect August 1 this year. The majority of the people there received a $100 rental increase on January 1, 1982, and they are now faced with another $100 increase on August 1. In one case this constitutes a 66 per cent increase.

When an employee is asked to accept wage controls, surely he should be able to expect some rental control as well, particularly when the landlord is the Government of Canada. How can a family live with a 66 per cent increase in rent and receive only a 6 per cent increase in salary the same year? This cannot be done without the family lowering its standard of living or borrowing money. The minister should try it, then he would not be quite so arrogant with his employees.

In the case of another employee, the rent increase required all of his 11.75 per cent wage increase. With the wage restraint of 6 per cent employees will be paying back to Parks Canada—more specifically to Revenue Canada—an even larger portion of their wages. This will leave them less for essentials like food and clothing. Is this being fair to the employees who live in Banff? In other words, this government is fighting inflation on the backs of its employees. It restrains the wages but grabs every cent it can get through rentals and taxes. Surely Crown-owned accommodation should be setting an example to industry if it expects industry to keep its prices down.

The government refuses to recognize the limited land base in Banff, deliberately limited by Parks Canada; and the explosive commercial growth and recreational accommodation demands which have combined to create a situation where affordable alternatives, such as purchasing a building lot or house, or renting suitable private accommodation, is simply beyond the means of park employees.

A survey by the Alberta Government released in February, 1982 indicates a snapshot of prices to enable comparisons between 14 locations. I refer to the item "shelter". Edmonton was set at 100 per cent, and in comparison Banff was 130 per cent; Calgary was 117 per cent, even with all of its skyrocketing prices; Medicine Hat was 72 per cent; Red Deer 101 per cent; Lethbridge 80 per cent; and the Crowsnest municipality 67 per cent. I ask hon. members to note well that Banff was the highest of the 14 places, which even included Fort McMurray, at 124 per cent, and Calgary, both of which were thriving until the introduction of the National Energy Program. This clearly shows the injustice that Parks Canada has and is imposing upon its employees in Banff.

• (2215)

Now with restraint, wage increases are negated by rent increases. In some cases, Parks Canada will take back more than it is giving in the 6 per cent or 5 per cent increases. Employees have virtually been penalized by a government which should be setting an example. Parks Canada has been treating the employees, particularly those in low and medium-wage brackets in Banff, in a servile, arrogant way. Perhaps that is why there is such a heavy turnover of employees in the Banff National Park.

The very least the government should do is to cut the rental accommodation increases to 6 per cent. If it does not do this, it will simply prove that the government wants its pound of flesh irrespective of what it does to inflation and irrespective to what it does to lives of human beings who are working for the betterment of Canada as employees of the Banff National Park.

What I have said about the treatment of the average employee by Parks Canada is even excelled by the gigantic increases imposed by Parks Canada on the commercial and business places in Banff. The Government of Canada has been a government without a heart as far as the Banff area is concerned. Is the government proud of its motto "Don't do as I do. Do as I say"?

Mr. Jim Schroder (Parliamentary Secretary to Minister of the Environment and Minister of State for Science and Technology): Mr. Speaker, may I reply to the hon. member by assuring him that there will be no general increase in the land rents for Banff for 1982 or 1983. The rents which were set in 1980, are based upon a percentage of the 1979 land value and will remain constant for ten years. The lessees will, for example, in 1989 be paying rent based on this 1979 land value.

The 1980 to 1990 rent is based on percentage of the independently appraised land value. The percentage capitalization rate used is 6 per cent and this rate has remained unchanged for the past two decades.

While the capitalization rate has remained constant, land values in most of the national parks have risen over the past decade, with the result that rents have risen proportionately. Recognizing the needs of residents who are required to live in the parks, the minister offered reduced rents to residential lessees starting in September, 1980. Lessees whose premises are occupied by persons who qualify as eligible residents pay a rent of one-half of 1 per cent of the land value, to a maximum of $250 per year. The hon. member should note that this represents a substantial rent reduction from 6 per cent of land value.

Residential lessees are not the only leaseholders who have benefited from reduced rents. In September, 1980, cottage lessees were offered a rental rate that was reduced from 6 per cent of the appraised land value to 4 per cent. The cottage

lessees were offered the choice of phasing in this 4 per cent of the appraised land value over the ten-year period.

The commercial leaseholders have not received the benefits of reduced rents as it is our view and that of Treasury Board that commercial lessees who gain from the private use of public land should pay an economic rent. While the basis of the commercial rent is 6 per cent of the appraised value of the land, the lessee is given the option of phasing in this amount in equal payments over the ten-year rental period. The lessee also has the option of negotiating a rent based on a percentage of the annual gross revenue.

I would like to point out that 6 per cent of the appraised land value has been the basis of rent determination for a number of years. This represents a low return on the use of the Crown's asset and is, in fact, below the capitalization rates charged by other government departments.

The issue of land rents in Banff is quite separate from the issue of rents charged to Crown employees for Crown-owned staff accommodation, such as for a house in a national park. These rates are controlled by Treasury Board and are based upon local market conditions as calculated by CMHC.

• (2220)

Although Parks Canada can regulate the rents to a limited extent, depending upon several variables concerning the type of accommodation, it still must stay within these parameters. It can only set the rents according to a prescribed schedule given to it by Treasury Board.

CANADA POST CORPORATION—NUMBER OF PROVINCES SERVED. (B) PROVISION OF ONE-DAY SERVICE

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, I rise tonight during the adjournment debate to continue with a question I asked on July 15, 1982 of the minister responsible for Canada Post. The reason for my question at that time was that Canada Post, with many shiny brochures and much glossy paper, announced a new postal service called "Priority Post".

Priority Post consists of two methods. There is Priority Post programmed service which means that a person can have mail picked up on a regular basis, and it can be delivered on a regular basis for those companies and corporations which have a need for that type of service. There is also Priority Post "D" service.

I found it very strange that a Canada Post letter read:

> Priority Post . . . now provides next day delivery for your time-sensitive items to major Canadian cities and many countries 'round the world—

It was not too long ago when we expected that. It was called "service"; service by the post office department. It was not too long ago that businessmen and women and operators in cities expected their mail to be delivered when they put it in mailboxes. They expected it to arrive the next day in cities in Canada. In some of those cities, thousands of miles apart, it arrived the next day. That was expected. It was not something special. That is the way they did business.

After a few years the post office came along with those nice red, white and blue mailboxes. They were special mailboxes. If a person mailed a letter by a certain time, it arrived the next day. It was called "next day delivery". That was all done for the price of a stamp. At the time it was 6 cents and then 12 cents. It was expected. Now we have Priority Post which says that it can give next day delivery up to 33 pounds; that it can get it there on time every time.

The reason for my question was that this was Canada Post, which means all of Canada. It means every part of Canada should have access to this type of service. We all pay the same postal rates and the same taxes. The letter continued:

> Just bring your important material to a post office counter . . . fill in the distinctive Priority Post label provided, for next day "right to the door" delivery in Halifax, Quebec City, Montreal, Ottawa, Toronto, London, Winnipeg, Calgary, Edmonton and Vancouver.

But Canadians cannot use the service in Fredericton, St. John's, Charlottetown, Moncton, Regina, Saskatoon, Prince Albert, Whitehorse or Yellowknife. This is why we have a problem in the country understanding the directions of the government when it comes to serving all Canadians equally or serving them as they should be served. This is why I asked my question.

I find a great deal of difficulty accepting the same 72 per cent increase in the price of postage stamps in my part of Canada but not receiving the same service. I also find it strange that after I asked my question on July 15 I received a communication from Priority Post dated July 20, 1982, which in part read:

> "D" service is currently being announced by direct mail to designated centres.
>
> Additional expansion of "D" in Fall 1982.

Why was that information not made available before I asked my question? Why was I not told that Canada Post was considering providing the service to the cities of Regina, Saskatoon, Prince Albert, North Battleford, St. John's, Moncton and Charlottetown? Why was it not explained. I believe there was no intention on the part of Canada Post to serve those other cities in four provinces and two territories. That is what bothers Canadians about Canada Post. Right now in some parts of Canada we understand what other Canadians are going through with the withdrawal of Saturday delivery and Saturday morning closings.

• (2225)

In 1978 a Liberal member, Mr. McIsaac, who represented Battleford-Kindersley, which is now in my riding, complained to the government about the closing of a post office on Saturday in Rosetown, Saskatchewan. The closure of post offices on Saturday is not a new phenomenon. That is why it is repugnant to people in my part of Canada, as well as to other Canadians, to be treated unequally and not have the same access to Canada Post and to Priority Post and Priority Class D service. I am sure that the parliamentary Secretary to the Minister of the Environment (Mr. Schroder) is quite familiar with Canada Post. I await his answer.

Mr. Jim Schroder (Parliamentary Secretary to Minister of the Environment and Minister of State for Science and Technology): Mr. Speaker, the hon. member's question suggests that the availability of Priority Post in only six provinces automatically excludes the remaining four from the universal postal service. Such a conclusion is based on fala-cious reasoning and shows no understanding of corporate business marketing methods.

Let me explain the expansion of the service to which the hon. member refers. On July 5 of this year, Canada Post launched the first phase of an important expansion of its courier service called Priority Post. Until that date, this special service was available between the cities of Vancouver, Calgary, Edmonton and Winnipeg, or between London, Toronto, Montreal and Ottawa. The new expansion now makes it possible to send material under 15 kilograms to any of the above cities by Priority Post, as well as to Halifax and Quebec. In addition, several new Priority Post counters were opened in each location.

The hon. member will be pleased that Canada Post has plans, beginning this fall, to provide for another substantial expansion. The next phase of the expansion will see Priority Post being available to all 10 provinces.

Instead of reproaching Canada Post for ignoring some provinces and favouring others, I think the hon. member should compliment Canada Post for its determination to directly challenge some of its more formidable competitors, the private couriers. The expansion of Priority Post demonstrates that Canada Post can operate boldly, with flair and in a determined manner calculated to maximize its revenues while providing needed and superb premium service to Canadian business.

Canada Post expansion across Canada of this invaluable new service represents a phasing in by stages, a phasing in of a new service based on calculated, sound business practices. Soon Priority Post will be available in all Canadian provinces, but not before Canada Post is ready.

May I remind the hon. member that he has accused the Post Office of ignoring four of the ten provinces. I have already explained this falacious notion. The hon. member, however, did not address himself to Canada's two territories; the Yukon and the Northwest Territories. At present, let me remind the House that Canada Post has no plans to expand to the two territories, but when demand in the Yukon and the Northwest Territories reaches a point which makes Priority Post a viable business enterprise there, Canada Post certainly will consider introducing it there. Canada Post is cognizant of the postal needs of all Canadians.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow afternoon at two o'clock.

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

HOUSE OF COMMONS

Wednesday, July 21, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

EDUCATION

POST-SECONDARY FUNDING—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The "B" stream engineering students at the University of Waterloo last week voted to establish a quality of education maintenance fund. Eighty one per cent of these students, all faced with increased tuition and living costs, voted to contribute $50 each to address the problems caused by inadequate funding of university education. Therefore I move, seconded by the hon. member for St. Catharines (Mr. Reid):

That this House applaud the constructive initiative taken by these students, who are faced with higher fees and underfunded staff and facilities resulting from government cuts in post-secondary education support; and, urge the government to indicate its commitment to maintain the quality of post-secondary education in Canada, protecting our most important national resource.

Madam Speaker: Is there unanimous support for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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RAILWAYS

APPLICATION OF WAGE CONTROL PLAN—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina West): Madam Speaker, I rise on a matter of pressing and urgent necessity under the provisions of Standing Order 43. In view of the fact that the government's wage control plan has already disrupted negotiations on a new contract for river pilots on the Seaway and will unravel industry-wide bargaining on the rail system which took 94 years to develop, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House agrees with the Minister of Transport's statement that the wage control plan will not work and calls on the government to withdraw its plan before it disrupts transportation all over Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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COMMUNICATIONS

NORTHWESTEL PROPOSAL FOR THIRTY PER CENT RATE INCREASE—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. NorthwesTel, the federal Crown corporation which has a monopoly on telephone services in the western Northwest Territories, Yukon, and northern British Columbia, has recently proposed rate increases of 30 per cent. In that this proposal is repugnant to the 6 per cent guidelines laid down by the Minister of Finance (Mr. MacEachen) which will be imposed on the salaries of many of NorthwesTel's subscribers, including its own employees, I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That NorthwesTel's rate increases be restricted to a maximum of 6 per cent.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRADE

AUTOMOBILE EXPORT SALES—MOTION UNDER S.O. 43

Mr. Howard Crosby (Halifax West): Madam Speaker, at a time when the viability of the Canadian motor vehicle industry is threatened, attention should be drawn to the efforts of Wood Motors of Halifax and its president, John Gwynne-Timothy, who personally arranged a sale of 95 Ford Broncos, vans and trucks, direct with a customer in Europe for export to Sweden, notwithstanding the alleged superiority and fuel economy of European-made vehicles. Accordingly, under the provisions of Standing Order 43 I move, seconded by the hon. member for Annapolis Valley-Hants (Mr. Nowlan):

That the Minister for Trade be instructed to provide whatever assistance and co-operation is required to encourage and expedite sales of Canadian-made motor vehicles by local and regional dealers to foreign buyers, and to investigate

the potential market for further export sales for the benefit of the Canadian motor vehicle industry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE MINISTRY

THE MINISTER OF FISHERIES AND OCEANS—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The commercial and angling salmon season is open in New Brunswick and once again the Minister of Fisheries and Oceans (Mr. LeBlanc) is forcing New Brunswickers to bear the brunt of his incapability in that portfolio by unfairly and unjustifiably imposing sanctions and restrictions on them that he does not have the intestinal fortitude to place more realistically on others in the region. As time and time again the House has witnessed the floundering of this minister, I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That this House give the minister the hook and he be unceremoniously filleted.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1410)

EXTERNAL AFFAIRS

LEBANON—CALL FOR ESTABLISHMENT OF INVESTIGATIVE TASK FORCE

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. One is truly amazed and astounded at the deadly silence in the House in regard to the Lebanon crisis. The opposition questioning upon this issue has been virtually non-existent, and opposition leaders have posed no questions at all.

Some hon. Members: Oh, oh!

Mr. Yurko: I have the entire record here.

Surely there should be no reluctance for this House to stake out a humanitarian position in response to dealing with the devastation of communities and homes, leaving harmless children destitute and sobbing in the streets amid rubble, filth and squalor. We must find the compassion and the will to do something. Therefore I move:

That this House immediately establish a three-person all-party task force to travel to Lebanon, to examine first-hand the situation, and then promptly to report to this House so that appropriate humanitarian action can be initiated.

Hopefully someone in the House would be prepared to second this motion.

Madam Speaker: Is there unanimous consent for this motion, which is seconded by the hon. member for Hamilton Mountain (Mr. Deans)?

Some hon. Members: Agreed.

Some hon. Members: No.

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SHIPBUILDING

IMPLEMENTATION OF MARINE INDUSTRIAL STRATEGY

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas Canadians will lose 17,000 jobs because Dome Petroleum will likely build five LNG carriers in Japan, and because Federal Commerce and Navigation has already contracted to build two coal carriers in Korea and another two in Belgium; whereas Canadians will lose 1,500 jobs as long as CP Ships of Bermuda continues to staff its entire fleet of 40 ships with British officers and foreign crews and fails to repatriate those ships to Canada; and whereas tens of thousands of jobs and millions of dollars in contracts will continue to go offshore unless we immediately implement a marine industrial strategy, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House recognizes the fact that the Liberal government is no longer losing shipbuilding contracts by studied neglect but is deliberately sandbagging attempts to create a Canadian marine industrial strategy. Therefore, attempts will be made to recruit local governments and private industry officials to co-operate with organized labour in an attempt to establish a common front to lobby federal and provincial government to implement the long overdue marine industrial strategy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

DEMAND FOR HOLDING OF GENERAL ELECTION

Mr. Girve Fretz (Erie): Madam Speaker, thousands of constituents in three federal ridings are not served by a Member of Parliament, and these vacancies have existed for months. With the present Liberal economic chaos in the country, all constituents should have access to a Member of Parliament to assist them with unemployment insurance

claims, pensions, and the host of other services a member's office renders. Therefore I move, seconded by the hon. member for Grey-Simcoe (Mr. Mitges):

That the Prime Minister set aside his reluctance to call these three by-elections, take action immediately, and give Canadians some long-needed hope by calling these elections in the three vacant seats along with the other 279, by calling a general election.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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SOCIAL AFFAIRS

CALL FOR ASSESSMENT OF SOCIAL CHANGES

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I rise under the provisions of Standing Order 43. The 1981 census figures recently revealed dramatic social changes in Canada which will have powerful repercussions on Canada's economy and social fabric. For example, children under 15 years have decreased by 7 per cent, while persons over 65 years have increased by 17.9 per cent. Divorced persons have increased by 65 per cent, affecting half a million children. This means a tremendous increase in single parent families, a much larger pensioner group to be supported by fewer workers, and a huge increase in unemployed workers because of technological change. Inasmuch as the government develops long-range plans for energy resource development and for defence, but does no planning for human needs, I move, seconded by the hon. member for Nanaimo-Alberni (Mr. Miller):

That the government establish a parliamentary task force to assess the impact of these social changes and recommend long-range social policy directives to meet the future needs of Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

PROPOSED CHANGE OF SALES TAX TO WHOLESALE LEVEL

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Minister of Finance. After analysing the draft legislation on the proposed shift of the federal sales tax to the wholesale level, the Retail Council of Canada has calculated that prices on commodities that are affected will increase from 2 per cent to 6 per cent in addition to the normal inflationary increase. This is just simply as a result of the shift of the tax.

In face of the widespread concern about inflation as expressed in the record low level of consumer confidence that was announced this morning, why is the minister persisting in his pursuit of this shift in federal sales tax to the wholesale level?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member knows that the subject matter has been put forward for discussion. All the details of the proposal have been made public, and the intention is to receive the comments of interested bodies so that we can benefit from their views on this change.

Mr. Wilson: These comments are coming in now.

USE OF MANAGEMENT RESOURCES TO EFFECT CHANGE

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, if I might quote one other comment, the Retail Council predicts, "a great wave of inflation will spread through the economy at this most damaging time imaginable." The Canadian Manufacturers' Association holds similar views. Its members are also very disturbed that officials of the minister's department are telling them to gear up for this change in legislation even before the legislation and its regulations are known in the final form.

Again, would the minister explain why he and his officials are trying to accelerate this process, because the diversion of management time and the diversion of the resources of companies will compound not just the inflation problem but the unemployment problem? There will be more lay-offs as a result of this.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has engaged in the same old game of raising fears and raising possibilities that are not in the offing whatsoever. The hon. member has stated that we have accelerated this process, that we are attempting to accelerate it. The fact of the matter is that, in response to the representations that we received from the business community, we have delayed the implementation date so that it would be possible to have the fullest possible input from the business community. We are listening very carefully to their views. The subject matter has been studied for a great many years. As the hon. member knows, one of the basic and important purposes of this change is to put Canadian manufacturers in a position as equally favourable as those imported goods with which they must compete.

Mr. Wilson: I am not raising the fears. I am repeating what the Canadian Manufacturers' Association and the Retail Council of Canada have said, two national organizations with a very strong interest on two sides of this particular subject.

REQUEST THAT CHANGE BE POSTPONED

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, most organizations which have made representations to the minister are very concerned about the shift causing severe inflationary pressures. I repeat again the 2 per cent to 6 per cent increase that the Retail Council has mentioned. Since this shift is directly caused by government action, and because the government is so concerned about the impact of government actions on the inflationary process, would the minister agree at this time to defer the implementation of the shift in the sales tax indefinitely? Would he authorize hearings in the Standing Committee on Finance, Trade and Economic Affairs to hear these organizations which are so concerned about the inflationary impact, so that we can get to the bottom of the problem?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think Parliament got to the bottom of this problem years ago. I do not know of any subject that has been more thoroughly examined than this particular one. It is on the basis of very extensive and deep consideration that the government has proposed this change.

• (1420)

The hon. member talks about a shift. It is a proposed shift. There is a discussion paper upon which we are now receiving views, and then we will introduce legislation into the House of Commons.

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NATIONAL HARBOURS BOARD

VANCOUVER WATER LOT LEASE INCREASES

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, my question is directed to the Minister of Transport. The minister will know, as a result of a letter I sent to him on June 9, that some of the 1982 National Harbours Board water lot leases in the port of Vancouver have increased by close to 100 per cent. Many of the commercial and recreational leaseholders are facing increases this year of a substantial amount. This substantial increase, plus the increase of municipal property assessments in Vancouver's lower mainland, is threatening the financial viability of independent businessmen in the port of Vancouver. Some may be forced out of business.

In view of the disastrous effects these increases will have on the financial solvency of leaseholders, and the government's June 28 objective of a 6 per cent world, can the minister give this House the assurance that these 1982 increases will now be reviewed and that any increases after June 28 will be a maximum of 6 per cent?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the policy is indeed that, as Minister of Transport, in three capacities, in the department, in the regulatory agencies, and in the Crown companies for which I am responsible, my duty is to implement the six and five rule. So, I will look into that particular situation with that in mind.

Mr. Trudeau: That's right.

LEASES RENEWED FOLLOWING JUNE BUDGET

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, my supplementary question is directed to the same minister. Will he please assure the House that, when reviewing the rates, he will consider the fact that those leases increased by more than 100 per cent which were implemented in the last three months would hardly be fair, when leases renewed after June 28 may be increased by only 6 per cent? Can he reassure me once more that any lease renewed after June 28 will be increased by no more than 6 per cent?

Hon. Jean-Luc Pepin (Minister of Transport): I can only say "bis" to what I said in my first answer.

* * *

BANKS AND BANKING

SPREAD BETWEEN INTEREST PAID AND INTEREST CHARGED

Mr. David Orlikow (Winnipeg North): Madam Speaker, I would like to direct my question to the Minister of Finance. Banks are paying 13.75 per cent interest to people who have savings accounts with them. At the same time they are charging 22.5 per cent to customers who want loans. That is a spread of 8.75 per cent, an all-time high spread. Would the minister discuss with the banks the very serious effects on individuals, on farmers and on small-business men, which these exorbitant interest rates are causing, and urge the banks to reduce these high interest rates on loans, which will make the minister's objective of a 6 per cent inflation rate in the next year impossible?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member's question really surprises me. It surprises me because the House of Commons provided an opportunity to the standing committee of the House of Commons to examine the whole question of bank profits, which would obviously lead directly, inevitably, into the very question which the hon. member raises today. His question surprises me because, rather than staying on the committee and examining the problem, he withdrew from the committee and made no contribution to its conclusions.

Mr. Orlikow: It is precisely because the committee did not deal with these questions that I am asking them here.

REQUEST THAT MINISTER TALK TO BANKS' REPRESENTATIVES

Mr. David Orlikow (Winnipeg North): Madam Speaker, at the same time as the small-business men are being pressed with regard to their loans, when their collateral needs are

being very substantially increased, when they are being forced into bankruptcies, the banks have loaned billions of dollars for take-overs to a few large corporations which are not even paying the interest charges. I would ask the minister to talk to the banks so that the banks will deal with these small-business men, farmers and individuals in the same equitable way as they have dealt with the companies which are not even paying their interest on take-overs.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will consider the hon. member's representations. He has asked me to consider talking to the banks. May I ask the hon. member to return to the committee and do the job which Parliament asked him to do as a member of that committee?

* * *

• (1425)

ENERGY

EFFECT OF PROPOSED PRICE INCREASES ON INFLATION

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my supplementary is also directed to the Minister of Finance. Yesterday the Treasury Board secretary or chairman announced that the government intends to hang tough on rate increases for government-regulated industries but will not attempt to alter any oil pricing agreements to bring them in line with this wonderful and mythical world of 6 per cent. Statistics Canada today released its latest consumer price figures which show that commodities with high energy components, such as food products, continue to lead the way up the inflationary spiral. I wonder if I can have the attention of the Minister of Finance. He probably missed my preamble. I will do it again.

Some hon. Members: No, no.

Madam Speaker: Only the question matters.

Mr. Rose: How does the Minister of Finance think that the wonderful world of 6 per cent can be achieved if such an important cost component as energy, petroleum if you like, in food, transportation and home heating, will jump 10 per cent in September and 30 per cent next year? Will he explain to the House how he will achieve 6 per cent through an inflationary levelling off while he allows these massive energy increases to continue?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member should reflect a little bit on his question and understand that there are countries in the world which have totally absorbed the international price of energy and are running inflation rates presently much lower than in Canada. Therefore, to single out that component as a determinant of the inflation rate is going much too far. I can give the example of West Germany which, according to the OECD, will have an inflation rate next year of 3 per cent. They have already absorbed the total international energy price. We have not yet absorbed that. We still have, and will continue to have, prices lower than the international price. Surely with that rate of entry for energy price increases into the economy, it should be possible for us to achieve a 6 per cent world next year that will provide the basis for recovery in the country.

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AIR TRANSPORT

PARTICIPATION IN EUROPEAN AIRBUS PROJECT

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. Three or four hours ago the minister announced the intention of the federal government to buy a position in the European aircraft manufacturing Airbus industry, particularly the A320 program. What does the minister expect to obtain by way of percentage for the $500 million he is talking about in this program? What will be the total cost of the program, including the new buildings that will have to be built in Quebec? Is there to be another Crown corporation to manage this? What portion of the whole company will he get? Will it be a significant portion for that kind of money? Finally, why would he do it at all, given the economy of Canada today?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I am happy to confirm to the House that I announced today that the federal government has decided to begin formal negotiations to see if there is a basis for participation by the Canadian aerospace manufacturing sector in the Airbus industry A320 aircraft program. We have not entered into any final decisions beyond the decision which could well be in Canada's interest to see if a good deal for Canada could be developed through negotiations in participating in this new project of the very successful Airbus industry.

• (1430)

I do not think it is correct to assume any financial commitment will be as high as $500 million. This certainly depends on the results of the negotiations. We are not talking about buying positions. We are talking about seeing if we can work out a good deal which can mean thousands of jobs for Canadian workers all across Canada and a very successful strengthening of our already successful aerospace industry.

My hon. friend asks what we expect to get out of this for Canada. We expect thousands of high technology jobs and a further strengthening of the Canadian aircraft sector. I am sorry my hon. friend is not ready to see this and support it.

Mr. Ellis: Madam Speaker, I hope we have an opportunity to get into debate on this, because I am not sure when this minister has done something for Canada in the past.

Some hon. Members: Oh, oh!

EFFECT ON AIR CANADA

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I would like to ask a question of the Minister of Transport. In light of this announcement, will the minister guarantee that there will be no interference in the long-range purchase programs of Air Canada, given the fact that we understand that Air Canada, its management, its pilots and, indeed, some officials of the minister's own department, are opposed to this project and that the GATT agreement prohibits governments from interfering in the purchases of their Crown aircraft?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the persons who will negotiate this potential agreement with Airbus are quite aware of the realities my hon. friend raises, particularly the GATT one, so they will negotiate with that in mind and try for the best possible agreement.

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CHARTER OF RIGHTS

FREEDOM OF ASSEMBLY

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, my question is directed to the Right Hon. Prime Minister, and it has to do with the news conference the Prime Minister held in Belgrade. I regret I have not asked him this question previously, but the Prime Minister spoke in French, and we have just had his remarks translated into English.

The Prime Minister stated that he discourages, as a matter of policy, all Canadian citizens from holding meetings which are unfriendly to other countries. Is it the policy of the national government to discourage Canadians from availing themselves of their freedom to express concerns on such matters as man's inhumanity to man, terror, and violations of human rights perpetrated by other countries?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, phrased in that way, the answer is no.

FREEDOM OF EXPRESSION

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, is it the policy of the Prime Minister or of the government to say that Canadians should be discouraged from availing themselves of such fundamental political rights as freedom of association and freedom of expression, now guaranteed by the Charter of Rights which, of course, the Prime Minister himself championed—

Some hon. Members: Hear, hear!

Mr. Paproski: —and does this constitute bringing old country rivalries to Canada, as the Prime Minister suggests?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the question is somewhat confused. I will tell the hon. member that there is no intention and, indeed, no power on the part of the government to abridge any of these fundamental freedoms which are in the Bill of Rights which my party brought before Parliament and which was belatedly supported by the hon. member's party. There is no intention to do that.

Mr. Dick: The Bill of Rights was brought in by Diefenbaker.

Mr. Trudeau: Madam Speaker, I am just repeating what the hon. member for Edinborough—

Mr. Epp: Edinborough?

Mr. Nowlan: That place in the west.

Mr. Trudeau: It was the hon. member for Edmonton North who gave my party and me credit for the Bill of Rights. He did not choose to give it to Diefenbaker. However, that is a matter hon. members opposite can quarrel about between themselves.

Mr. Wilson: Why did you say it?

Mr. Hees: You are stumbling, Pierre.

Mr. Paproski: Ten o'clock, Madam Speaker.

* * *

GOVERNMENT EXPENDITURES

CONSULTANTS' FEES—APPLICATION OF RESTRAINT CONTROLS

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the President of the Treasury Board. In a letter to the Standing Committee on Miscellaneous Estimates of this House last year on the topic of government contracts with individual consultants, the minister admitted that the average daily head count for the time indicated was 4,017 persons, for an average annual cost per consultant of $33,600. This costs the people of Canada $130 million per year. Since these figures do not include the amounts paid to firms for professional and consulting services, how can the minister exclude these large numbers of people from the 6 per cent and 5 per cent ceilings imposed by Bill C-124?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I will certainly take the hon. member's question as a representation to the effect that we should look very carefully at the increase in fees in consultant contracts and, of course, negotiate the best deal possible in every instance for the benefit of the Canadian taxpayer. I take that representation. I appreciate the representation, as do my colleagues. I might add, however, that this is not something to which we have been at all oblivious. We have taken steps to ensure that there are no abuses in this area and, if any come to the attention of the hon. member, I would very much appreciate his bringing them to my personal attention.

Mr. Murphy: Madam Speaker, I wish the government would also negotiate with government workers for their compensation.

COST OF PROFESSIONAL AND SPECIAL SERVICES

Mr. Rod Murphy (Churchill): Madam Speaker, since professional and special services account for over $2 billion in this year's estimates, and since a large proportion of that money is going to individual consultants and to consulting firms, how can the minister claim that his legislation is fair and equitable to all those who earn their living or part of their living working for the federal government? I remind the minister that many of the firms which are doing consulting work are set up for the sole purpose of doing work for the government. They are mostly Liberals, by the way.

Mr. Smith: Rubbish.

Mr. Lalonde: You don't deserve an answer.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I do not accept that representation from the hon. member for Churchill.

In so far as the issue of fair compensation is concerned, I remind the hon. member that Bill C-124, which is presently in committee, provides for increases of 6 per cent and 5 per cent in the wage rates payable to public servants. I think the hon. member will know from representations made to him by constituents and others—they are certainly made to me and, I am sure, to hon. members on all sides of the House—that there are many people in this country who are getting no increases and accepting rollbacks. According to last week's Gallup poll, 80 per cent of the people of Canada are prepared to take a 10 per cent decrease in order to retain their jobs. I really do not agree with the hon. member when he says that the provision in our bill for 6 per cent and 5 per cent increases is in any way unfair or inequitable.

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[*Translation*]

MANPOWER

VOCATIONAL TRAINING FOR NON-TRADITIONAL TRADES—ALLEGED DISCRIMINATION AGAINST WOMEN

Mrs. Céline Hervieux-Payette (Montreal-Mercier): Madam Speaker, in the absence of the Minister of Employment and Immigration, my question is directed to the minister's parliamentary secretary.

Madam Speaker, as one of the members from Montreal Centre-East, I have had occasion to meet with members of the "Action Travail des femmes" movement, who came to see me with a complaint that the Canada Employment Commission was discriminating against women where training in non-traditional jobs is concerned. Therefore, Madam Speaker, I would like to ask the minister whether any corrective action is being contemplated or what the situation is with respect to these women who are claiming they have been discriminated against with respect to their choice of training.

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, I wish to thank the hon. member for her question and I can only applaud her involvement in women's rights. I must say that I fail to understand the charge of discrimination against women in non-traditional trades. As far as specific courses are concerned, I can inform the House that out of six women who applied for a course in April, five were admitted to the interview, and two agreed to take the course. Furthermore, Madam Speaker, the Department of Employment and Immigration reserves three places for 62 training subjects in non-traditional courses. Finally, to answer the member's question, there is the training-in-industry program under which we pay 75 per cent of the trainee's salary to companies willing to provide training for women.

* * *

[*English*]

AUTOMOTIVE INDUSTRY

EASING OF CUSTOMS EXAMINATION OF IMPORTED JAPANESE VEHICLES

Mr. Otto Jelinek (Halton): Madam Speaker, my question is directed to the Minister of State for International Trade regarding his announcement this morning about easing restrictions on Japanese cars held up by customs in Vancouver. Notwithstanding the pros and cons of this little game, which in itself is quite questionable, the fact is that the minister has caved in to Japanese demands once again. I just want to ask him very simply what he got in return.

• (1440)

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, on the basis of this and previous questions asked by the hon. member, I know that he is looking forward to the failure of the Government of Canada's negotiations to help the Canadian automobile industry. We had positive discussions during this last weekend with the Japanese and we felt that in order to show good faith and our sincere desire to resolve this problem, we would start to expedite the inspection and entry of the cars in the port of Vancouver to the car dealers across the country.

REQUEST FOR IMPOSITION OF CANADIAN CONTENT REGULATIONS

Mr. Otto Jelinek (Halton): Madam Speaker, the minister did not, of course, answer my question about what he received in return. This is the same rhetoric that we have been hearing from this minister for two years. His inability to come to any concrete agreements with the Japanese has not only had disastrous effects in the auto industry but has had side effects, such as lay-offs at Algoma Steel and other companies.

Will the minister at long last stop fiddling around—he has been negotiating for over two years without success, as there have been no agreements—and will he at last impose Canadian

content regulations forthwith in order that jobs may be created in Canada? This fiddling around in Vancouver, and the other restrictions, will not create any jobs. Canadian content regulations are the only answer. When is the minister going to take specific action? We have had enough of this fiddling around.

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, negotiations only started four months ago. I am very confident, as I have said on several occasions in this House, that negotiations will result in a very positive solution for Japan and Canada. The hon. member will just have to wait and see if he has to wipe the egg off his face.

* * *

RAILWAYS

CROWSNEST PASS RATES—GOVERNMENT RESPONSE TO GILSON REPORT

Mr. Doug Neil (Moose Jaw): Madam Speaker, my question is for the Minister of Transport. A short time ago the minister indicated that the official response of the government to the Gilson report would be handed down some time later this month. Can he advise when he intends to make the official government response? Will it be done in this House, or will it be done by way of a news conference?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, cabinet is looking at that matter now. I hope to be able to fulfil the suggestion I had made, which is that cabinet would react to the report before the end of the month.

PORT OF CHURCHILL—FUTURE UTILIZATION

Mr. Doug Neil (Moose Jaw): Madam Speaker, I have a supplementary question. If the compensatory rate is ultimately paid to the railways, the port of Churchill, because of its proximity to the grains producing areas, will become quite attractive. Has the minister discussed the possibility of greater utilization of the port of Churchill with the railways and with the Wheat Board? Is he considering having a study made in order to determine what the savings would be if Churchill were utilized much more than is the case now?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have not considered this in the particular context of the Gilson report. The Minister of State responsible for the Canadian Wheat Board has stated on many, many occasions what his position and the position of the government is with respect to the use of the port of Churchill. In a nutshell, he has said that the Canadian Wheat Board and western farmers in general are willing to spend money in order to use the port of Churchill, but that there are limitations to what we can do.

INDUSTRY

LOSS OF EMPLOYMENT IN ST. CATHARINES-NIAGARA AREA

Mr. Joe Reid (St. Catharines): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. The minister knows that there is an exodus from the work force of the St. Catharines-Niagara area, with some 2,000 persons having left that area in the last month alone and over 29,000 persons having left that same area to look for work elsewhere in the last year. In turn, that leaves 15,000 people still on the unemployment rolls looking for work, with little hope.

How many people will have to pack up and leave the St. Catharines-Niagara area, or how long will they have to wait for the Canadian content value added program which was outlined by the Minister of State (International Trade) and to which he has just referred? Also, what will he do for the shipbuilding industry, and how will our area qualify for the Industrial and Labour Adjustment Program which Windsor now has?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, decisions on designation under the Industrial and Labour Adjustment Program are made by the cabinet. The situation is being very actively reviewed, including the situation in St. Catharines. We hope to be in a position before too long to announce the conclusions of our review of shipbuilding policy. Our discussions with the Japanese in the whole area of our relations with them are proceeding, as the Minister of State for International Trade pointed out, on a basis which will demonstrate how much egg there is already on the faces of the opposition in light of some of their previous comments.

Generally speaking, we are certainly working through the measures and general approach of the budget of June 28 to provide a basis for the return to work of the workers in this area. I hope that the hon. member will give us his active support for that approach which will speed up the return to work of the people to whom he refers.

ALLOCATION OF GOVERNMENT FUNDING

Mr. Joe Reid (St. Catharines): Madam Speaker, I have a supplementary question for the same minister. He well knows that his department has requested that the regional municipality of Niagara submit an application. This has been done. I would suggest that when the minister introduced the program the city of Windsor did not make an application because, at the same time as the program was announced, a grant was announced for that city.

Since last November the words "equity and fairness" have been used rather loosely but rather frequently. What is fair and what is equitable when the automobile community of Windsor gets $17 million and the community of St. Catharines-Niagara gets nothing?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion):

Madam Speaker, the criteria for designation by cabinet are public. The criteria involve a review of the rate of unemployment in an area connected with a downturn in a substantial industry. After the initial creation of the program and when communities have expressed interest in it, I have invited them to submit their concerns to the government so that their situation can be actively monitored by the inter-ministerial committee and so that, in timely fashion and on the basis of the application of the criteria, decisions can be taken by cabinet. I am very glad that the city of St. Catharines has taken that step.

* * *

THE ECONOMY

EFFECT OF RESTRAINT PROGRAM

Mr. Paul E. McRae (Thunder Bay-Atikokan): Madam Speaker, I have a question for the Minister of Finance. In view of the breakdown of the $9.1 billion increase in the deficit which shows that $4 out of every $5 of that increased deficit comes from a decline in revenue and not government spending, as the opposition would state, and that we find the same thing in the United States, with a real decline in April and May, according to *The New York Times*, how will the 6 and 5 program stimulate the economy in such a way that some of that revenue may be returned and the deficit lowered?

Mr. Nielsen: Figure that one out.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, since budget night I have been making the point that the substantial increase in the deficit is accounted for by the recession or, as the hon. member put it, a decline in revenues. Obviously, when the economy begins to recover, revenues will grow and the deficit will automatically decline.

The hon. member has asked how I propose to bring about recovery. The strategy of the budget is to bring about a 6 per cent economy as soon as possible, and to reduce the rate of inflation. I am satisfied that, as we reduce our rate of inflation, our rates of interest will decline and recovery will recommence.

* * *

GOVERNMENT EXPENDITURES

TEACHING ENGLISH TO CHILEANS

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is directed to the minister responsible for the Public Service Commission. At a time when the Commissioner of Official Languages continues to find that the bilingual situation in the Public Service of Canada is far from ideal, can he explain why the Public Service Commission recently sent the director general of its language training branch to Chile, on full salary, to facilitate the teaching of English to the professional and military elites of the dictatorial Pinochet regime, and is planning to send further branch employees to Chile for the same purpose, and again at the taxpayer's expense?

• (1450)

Hon. Gerald Regan (Secretary of State): Madam Speaker, the hon. member will be aware that, while the Public Service Commission reports through me to the House, it is not a department of government but has that independence necessary to the proper operation of the public service. I will take notice of the hon. member's question and make inquiries through the Commission.

* * *

MEDICAL CARE

CONTENT OF INFORMATIONAL PAMPHLET

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, my question is for the Minister of National Health and Welfare who sent out this month, along with the family allowance cheques, a pamphlet concerning hospital insurance and medicare programs in Canada. In it she makes the claim "every province must provide coverage for all medically required services of medical doctors". If the minister was really interested in informing Canadians, why did she not take the opportunity to provide Canadians with a concise and honest synopsis of the problem of extra billing and the important debate surrounding it, instead of confining herself to raising false expectations among Canadians who live in provinces or communities where extra billing is a problem?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I am afraid I disagree with the interpretation of the hon. member, and it is not the first time. The inserts are meant to tell people of their rights. If the people are not the guardians of medicare in this country, I do not know who will be. I do not think I should throw at citizens the problems we are paid to solve. We are in the process of negotiations, and I hope to have good results without having to throw problems instead of solutions at people.

* * *

TRADE

TRANSPORTATION OF NATURAL RESOURCES TO JAPAN

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, my question is for the Minister of State for International Trade, and arises out of the difficulties we currently seem to be having in developing the right—no other word is immediately at hand—to build those ships which will transport our natural resources. Just last Friday the Minister of Energy, in response to a question, indicated that this matter had been raised with Japanese officials. Can the minister enlighten us on the Japanese response to the request, presumably, to transport

not only natural gas but coal and other minerals to that country?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I was not a party to those discussions so I am afraid I cannot answer the hon. member.

Mr. Forrestall: Madam Speaker, it surprises me that the minister was not a party to those discussions. I can only presume he has never bothered to raise the question.

REPRESENTATIONS TO JAPANESE OFFICIALS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I will direct my question to the Minister of Energy, Mines and Resources, who indicated to this House the other day that he in fact had raised with Janapese officials the question of the transportation of liquefied natural gas from Canada. Can the Minister be a bit more precise in his answer and indicate to this House the response of Japanese trade officials to any request for that right which he might have put forward?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the representation I made was on the occasion of a visit to my office by a group of Japanese private businessmen who were interested in that particular project. At that time we had no indication from the Government of British Columbia of which project they were sponsoring or favouring. I indicated at that time that our view, as the Government of Canada, is that all those projects should have a significant Canadian content and a significant degree of benefit for the Canadian people. I indicated they should bear that in mind in their plans for whatever they wanted to do.

As I indicated to the House before, this proposal is going to be put before the National Energy Board, there will be the normal hearing, and the government will consider the recommendations of the NEB when it makes its report. In the meantime, the views of the Government of Canada are well known; I have indicated them privately to those private parties interested, but they are also part of the National Energy Program and they have been indicated quite clearly in the past.

* * *

CANADIAN WHEAT BOARD

QUERY RESPECTING APPLICATION OF SIX PER CENT RULE TO TWO-PRICE SYSTEM

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, my question is for the Minister of Transport, in his responsibility for the Canadian Wheat Board. On July 8 I asked the minister if he had given consideration to any increase or change in the two-price system for wheat which expires July 31, ten days from now. Can he inform the House and the producers whether the 6 per cent rule will apply to the two-price system as it applies to domestic grain?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I cannot do that at this time.

ANNOUNCEMENT IN SENATE

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I find it strange that the minister cannot give me an answer today since his assistant in the Senate gave an answer to Senator Roblin on July 7, when he stated that the 6 per cent rule would apply because the mechanism was already in place. Was the assistant to the minister wrong, or has there been a change in the decision since July 7?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the rule is that the 6 per cent applies in all circumstances, except when ministers can demonstrate to the cabinet group that it should not because of special circumstances.

* * *

COMMUNICATIONS

NORTHWESTEL—APPLICATION FOR THIRTY PER CENT RATE INCREASE

Hon. Erik Nielsen (Yukon): Madam Speaker, my supplementary is to the same minister. NorthwesTel, a Crown agency under his jurisdiction, has an application before the CRTC for an increase of over 30 per cent in telephone rates. Is it going to be instructed by the minister to amend that application to limit the requested increase to 6 per cent?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, if it is still only an application maybe they will not get more than 6 per cent in the first place. In the second place, if they get more than 6 per cent the regulatory agency will have to explain why to the government. If it can be justified, presumably the government will accept that. If not, the government can use the power it has to change the decision of the regulatory agency.

* * *

INDIAN AFFAIRS

COMMITTEE REQUEST FOR INDEPENDENT INQUIRY INTO BRITISH COLUMBIA REGIONAL OFFICE

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is for the Right Hon. Prime Minister and follows up on a series of questions earlier this week regarding the rather casual approach of the Minister of Indian Affairs to the discharge of his special trust responsibilities to Indian people and the discharge of his statutory obligations to the House. Having been informed by the Deputy Prime Minister, who had similar questions posed to him earlier this week, has the Prime Minister read the testimony before the committee which led the committee to table a report, and later on a petition signed by all members of the committee, insisting that the minister implement an independent inquiry into the

affairs of the Department of Indian Affairs in British Columbia? Also, does he know that the minister's own officials have insisted that an independent inquiry would be necessary? If he has read the testimony, has he advised the minister to review his decision to implement only a cover-up inquiry which is now under way?

Right Hon. P. E. Trudeau (Prime Minister): The answer to the question is no, Madam Speaker.

DISCHARGE OF MINISTERIAL RESPONSIBILITY

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, I will ask the Prime Minister this specific question. Why is it that the Minister of Indian Affairs can get away with totally ignoring his statutory obligations to this House and the orders it has made? One example is the requirement to report annually on the implementation of the James Bay Agreement. When is this minister going to live up to his responsibilities to this House and his special responsibilities on behalf of the native people of this country? How long can he get away with that? Madam Speaker, you will recall that—

Some hon. Members: Order.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I heard the minister answer similar questions in the House earlier this week. The minister is a frequent attendant at question period, and he will be happy to deal with those questions again.

* * *

ENERGY

PRODUCTION OF WESTERN SHUT-IN OIL

Mr. Maurice Foster (Algoma): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Very strong representations have been made by the oil industry of Canada concerning shut-in oil in the western sedementary basin and the adverse effect this has had on their cash flow. In light of that, can the minister say what progress is being made on this problem and whether he plans any further actions?

• (1500)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, we have announced a number of steps in the past couple of months in this regard. Those steps have already produced very, very significant results. Thanks to our efforts we have been able to increase our sales of heavy crude to the United States and also the sale of light sour crude oil from Saskatchewan.

As far as conventional light crude oil is concerned, we have been able to increase significantly the take up of that oil in eastern Canada, particularly in the maritimes, thanks to the subsidy we are providing for the transportation of that oil in order to encourage the consumption of Canadian oil rather than imported oil. As the National Energy Board announced yesterday, the demand in August for western crude oil appears to exceed the available and transportable supply. I think this is a clear demonstration that we have taken our responsibilities and done everything that could be done to reduce, if not eliminate, the situation with regard to shut-in oil.

There may be some difficulties at various times of the year, some fluctuations, but following our discussions with the Government of Alberta, in particular, and the Government of Saskatchewan, I think we are going to be able to have a much more orderly situation than we have had in the past, and I thank the hon. member for his interest in this matter.

* * *

[*Translation*]

HOUSE OF COMMONS

RESIGNATION OF MR. ETHIER, DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE HOUSE

Madam Speaker: It is my duty to inform the House that Mr. Denis Ethier, member for the riding of Glengarry-Prescott-Russell, has resigned as Deputy Chairman of Committees of the Whole, effective July 8, 1982.

I shall not elaborate on the reasons for the hon. member's decision, but I am certain that all members of this House are deeply grateful to him for the services he has rendered. Personally, I am sorry to see him go, and I wish to thank him publicly for his eminently responsible attitude and for the manner in which he collaborated with the members representing the Chair in the House of Commons.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

PETITION

REQUEST THAT MR. OUELLET MEET WITH HOME OWNERS ADVISORY COUNCIL ON UFFI

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I have the honour to present a petition on behalf of a number of Canadians appealing to the government to ask the Minister of Consumer and Corporate Affairs (Mr. Ouellet) to have a meeting this weekend with the home owners advisory council on urea formaldehyde foam insulation. It is apparent from the petition that the co-ordinator of the UFFI program has chosen this time to go on holidays as has the chairman of the advisory committee, and the minister has refused to meet with them to discuss vital and important orders. It is also clearly apparent that the Conservative Party is blowing hot and cold on this issue and refuses to take a petition.

Some hon. Members: Rubbish.

Mr. Skelly: Therefore, I have the honour to present a petition signed by Members of Parliament asking for that meeting to take place.

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[*Translation*]

BUSINESS OF THE HOUSE

TIME ALLOCATION FOR SECOND READING OF BILL C-125

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I wish to inform the House that there have been consultations among representatives of the parties and that it has not been possible to reach agreement under the provisions of Standing Order 75A or 75B in respect of the proceedings on second reading of Bill C-125, an act to provide supplementary borrowing authority.

I wish to give notice that, at a future sitting of the House, I shall propose a motion, pursuant to Standing Order 75C, to allocate two additional sitting days to the said stage of Bill C-125.

Some hon. Members: Hear, hear!

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,234, 4,330, 4,362 and 4,376.

[*Text*]

SEARCH AND RESCUE EQUIPMENT ON WEST COAST

Question No. 4,234—**Mr. Cook:**

1. What is the inventory of Department of Transport helicopters and personnel on British Columbia's west coast?

2. At what locations in British Columbia are the crafts and crew based?

3. On how many occasions in the last year were the helicopters involved in air search and rescue expeditions and mercy flights on the west coast?

4. What was the approximate location of the calls responded to by the helicopters?

5. What air search and rescue equipment do the crafts carry?

6. What search and rescue training programs were administered to the crews of the helicopters?

7. Which of the helicopters were involved in each individual search and rescue mission?

8. In which cases were the helicopters the (a) primary (b) secondary crafts involved in the air search and rescue missions?

9. What was the approximate response time for the crafts in the cases where they were involved in air search and rescue and mercy flights?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): 1. One Sikorsky S61, one Bell 212, three Alouette III, one Bell 206B (temporary assignment). Twelve pilots, eleven helicopter engineers, one helicopter electrician.

2. Prince Rupert:	Victoria:
CG 22—Sikorsky S61	CG 23—Bell 212
	CG 24—Alouette 111
Five pilots	CG 25—Alouette 111
Four engineers	CG 26—Alouette 111
One electrician	CG 79—Bell 206B
	Seven pilots
	Seven engineers

3. According to official records kept at RCC Victoria, CG helicopters were involved in 12 search and rescue missions in 1981.

5. Coast Guard helicopters are mainly used in support to its aids to navigation program and for ice reconnaissance duties when stationed on board icebreakers during winter months or while engaged in Arctic resupply missions. These aircraft are occasionally tasked in a secondary role to search and rescue but their participation is limited to coastal searches and mercy flights. Coast Guard helicopters are generally not large enough to provide a primary search and rescue capability and consequently, specialized equipment such as rescue hoists, survival packages, life rafts and extensive radio communication equipment cannot be carried on board for that purpose.

6. The Department of National Defence is charged with the responsibility for providing primary air resources in support of marine search and rescue. On the west coast this responsibility is discharged by 442 Squadron based at Comox on the east coast of Vancouver Island, whose resources consist of three Buffalo fixed-wing search aircraft and four Labrador/Voyageur rescue helicopters. The helicopters carry five crew members, two of which are qualified search and rescue specialists.

Because the Department of Transport's responsibility is to provide marine resources for search and rescue, as opposed to air resources, and because Coast Guard helicopters are not capable of carrying out primary search and rescue operations, helicopter crews do not receive any formal training in search and rescue.

4, 7, 8 and 9. The table below shows CG helicopters involvement in SAR missions during 1981.

Incident	1981 Date	Helicopter	Response Time	Total Time	Location	Type	Other A/C Inv.
H0004	Jan. 1	CG 22	10 min.	54 min.	Prince Rupert	Medical evacuation	B.C. ambulance
H0419	Mar. 8	CG 22	10 min.	48 min.	Prince Rupert	Medical evacuation	Commercial

M0719	Mar. 15	CG 25	10 min.	1H06m.	Clo-oose, Van. Island	Broken down P/C	—
A0830	Apr. 23	CG 22	3 min.	2H30m.	Graham Is. (Qu. Charlottes)	Lost aircraft	USCG
M1177	May 20	CG 22	2 min.	1 hour	Banks Is. (50 mi. S. Pr. Rupert)	Vessel fire	—
M1338	Jun. 3	CG 22	Airborne	1H30m.	Oswald Bay (Hecate Strait)	Vessel aground	—
A1755	Jun. 29	CG 22	15 min.	2H12m.	Moore Lake (S. Pr. Rupert)	Overdue aircraft	DND
M1767	Jun. 30	CG 22	Airborne	2H54m.	Coho Point (Dixon Entrance)	Man overboard	—
A3984	Nov. 5	CG 24	Airborne	1 hour	Crawfish Lake (w. side Van. Is.)	Overdue aircraft	—
M4129	Nov. 28	CG 22	10 min.	1H36m.	Kitson Is. (N. Pr. Rupert)	Overdue vessel	—
M4160	Dec. 4	CG 79	Airborne	1H30m.	Lasqueti Is. (Georgia St.)	Flare sighting	—
M4183	Dec. 8	CG 26	Airborne	18 min.	Woody's Lagoon (Victoria)	Overturned boat	—

Definition: H—Humanitarian incident
M—Marine
A—Aircraft

COST OF CN TOWER IN TORONTO

Question No. 4,330—**Mr. Blenkarn:**

1. What was the total cost to the Canadian National Railways to erect the CN Tower in Toronto?

2. How much land, expressed in square feet, is used by the CN Tower?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: 1. $59.0 million, 2. 417,958 square feet.

ATC IN TRAINING POSITIONS

Question No. 4,362—**Mr. Crouse:**

1. What is the approximate number of applications received in (a) 1981 (b) 1982 to date for ATC in Training positions, including RO's, CR Assistants, and Tech Mets under the SAAP?

2. Of those who apply for ATC in Training, what number successfully pass the "entrance" exams and, of those, what number proceed to successfully pass the interview process and what number, on an annual average, then successfully complete (i) regional training, where applicable (ii) TCTI (iii) OJT check out?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport):

1. (a) Approximately 12,100
(b) Approximately 9,000
2. Of those who applied for ATC training (based on 1981)
(a) Approximate number who successfully passed "entrance" exams (Aptitude Tests) 1,300
(b) Approximate number who successfully passed interview process 600
(c) Approximate number who started regional training 220
(i) Approximately 160
(ii) Approximately 125
(iii) Approximately 90

UNEMPLOYMENT FIGURES REPORTED TO STATSCAN

Question No. 4,376—**Mr. Scott (Victoria-Haliburton):**

1. Who is responsible for deciding how unemployment figures are reported by Statistics Canada?

2. Is the lowest reported category the metropolitan area and, if so, for what reason?

3. Who provides local municipalities and towns with statistics for their municipalities?

4. Can Statistics Canada provide these statistics on a regular basis?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada reports:

1. Under the Statistics Act, Statistics Canada must collect, compile, analyse, abstract, and publish statistical information, pertaining to, *inter alia*, labour and employment. Matters relating to content, format, timing and other considerations relating to the reporting of unemployment data by Statistics Canada are determined by the staff assigned to the labour force survey, which is the vehicle used to measure unemployment in Canada on a monthly basis.

2. The lowest geographic categories for which monthly labour force survey data are reported are for 23 metropolitan areas and 52 sub-provincial economic regions (or groups of regions). Labour force survey data are derived from a sample survey of households throughout Canada, and, with very few exceptions, the survey sample size is not large enough to produce meaningful estimates for areas smaller than these metropolitan areas or economic regions.

3. Unemployment estimates for local municipalities and towns comparable to the monthly labour force survey data are not available.

4. Statistics Canada provides labour force data for local municipalities and towns on a regular basis from the census of population, but cannot presently provide such data more frequently from existing surveys or other sources.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,772 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House to have question No. 3,772 made an order for return?

Some hon. Members: Agreed.

[*Text*]

KATIMAVIK PROJECT

Question No. 3,772—**Mr. Blenkarn:**

1. How many young people signed up for the Katimavik project in 1981?

2. What was the cost to the taxpayer, including the costs of administration and advertising?

3. Were follow-up studies done to establish the number (a) completing the program who are now usefully employed (b) enrolled in post-secondary courses (c) on welfare and (i) if so, what were the results of the study (ii) if not, for what reason was no such study made so that the usefulness of the program to the taxpayers could be meaningfully evaluated?

Return tabled.

[*English*]

Mr. Stevens: Madam Speaker, once again I ask the parliamentary secretary why he has affronted the House by not answering question No. 2,042 which was put on the Order Paper on January 29, 1981. The question is, simply, what was the total cost of the Prime Minister's world tour in December, 1980, January, 1981. Is there any possible excuse for affronting Parliament in this way?

Mr. Smith: Madam Speaker, I am shocked the hear the suggestion that Parliament has been affronted by this government, which has answered 3,492 questions on the Order Paper as of today. That is an excellent record and a good batting average. I have made inquiries as to that particular matter and I am advised that the answer to the hon. member's question is in preparation. I will again pass on the concern of the hon. member.

Mr. Stevens: Will that take another year?

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

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

[*English*]

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

[*Translation*]

Madam Speaker: Shall the notices of motions for the production of papers be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83

MEASURE TO ESTABLISH

The House resumed from Tuesday, July 20, 1982, consideration of the motion of Mr. Bussières that Bill C-125, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs, and the amendment of Mr. Clark (p. 19456).

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, last evening I was discussing the fact that those on the opposite side of the House are noticeably quiet when it comes to condemning publicly the financial policies of the government. At that time I provided a long and detailed list of the many instances when shocking and wasteful spending on the part of this government and its agencies has resulted in taxpayers' dollars literally being thrown away. I mentioned how rare it was for anyone on the other side to object to the burden this was placing on all Canadians. The silence from the other side of the House has been deafening.

I mentioned, in particular, the Liberals' closed-mouth approach in their delay to call three byelections in Timiskaming, Broadview-Greenwood and Leeds-Grenville so that Canadians in those three ridings could have a voice in the House. I suggested that everyone, including those on the opposite side, knew that members of the government could not even bear to think of the humiliation they would receive at the polls if those byelections were called. Better to let thousands and thousands of Canadians remain unrepresented than to

embarrass the 145 opposite. If the thought of defeat in only three ridings is enough to cause those opposite to shudder, small wonder the government is absolutely refusing even to consider calling a general election. They certainly do not want to let voters in every riding have the opportunity to defeat the entire bunch, which is what would happen if Canadians were given the chance.

• (1510)

People across the nation know that the only 6 per cent solution to save this country is the one which results in the government being reduced to 6 per cent or less representation in Parliament. The government is asking Canadians to help it solve our problems. I can assure the House that they are trying to. Many Members of Parliament on all sides of the House, but especially those of us on this side of the House, are receiving letters, telephone calls and representations as to how we on this side, or Canadians in general, can get rid of the government. There is talk of petitions being presented across the country, in Liberal ridings as well. There are letters to the editors as to how the Prime Minister (Mr. Trudeau) can be impeached. These letters come from people who consider that there is legislation in Canada similar to that in the United States where a president under certain circumstances can be impeached. Canadians would love to do something to change the government. They know that the government is the problem and only an election will provide us with a solution. Yet the government, clinging to power for the sake of power, has other ideas. It denies any and all responsibility. According to the government, the guilty culprits are Canadians.

The government says that Canadians expect too much. I suggest to those on the opposite side of the House that since Canadians are footing the bill and paying the shot, they have a right to their expectations. Canadians have a right to expect that the billions of dollars they pay in taxes each year will be spent wisely in their behalf.

Recently the Fraser Institute reported that the tax bill of the average Canadian family has increased by 619 per cent between 1961 and 1980. We can imagine how much it has increased and will increase by the end of 1982. The government simply legislates increases to its coffers, adding greed to arrogance and the quest to remain in power. Canadians have the right to expect that this extra money taken from them is being spent wisely in their behalf.

How wisely was it spent and in whose behalf when Petro-Canada gave $480,000 to 16 Norwegian and French oil drillers not to work? Each of these drillers was given $30,000 and sent home because officials at Petro-Canada neglected to read the relevant immigration regulation, or were totally unaware of its existence, the regulation which bars foreign workers from the jobs involved.

How wise was it when the CBC flew 74 people to Versailles to cover the summit conference when the Global and CTV networks sent over four people each? If the two privately-owned networks could provide excellent coverage of the event with four people each, why in heaven's name were 70 extra people needed by the CBC? The trip to Versailles contained other vivid illustrations of the problems the government is causing.

Prior to Versailles the Prime Minister promised that he would return home with solutions to the economic morass his government had created in the country. He did not admit that his government had created the problems, just the opposite. He said that Canada's economic woes were the direct result of the policies of other nations, most notably the United States, so he would go to Versailles and tell the leaders of the other nations just how things should be done. As we all know, things did not quite work out that way. The leaders of the other nations were far too busy working out their own plans for economic growth to be bothered listening to the whines and complaints of a finger-pointer, so the Prime Minister returned home petulant and emptyhanded. Rather than making the trip to Versailles, the Prime Minister would have been well advised to travel along the road to Damascus.

A conversion is clearly in order. The Prime Minister must be converted from his thinking that the problems he has created are the fault of others. He must be converted from thinking that only he knows best what shape and form the nation should assume, and that the opposite opinions of others are to be dismissed out of hand. He must be converted from thinking that the power of his office is absolute and that he is not accountable to the people. He must be converted from thinking that the plight of the people is their own fault, and he must realize that it is the fault of his government. If the Prime Minister does not walk along the road to Damascus, the nation will continue on the road to ruin.

There is little hope the government will abandon its irresponsible spending. Right now it is before the House asking for authority to borrow $11 billion more. The Minister of Finance (Mr. MacEachen) and the government should give this matter second thoughts. They know that when it is totalled it is more than they require. If they reduced this amount to $7 billion, it would probably be more in line with their actual needs. There is little hope the government will try to do much along this line or try to reduce the massive debt.

I feel very strongly that we in the House should not and must not approve this supplementary borrowing authority in its full amount. I would never approve throwing good money after bad, especially good money in the direction of a bad government. The hole in which the government has put the country is too massive and too costly to be overlooked. We may not be able to stop passage of the bill, but come the next election, Canadians will dig another hole and bury the government in it.

Columnists across the country have been writing scathing articles on the performance of the government. One appeared in the Tuesday, July 20 edition of *The Toronto Sun* entitled, "6 Per Cent Snake Oil". It contains many truths. In part it reads:

> That beehive of mediocrity, the CBC, cost us $792.2 million this past year, a 10 per cent increase over the previous year.

Also it talked about Petro-Canada and what has gone on in that corporation. I should like to refer to another quotation of this very astute columnist, Laura Sabia, which reads:

Multiculturalism, bilingualism and metrication cost us billions of dollars we couldn't afford, taxpayers money poured into a bottomless pit.

The Fraser Institute recently published a report on taxes by all three levels of government.

As I mentioned before, this report showed astronomical increases in the tax bill placed upon the shoulders of average Canadian families which can ill afford them. It continued:

While jobs are lost everywhere, the economy is in shambles, the government increases its bureaucracy by 8,000—

I could go on and on with horror stories. I hope hon. members on all sides of the House will see that the $11 billion is asking for far too much and that it should be reduced. If not, of course we will be voting against Bill C-125 which will almost give the government a blank cheque to spend and spend and spend.

Some hon. Members: Hear, hear!

• (1520)

Mr. Douglas Fisher (Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance): Mr. Speaker, it is a pleasure to have an opportunity to rise and comment on this legislation today. I might add that I am looking forward to hearing the hon. member for Lincoln (Mr. Mackasey) later this afternoon who will be reflecting upon this bill in more detail than I am about to do.

Mr. Blenkarn: You are filibustering the bill.

Mr. Fisher: At this point I intend simply to pass along a few reactions I have had from listening to some of my colleagues and friends from all sides during the course of this debate when they talked about the economy and the government's management of it. I would also like to discuss how members opposite would offer alternatives to the Canadian people.

Mr. Blenkarn: Why do we not vote on it then?

Mr. Fisher: On Monday, I listened with great interest to the right hon. Leader of the Opposition (Mr. Clark) who, I believe, made some unwarranted personal attacks which were basically attempts to demean the performance of the government rather than present alternatives. We have listened to this hollow discussion of government policies for some time during this debate. We have not heard from the other side the alternatives to current policies.

I believe all Canadians would welcome—I certainly would—the very refreshing insights into wasteful expenditures or expenditures which have not been agreed to. I believe that all Canadians would agree with any member who would rise in his place to suggest that an expenditure on one item would have been put to better use if it had been given to an ordinary person in need. I welcome those concerns.

I have listened to concerned members opposite talk about unemployment. For example, I believe that the hon. member for Athabasca (Mr. Shields) has given us a lucid and sincere description of unemployment in his riding. He has often brought home to us the meaning of the slowdown in his riding owing to the energy policy. At the time it is not enough to raise small issues such as that of the brief cases and claim that unemployment in Athabasca will be solved by that issue. Instead, we on this side of the House are attempting to emphasize exactly what the hon. member for Athabasca has reminded us of, that government spending must go to people. I urge hon. members opposite to focus on government spending on services when they begin to present their alternatives.

I recall the debate on federal-provincial spending which took place in the House a few months ago. At that time we were discussing some $105 billion that the government is giving to the provinces in the form of transfer payments over the next five years. That money, which is gathered from Canadians all across the country, is being used to redistribute our resources to those people in need. Those expenditures are being used for universities, health care, and medicare. I felt that we had an excellent debate in the House because it focused on the qualities of those services and on the need for additional spending in those areas.

My hon. friend, the hon. member for Mississauga South (Mr. Blenkarn), whom I see across the way, while very often chastising us for our spending, shone in that debate because he was constantly urging that we spend more money for services rather than blindly cut back. It was that reasoned compassion that made his speeches so enlightening at that time. That same compassion expressed by the hon. member for Athabasca has often made his speeches compelling to those of us listening to them. That compassion and dedication which was so prevalent during that debate has made the Conservative speeches during this debate so hollow in its absence.

In this debate I would like to focus on some of the issues that are involved in our spending. With respect to unemployment, there are many members here who represent constituencies where unemployment is tragically high. Fortunately, unemployment levels are quite low in my riding and I, as well as the people in my riding, welcome the opportunity to share our strength and wealth with Canadians who are in greater need. This morning, I spoke on a radio talk show in Regina where numerous callers made the same point. The point they made was that the people in Regina, where unemployment is severe but not as great as in other parts of Canada, were prepared to share their wealth with those places which are in greater need. That is the purpose of our spending in Ottawa. Our role is to help Canadians overcome tragic economic periods like this and to benefit from our common prosperity. That sense of sharing is the motivation behind the spending which we have undertaken in so many of our programs.

I would refer hon. members to the speech of the right hon. Leader of the Opposition (Mr. Clark). He had very little time for that type of concern in his speech. Instead, he spent most of his time delivering attacks, hollow rhetoric and vague discussions of government waste while throwing in one or two examples about taxis and briefcases, issues which he thought

significant. He did not tell us in any way how he would use this great nation's wealth to help those most in need.

He would not come to a riding such as mine where there is relative comfort and prosperity to tell my constituents how their great wealth could be used in less fortunate areas. It is hollow arguments such as these which I believe have cost the party opposite dearly.

I listened with equal interest to some of the speeches made by members of the New Democratic Party. I was disappointed, however, by those speeches because I often look to them to give us some motivation beyond the rhetoric which we hear in the House. I believe that those members usually remind us of the lives of ordinary Canadians. But we did not hear that during this debate. I challenge some of them to rise to the occasion and give us a decent speech dealing with how the government should use its resources in the future.

The speech of the hon. member for Skeena (Mr. Fulton) was a grand old piece of rhetoric about the sins of capitalism, and the two old line parties which he called Tweedle-dum and Tweedle-dee. We heard this rhetoric years ago and it has been worn out and tired for decades.

An hon. Member: It is still true.

Mr. Fisher: The hon. member says that it is still true. It is not true. It has not stood the test of history. What has stood the test of history in his party has been an open concern for the ordinary Canadian. His party has often presented that concern very well but they have failed in this debate.

Why am I constantly coming back to this question? Why am I suggesting a discussion that we have a discussion about the people instead of a debate on hollow rhetoric?

Mr. Blenkarn: To waste time.

Mr. Fisher: I am doing it because the deficit today is a result of the government's expenditures on people and its response to a severe recession. This is not a hollow issue. This deficit is not to serve new programs, new expenditures or untried ideas. It is rather, a result of an attempt to solve difficulties and suffering caused by the recession. I suggest it would be a betrayal of our fellow Canadians to ignore that suffering by resorting to hollow political rhetoric—

Mr. Taylor: Is that why you introduced closure?

Mr. Fisher: —which we heard from the Leader of the Conservative Party and the first speaker from the New Democratic Party. We have a very severe problem which is clearly typified by the size of the government's deficit and our borrowing requirements.

• (1530)

We on this side take that very, very seriously. The minister has indicated that his budget has been brought down in response to the recession. He has indicated that the new demands caused by the severity, the depth and the speed of the recession were his motivation in preparing his June budget. In that budget he has given us an answer to the human problems and the suffering reflected in the recession, answers that did not come forward from either the Official Opposition or its leader, or from the New Democratic Party. I refer specifically to the 6 per cent world that the government is proposing to all Canadians. The 6 per cent world is a manageable target which will bring all of us personal relief from the great ravages of inflation and the great demands and pressures of our recession. The 6 per cent world is our strength. The 12 per cent world is a continued world of weakness. I look forward to the time when the Conservative Party will be able to react to people instead of advancing hollow rhetoric, when it will be able to react to the specific problems of the economy rather than play phony games in this House. I think our fellow Canadians are asking us for that kind of sincerity and reflection on all sides.

When we hear about the 6 per cent world as presented in the budget, we are also hearing about the minister's great concern for the debt burden being carried by the government. We do not want to add to that at all. When we look we can see a marvellous compromise between the demands of the economy today, the great needs of ordinary people, and the need for prudent government.

Mr. Taylor: Is that why you increased the rent in Banff?

Mr. Fisher: We see aid for housing going out to the tune of $400 million, aid to small businesses amounting to another $400 million, several hundred millions of dollars for job creation and $100 million for the Farm Credit Corporation. All this money is being aimed at Canadians in great need.

Mr. Blenkarn: Raising taxes.

Mr. Fisher: It is not being aimed at wasteful ideas or new, untried schemes. It is certainly stemming from a much greater consciousness and awareness of the economy and of the people than was reflected by the Leader of the Opposition the other day. Hundreds of millions of dollars are being sent to people in great need, all coming as a result of our ability to find those savings inside our budget, to reorder our priorities and to put that money into much more needy areas, taking it from areas where there can be genuine savings without creating suffering. That is a response to the great problems that our economy faces and it has been reflected, since the budget, in much more hopeful attitudes among the Canadian people. We can look through sector after sector, area after area, towns and cities across this country, where people have said that the budget is offering them hope to get out of our current trouble.

Some hon. Members: Oh, oh!

Mr. Fisher: For example, the budget has been very well received in the housing sector. The housing sector has seen the hundreds of millions of dollars that we are offering this year alone, and they also see the great hope contained in the new tax proposals currently under study. Those proposals will bring permanent relief to that industry. That industry has responded from coast to coast by telling us that we have indeed given it the help it wants in order to build the homes needed by young

Canadians. That is money that we found in response to specific human problems, and money that we found without adding a new burden to the deficit. That is a reasonable response to a great problem and an alternative that we unfortunately did not hear from the hon. member speaking for the New Democratic Party when he talked about tweedledum and tweedledee or the ills of capitalism or whatever other hollow argument he put forward for 40 minutes, which had nothing to do with the way ordinary Canadians live.

Some hon. Members: Not true.

Mr. Fisher: That hollow approach was very sadly put forward by our good friends in the New Democratic Party whose ideas we usually deeply respect, and an equally hollow approach was put forward by a man held in great esteem by his fellow Canadians, the Leader of the Opposition. Those hollow arguments are great failures in the middle of a debate and an emergency like this. Let our fellow Canadians know that sly phrases about briefcases, or silly little references to funny money, or some kind of personal attack against the minister are not answers to serious economic issues. Those will stand as hollow arguments in the eyes of our fellow Canadians.

Mr. Nielsen: How about $120 million on advertising?

Mr. Fisher: Let me just close by pointing out a couple of small points that I hope we will be able to take away with us. Here we have seen attempts to divide our fellow Canadians by telling them that a 6 per cent world is not possible and will create suffering among groups and individuals across the country. Let me turn the world over on that argument. Let me point out that a 6 per cent world, as proposed in the budget, will bring us economic health and real growth. It will bring us an answer to high interest rates. It will bring businessmen hope for their future investments and will give workers some stability in their jobs.

Mr. Taylor: Talk, talk, talk.

Mr. Fisher: Just this morning I received a telephone call from a civil servant in Regina. He wanted to know why I was putting the lid on his salary. I asked him, "When you go to work tomorrow morning, will you have a job?" I asked him whether every other Canadian can give the same answer to the question, "When you go to work tomorrow morning, will you have to account for your job the way one must in the private sector?" I give the man full credit for answering, "No". I asked him, "Is it not time for us to join together to make some kind of sacrifice by contributing in some way to the health and strength of our economy?" Again, to give the man full credit, he agreed that it was time and that his job was secure and he could make a small sacrifice which would benefit someone else. He said he was ready to do it. I think most Canadians are like that today. Most Canadians are ready to join in the national effort to restore some hope and health. Those Canadians are ready to take on a great challenge to get rid of the 12 per cent weakness and restore some strength by taking slightly less. I think all Canadians instinctively know that they, too, will have an opportunity to provide some economic hope and health by taking slightly less now. That is the great message of the budget.

Mr. Deans: Are you prepared to take less than you are borrowing?

Mr. Fisher: The hon. member asks me if I am prepared to take less in my borrowing, and I want to tell him that, yes, we are. Let the hon. member come to us with something more than the tweedledum and tweedledee statement of the hon. member for Skeena. Let him come with some concrete suggestions, and they will be seriously considered indeed. This minister and this government have a track record for taking those things seriously.

Mr. Deans: Is that why you are moving closure?

Mr. Fisher: We are indeed prepared to recycle our money, make better use of it, to rearrange our priorities or to cut back, and we have shown that. But what we have not shown, and this kind of argument is recognized by the other side, and what we are not prepared to do, is to present arguments which will make people poorer or allow us to make our savings on the backs of poor people.

• (1540)

That is why I say to the hon. member that if he can come up with some suggestions within that limit, we will be more than happy to listen to them. The minister and the government have shown repeatedly that they do not want to add unnecessarily to the burdens the government places on the economy. However, we will not solve that equation by adding more burdens to ordinary people.

I think I can close with that point and say that as a taxpayer, a businessman and a person coming from a well to do part of the country, I do not like the deficit. I do not think any Canadian wants to see the deficit particularly high. I do not think any Canadian wants to see a government embark on wasteful spending. I do not think any Canadian wants to believe that the government is borrowing unnecessarily. At the same time, as I said to the hon. member for Hamilton Mountain (Mr. Deans), no Canadian wants to see us solve that problem by crippling the poor, robbing the provinces or taking money away from a vital program which adds to our great national wealth or to the hope of our citizens.

It has been a real pleasure for me to rise so unexpectedly in this debate. I see the hon. member for Lincoln is here. I know that he is prepared to add much more eloquently to the debate than I have. I hope that members opposite are prepared to present, some day, solid arguments instead of personal attacks or hollow rhetoric that offers no answers in our situation today. Given those challenges, we look forward to what they will have to say later in the day.

Hon. Bryce Mackasey (Lincoln): Mr. Speaker—

Some hon. Members: Filibuster.

Mr. Mackasey: I have not said a word yet and "The Anvil Chorus" has begun. Those hon. members should watch their blood pressure.

I listened with a great degree of satisfaction and interest to the remarks of the Parliamentary Secretary to the Minister of Finance (Mr. Fisher). I think hon. members opposite agree that he is one of the more knowledgeable members of the House of Commons.

Mr. Lewis: Compared to whom?

Mr. Mackasey: The reaction of the opposition indicates exactly that. If he is able to raise such a storm in the 15 or 20 minutes in which he contributed to the House, it is a tribute to his intelligence, eloquence and knowledge of the subject.

I want to speak to the subject of supplementary borrowing authority. This is an extremely important piece of legislation. Members opposite have fulfilled their role in bringing that fact to the attention of the public, those who watch it over television, those who read about it in the newspapers and those who grace us with their presence in the gallery.

It is unfortunate that, in the few minutes I had to review the arguments of members opposite, I did not find one who addressed himself to the issue. I was surprised that the Leader of the Opposition (Mr. Clark), in discussing the deficit, would use per capita figures as a basis of comparison with the United States. Any youngster, any first-year economic student will tell you that the accepted criterion or standard of measuring deficits anywhere in the industrialized world is in relation to the GNP. That is fundamental. It is first-year economics.

Mr. Wilson: We say that too.

Mr. Mackasey: Obviously the gentleman speaking from his seat should learn his economics. When you talk about our deficit in relation to our population, of course our per capita ratio is much higher than that of the United States, 22 million people versus 220 million people. It is a bit of trivia. What is the key to our deficit, as the very eloquent—

Mr. Kempling: What business were you ever in?

Mr. Mackasey: The minister indicated in his speech the other day—and I suggest members opposite read it—that our ratio of GNP to our deficit runs about 5.4 per cent. Some economists say it is 5.2 per cent, and some say it is as low as 4.4 per cent, but on a national basis it is probably around 5.2 per cent. In the United States it is around 5.4 per cent.

Mr. Wilson: That's wrong.

Mr. Mackasey: Members opposite are in the happy situation of agreeing with what they want to agree with and disagreeing when they do not like the truth. That is why they, not us, have very little credibility in the country today.

In the forties the deficit in relation to our GNP was 23 per cent. What is significant about the deficit is its composition. What does it reflect? Does it reflect spending? Does it reflect waste? What does it reflect apart from our ability one day to finance it and one day to repay it? That is the significant difference in our deficit as opposed to that of the Americans.

The American deficit is clearly related to military spending. The concern in the business community in the United States is what will happen when their economy recovers. What proportion of their GNP will be directed to reducing their deficit, or will it continue to be the policy in the United States to carry on massive spending on the military? That is the real problem bothering the Americans. It is a legitimate concern. It is probably the greatest defender of democracy in the world, but the role they have to play today as opposed to the eastern bloc, the role Great Britain used to play, is the need to arm, to spend on the military, to be vigilant. It is not an easy role. I do not envy it. However, it reflects its spending.

What makes the business community in the United States apprehensive about their deficit is that they perpetually ask themselves, "If we borrow to spend and borrow for this reason or that reason, how do we know that our government, the American government, will work assiduously to bring down the deficit, which is costly, which theoretically competes with private enterprise for the pool of capital, which is not all that large?"

Our deficit is entirely different. It reflects the nature of Canada. It reflects our conviction that the have provinces must help the have-not provinces. It reflects our commitment in the Constitution to the concept of transfer payments. It reflects the obligation of the central government to help the less fortunate, less wealthy provinces, through the system of transfers.

Then we have the massive unemployment problem in this country. There are automatic regulators built into our economic system. That increases the outflow of transfers to the provinces, if only to look after the outflow of welfare payments in those provinces as represented by the Canada Assistance Plan.

The other addition to our deficit, which is automatic, and thank God it is, is the payment of the unemployment insurance benefits to those less fortunate than ourselves who, for no reason of their own, are out of work and very dependent on unemployment insurance benefits. It is no mystery to anyone in the House of Commons that when you have 1.5 million people out of work, the cash flow problems of unemployment insurance are real and must be met by the government. They are reflected in the deficit.

By the same token, when the economy starts to recover in Canada, unlike the United States, when unemployment is reduced, employment begins to increase again and the numbers of unemployed start to decrease, immediately and automatically the transfers of money through the Canada Assistance Plan will be substantially less. The pay-outs under unemployment insurance will be substantially less. Automatically the deficit shrinks at an amazingly rapid rate. It is significant, when you look at the figures for 1978 and 1979, that our deficit in those days was about 5.2, as opposed to 5.4 today.

• (1550)

I am not suggesting that the deficit is a good thing or that we would not be better without it, but I am suggesting that opposition members as well as hon. members on my side of the House have an obligation to assure Canadians that our deficit is something with which we can cope, something we can well finance and something which should not be the cause of panic or the gloom or doom for which members of the opposition have been famous in the last few months. I would prefer that hon. members opposite who are interested in this subject free themselves of partisanship. One of my favourites is grinning at the back; he loves to listen and learn. I refer him to an article entitled "Inflation and the Budget Balance" which I found in the library. It was produced by the Canadian Public Policy group in the summer of 1977.

Mr. Thacker: It is 1982 now, Bryce.

Mr. Mackasey: The article entitled "Deficit Financing and Inflation: A Review of the Evidence" was written not by a labour leader and not by a Liberal but by a very outstanding economist named Robert B. Crozier of the Conference Board in 1977. After reviewing all the evidence and after much debate with other economists in conferences set up by the Canadian Public Policy group, Mr. Crozier reached the conclusion that the deficit is not the cause of inflation but the result of inflation. He proved that very easily with graphs and tables showing that the deficit during the high-inflation seventies was relatively low. Our deficit is the result of unemployment. The hon. member for Thunder Bay-Atikokan (Mr. McRae) pointed out that $4 of every $5 of the deficit represents payments to the provinces to finance welfare and payments to Canadians through unemployment insurance. Hon. members opposite can scream and yap from their seats if they like, but their time would be better used if they spent it in the library learning the basics of economics. I cannot cope with their arguments and catcalls; I suggest—gently and as a friend—that they spend 15 or 20 minutes of their day—as I like to do—in the Parliamentary Library, which is the finest in the world, and learn the basic facts which any university student who has been through economics understands.

Recently in my riding I spoke with a group of people in the agricultural sector who were concerned and worried about the deficit. I asked who in that group did not have a deficit and who did not owe money on his farm. I asked who had bought a farm without borrowing. Those are deficits. One gentleman said, "Of course I have a deficit, but I have no problem meeting my commitments." He told me he would have no problem repaying his deficit. He said he is a thousand times wealthier now than 20 years ago. Of course he is right, and so is this country. If we were to total up the assets of our country on a balance sheet, including our bridges, our roads, our airlines and our airports, we would see that we have an extremely wealthy country. The gloomsters and doomsters of socialism in the corner do not appreciate the wealth and the possibilities for the future this country offers young people who are prepared to understand that the free-enterprise system, which two parties in this House represent, has resulted in this country's being the most affluent, advanced, civilized, educated and healthiest in the world. Hon. members in the far corner do not understand that, and I hope they never do. If they do not, they will never get out of that corner.

Mr. Siddon: You guys are the biggest socialists of all.

Mr. Mackasey: I love the question period and never interfere or heckle because I learn every day. I was almost convinced over the last few months, strictly by the repetition of hon. members opposite. One gets a little confused, and sometimes common sense disappears. It seems to me that what we heard for weeks from the opposition side was that if the dollar dropped below 80 cents U.S., this country would be doomed and that there would be such a massive outflow of capital from Canada to the United States that we would have to impose controls. We were told that if we did not impose controls, the value of our dollar would drop to 50 cents or less. Was that not the message we heard from the opposition for months on end? Every day in question period the Minister of Finance (Mr. MacEachen) was bombarded by questions about the dollar's dropping below 80 cents. Gloom and doom; people were terrified. They had a right to be terrified when they saw their elected members acting so irresponsibly. However, what has happened to the dollar? If the dollar was the barometer of people's lack of confidence in the government two weeks ago when its value was 77 cents, are hon. members opposite now prepared to say that Canadians have regained confidence because the dollar is valued at 80 cents today?

Mr. Huntington: What happened to the U.S. dollar?

Mr. Mackasey: Or will hon. members opposite find another reason for the fact that the dollar's value is now between 79 cents and 80 cents? What is the reason? If it dropped because of lack of confidence, is it unfair to suggest it is going up because of confidence?

Mr. Kempling: Talk to some Stoney Creek businessmen. They will tell you.

Mr. Mackasey: The opposition whip is a good whip, and as long as he stays within the confines of his responsibilities and does not try to be another frontbencher talking economics, I will retain my respect for him.

When the value of the dollar is 77 cents hon. members opposite say that reflects no confidence in the government, but then they deny me the right to say that an 80 cent dollar reflects confidence in the government. What has happened in the interval is that a budget was brought forward by the Minister of Finance. The budget brought forward by the minister is being very well accepted by the business community. It is being well accepted by Bay Street, James Street and the market. It is being well accepted by the oil industry and by HUDAC, the voice of the home construction industry in this country. The budget is well accepted by Canadians, or the value of the dollar would not be back to 80 cents. The budget is well accepted by foreign investors, or the value of the dollar

would not be 80 cents. The only people who have no confidence in this government and the future of this country are hon. members opposite. Their gloom and doom is dangerous because it can be contagious, but it is significant that in this debate they have not zeroed in on economics. They have not zeroed in on the true measurement of the deficit. They have not tried to analyse the deficit. They have tried to distort its relationship by putting it on a per capita basis, hoping to leave the impression with Canadians that somehow all of us are poor, that Canada is on the edge of bankruptcy and that we cannot meet our deficit. Imagine what would have happened if that had been the attitude in this country in 1944 when the deficit represented 23 per cent of our gross national product instead of 5.4 per cent. The trouble with hon. members opposite is that they panic—the Liberals do not—and that is reflected in their speeches. What are they screaming about? They are screaming about valises, air travel and taxi cabs. No one is in favour of waste.

Mr. Kempling: Airline passes.

Mr. Mackasey: Waste is not an acceptable component of spending at any time, whether we have a surplus or a deficit. The President of the Treasury Board (Mr. Johnston) understands that and is very assiduous in his efforts to reduce waste. In addition, we have the Public Accounts Committee, the Auditor General and other watchdogs. I think most Canadians today are sophisticated enough to know that with the size of the public service some things will happen, just as they happen with a six-man operation at the corner grocery store. I do not think hon. members opposite will make many yards by preaching gloom and doom when they sense, finally, that there is leadership, the proper budget is in place, the deficit is under control, the dollar is strengthening, inflation is on its way down and, perhaps more importantly, the government's policy of restraint is being well accepted by the Canadian work force.

I took the trouble yesterday, along with hon. members from all parties, to sit in a committee. I have forgotten the name of the committee. After a while all committees look alike. It may have been the Standing Committee on Miscellaneous Estimates. However, there we met with articulate, intelligent union leaders representing, for the most part, members of the civil service. Another group was representing railway unions. The press was there. Some newer members of the House were apprehensive about the approach of the union leaders. They were apprehensive that there would be harsh and heavy words, acrimony, screaming, shouting and philosophical differences. That is not what happened. What happened was that the unions representing railway workers and those speaking for public servants last night showed an appreciation that a 6 per cent-5 per cent policy would work; that if we all accept restraint, inflation will come down; and that for every 1 per cent drop in inflation there will be an equivalent 1 per cent increase in real wages. We are not running into any opposition from the labour movement, organized labour, the public service or railway workers toward those of us fortunate enough to have a full-time job and those of us who are paid wages from the taxes of the average Canadian citizen—as the hon. member for Ottawa Centre (Mr. Evans) reminded us a week or so ago. The unions are saying that they are quite prepared to accept the concept of restraint. They would like to see some restoration of free collective bargaining in non-monetary areas and they want to make certain that the bill does not go beyond what it should or what it has to in order to make the six and five a reality. Basically, Canadians from coast to coast are saying that they are prepared to show some restraint if that will bring down inflation and put an end to unemployment and let industry grow and assume its usual competitive place in the world.

• (1600)

Last night the union representatives said, in effect, that they are prepared to be part of the fight against inflation because they want to be competitive when the markets of this country's customers improve. When the United States economy improves they want to be competitive. They realize that Canada is not competitive when the rate of inflation is 12 per cent while that of other countries with raw materials is two, three or four per cent.

Canadians today are sophisticated. The average worker is a highly educated, well-read person who understands economics. He understands that inflation is devastating. He understands the impact of inflation on fixed incomes and its negative impact on jobs. He understands that somehow we have to bring it to an end, but what he wants from the government, and what he is getting, is leadership.

Some hon. Members: Oh, oh!

Mr. Mackasey: The government has asked members of the House and the Senate—other than the poor little boys in the corner who have no cause but themselves to bleed over—to accept Bill C-124. The NDP will find that labour accepts Bill C-124. The only group in Canada that does not is that tired little group in the corner. They will find that labour will not support them. What the NDP does not understand is that if there is one thing that the unionized worker in this country values it is his citizenship, his independence, his integrity and the fact that every four years he can vote according to his conscience.

That is why there are three Liberal members in this House from Windsor, the heart of the United Auto Workers union and the labour movement. The union leaders have never been able to dictate to their membership how they should vote at the polls—that they should defeat the Liberal members and elect NDP. Why are they so unsuccessful in this? It is because they misunderstand and they fail to appreciate the independence, the integrity and the intelligence of the worker. They do not want to be dictated to by the union, any more than they want to be dictated to by any member of this House. Until the NDP understands that, it will always be what it is, a tired little group sitting in the corner.

The opposition should understand that it has a responsibility to do more than support Bill C-124 in the House. Indeed, they

will support Bill C-124; they will support the concept of restraint because common sense dictates it and probably because political instincts would make them understand why the Gallup poll shows that 80 per cent of Canadians expect the political parties in this House to endorse the policy of restraint which the government has embarked upon.

They have an obligation to do more than just vote for Bill C-124, however; they have a moral obligation to support it. They have an obligation to laud the direction taken by the government and the leadership shown by the Minister of Finance. They should support the concept of restraint and help the government sell a policy which is non-partisan and is in the best interests of all Canadians, regardless of political background. Hon. members should understand that.

Knowing some hon. members opposite, I suspect that when the chips are down they will support Bill C-124. No matter how partisan they are in this arena they care about the country and want to see inflation brought down. They know that properly understood and properly supported, the six and five proposal will work.

Mr. Nielsen: We are dealing with Bill C-125.

Mr. Hnatyshyn: What bill are you speaking on?

Mr. Mackasey: Virtually every economist will say that voluntary restraints will work.

Mr. Nielsen: We are on Bill C-125, not Bill C-124.

Mr. Mackasey: The NDP do not quite appreciate that, even though the trade unions do. That is why last night and yesterday afternoon I was particularly pleased—

Mr. Nielsen: He is speaking on the wrong bill.

Mr. Mackasey: —when union leaders said—

Mr. Nielsen: Tell him we are on Bill C-125.

Mr. Mackasey: I am talking about Bill C-125, Mr. Speaker. It is a simple bill—a borrowing bill. Maybe I am naive about it. Maybe I have been around for too many sessions—

An hon. Member: Right.

Mr. Mackasey: It is traditional at the end of every session to obtain the authority to borrow the money that is needed. If hon. members want to make a case that we are borrowing for a deficit of $19 billion when we predicted $10 billion, we could discuss that. But I am surprised that hon. members opposite would want to prevent the government from borrowing the money it needs to meet its deficit. That is hardly responsible opposition. I am surprised that they would try to make something of the fact that what the minister requests is a little more than he may need at the moment. He has enough intelligence to ask for a little more in case an event beyond his control, which he cannot anticipate, may mean that he needs that extra billion or two. If he needs it, the process is such that it will be spent publicly and the opposition will know how it is spent.

No matter how the opposition tries to distort the issue or to create the impression that the deficit is forcing us into bankruptcy, Canadians understand the matter. The fact is that our ability to repay is as great as that of the Americans. That is indicated by the only meaningful statistic, which is the relationship between the GNP and the deficit. As is usual, hon. members opposite have used the debate on Bill C-125 to range all over the place.

I should like to read into the record something given to me by the hon. member for Thunder Bay-Atikokan, one of the more intelligent members of the House. This newspaper article reads in part:

> After two years of high interest rates, the economy is virtually stagnant. Caught in a squeeze between high interest rates, falling inflation and weak sales, business is taking a beating. Bankruptcy figures are approaching the record highs of the Depression, investment plans are being shelved, millions of workers have been laid off with scant prospect of a quick return to the payroll.

Is that from the *Globe and Mail*, *The Toronto Star* or the Ottawa *Citizen*? No, it is from an article in *The New York Times* on July 4, 1982, describing the economy of the United States.

I could quote on and on. My close friend, the hon. member for Athabasca (Mr. Shields) might like to know that he is not alone in his concern about the drilling rigs. I would like to see that part of the country vigorous and prosperous too. An article in *Newsweek* of July 19 reads in part as follows:

> The most dramatic sign of the oil bust came last week with the failure of the Penn Square Bank of Oklahoma City. The institution has invested some 80 per cent of its loan portfolio in energy-related ventures.
>
> Similar problems are confronting Arizona and New Mexico, where sharp declines in the prices of copper and uranium have left the vital mining industries close to collapse.
>
> Last April the Texas Department of Human Resources issued a pamphlet entitled "Dead Broke in Texas?" warning newcomers not to expect much in the way of public assistance. It points out that the average welfare and food stamp recipient in the state gets only $34 a month under each program and declares that qualification requirements are much "stiffer" than in other states.

• (1610)

I get no satisfaction from knowing that the U.S. economy is as depressed as that of Canada. After all, our two economies are too closely entwined, our cultures are too similar and our fates too close. We share the same continent. But equally important, our country is prosperous when the Americans are prosperous. But if the price of copper is down to 60 cents in the U.S., they are hardly going to come up here and buy the copper we have lying in dormant mines waiting for an upsurge in the U.S. economy.

The point I am getting at is that the problems in Canada are not unique to Canada. They are common to the industrialized world, whatever country you want to name, whether it is the U.S., France, West Germany, or Italy. It is only the opposition which tries to create the false impression that somehow this government has stumbled into an economic recession unique to Canada, when in fact the evidence is to the contrary. It indicates the barrenness of their ideas, their inability to debate and their unwillingness to put the facts on the record. They turn around and try to create the impression to Canadians that

this recession is unique to Canada. Canadians are sophisticated, they have access to television, radio and newspapers from the United States and can make up their own minds, and every Canadian knows that the depression and recession we are suffering from is also going on at exactly the same time in the United States of America. The only difference is the level of inflation, and we are saying to Canadians in the interim: please bring down the level of inflation so that when the economy of the U.S. starts to recover and we can take advantage of it, we will be in a position to sell our raw materials and our finished goods in competition with Australia and other countries.

It is so simple, Mr. Speaker, and that is why in the last week or two we have seen a resurgence of confidence in this country. Canadians are saying that the government is in control of events, it is practising restraint, the dollar is recovering, everything is on the way up except the doom and gloom of the opposition, which traditional drops as the fortunes of this country improve.

[*Translation*]

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, I am very grateful to my hon. colleagues on both sides of the House for their enthusiastic reception this afternoon. It must be the first time since I became a member of the House that I have had such a warm welcome from the other side, and on this side I see my colleague from Charlesbourg (Mr. Bussières), originally from Roberval or more exactly from Normandin—he also happens to have a cottage at Saint-Thomas Didyme—who is quite agreeable to my speaking this afternoon, and my colleague from Roberval (Mrs. Beauchamp-Niquet) who is probably delighted with the prospect that I might mention her riding as well.

This afternoon, the debate is on the bill to provide borrowing authority for the government, and I have listened to the criticism levelled by members on the other side of the House. They are saying that the government's deficit is horrendous and outrageous and that this country is going down the drain, but if we look at the budget speech by the Minister of Finance (Mr. MacEachen) it says to what extent the government's revenues have been cut, and that the recession, as mentioned on page 3 of the budget speech, has caused a serious worsening of the government's fiscal position, and that the sharp fall in federal revenues is the inevitable consequence of a decline in production, employment and income. According to the minister's speech, the revenue loss attributable to the recession is estimated to be about $4.5 billion in 1982-83.

If we compare what the budget speech tells us about the government's loss of revenue with what members opposite have been demanding, namely, that the government intervene in several economic activity sectors including agriculture, small- and medium-sized businesses and housing, we get the following picture. We have a worldwide economic recession, although many Canadians may prefer to forget this and seem to be saying that it may be happening in the United States but here in Canada we are not being affected. Well, I think that since the June 28 budget was brought down, and with the figures submitted by the Minister of Finance, people can see for themselves what effect this worldwide recession is having on Canada. So, on the one, hand we have the recession and the government's loss of revenue, and on the other hand, we have popular pressure being brought to bear on the government to spend money on certain economic activity sectors, and Mr. Speaker, when it comes down to it, there is a lot of money involved, and during the debate on this bill, it is up to all members of this House, members from Quebec and Ontario and all the other provinces, it is up to all members on the government side to clarify the situation for the Canadian people.

In any case, it is agreed that there is an economic recession, and the Canadian economy is unfortunately being affected by U.S. and world events, but on the other hand, to meet the many requests for assistance from various industrial sectors, we must find the necessary financial resources and act responsibly as a government in helping those activity sectors that have been severely affected by the recession, and we must explain to the Canadian people that nevertheless, because of our wealth of resources and borrowing opportunities, we can and must borrow in order to help these activity sectors. That is why the Minister of Finance said on June 28 in his budget speech: The result is that the projected budgetary deficit is very much higher than that forecast in the November budget.

I do not think that it in any way diminishes the government to admit that the situation did not develop as it was expected to, and that unfortunately, it has deteriorated as a result of the world situation, and we therefore have to act responsibly as Canadians. So what do we do? Do we raise taxes, to have more funds in the government treasury or are we going to cut expenditures and then borrow money to show certain sectors that we are willing to help them? In this kind of situation, Mr. Speaker, the government had to make a choice and it did. During the next two years, by setting a ceiling on wage increases in the public sector and sectors directly related to it, including government agencies, the government intends to reduce wage increases in order to save so many million dollars, money which will then be available for job-creation programs, assistance to farmers and to small and medium-sized businesses. This is how the Canadian government, the Liberal Party now in power, has faced up to its responsibilities, and then we hear the members opposite saying that the deficit is outrageous and that something must be done to bring the deficit back to more reasonable levels. However, they do not tell us what they mean by a reasonable deficit. They do not tell us what are the serious alternatives. Of course, they will tell me that this is according to parliamentary practice. The

government is in place and the opposition criticizes, whether solutions exist or not. So when the government suggested after the budget that wage increases be capped at 6 and 5 per cent for the next two years, it planned to use this money and the amounts saved by reducing the expenditures of various agencies to give assistance to farmers.

• (1620)

When we look at page 25 of the budget papers and see the special programs developed to provide financial assistance for the farmers, either directly, or else indirectly if the members opposite prefer, we must realize that if these programs are to be funded, we must have the necessary tax revenues. That is how I analyse the situation when considering those programs, the housing programs and those intended for small businesses. But how can the borrowing power bill now before the House be important indirectly when it comes to funding the farm assistance program and the financial commitments of the various departments? We need money and that is what we were asked by the farmers, those of Quebec, for instance. If I remember what happened in my own constituency, it is probably because the same thing happened in several others. I see next to me my colleague, the hon. member for Lac St-Jean (Mr. Gimaïel) who also received representations as well as my colleague, the hon member for Roberval. My colleague, the hon. member for Témiscamingue (Mr. Tousignant) and my colleague, the hon. member for Kamouraska-Rivière-du-Loup (Mr. Gendron) also received representations from farmers. The Minister of State for Finance, the hon. member for Charlesbourg, does not have as many farmers in his constituency as I have in mine, in fact I do not think he has many, but in any case, we received many representations from farmers who told us: We need money because the international financial situation has brought about a recession that is affecting Canadian farmers, and they need money from the Canadian government under the loan programs of the Canadian Farm Credit Corporation. What was the answer of the Canadian government? This is what I find on page 25 of the budget papers:

> Over the next two years loans totalling $200 million will be made under the program to farmers in financial distress. The loans will be made at the regular FCC interest rate (currently 16½ per cent) but a rebate of 4 percentage points will be provided for the first two years of the loan. The government is allocating $100 million to the program ($84 million as a special contribution to the FCC for lending to farmers and $16 million to pay for the interest rebates) and the FCC will divert $116 million to the program from its regular lending fund.

What is important is that this program came into force immediately. Moreover, the usual conditions offered by the corporation will still apply. For instance, the ceilings of $300,000 for individuals and $500,000 for associations will still apply, but the loans will not be restricted to the usual customers of the Farm Credit Corporation, namely young farmers, small operators and new farmers. Many people told us about the situation of farmers. Of course, there are farmers over 45 and 50 who have been in farming for many years and are in a good financial position or at least have the financial backing to face the situation. However, the fact is that young farmers will be in difficulty if the Canadian government fails to develop programs and provide access to additional funds.

In response to those representations we have introduced a special farm financial assistance program. Another significant aspect is that the small business development program referred to on page 23 of the budget papers is available to farmers as well and there is no requirement that they be incorporated. That is indeed an important consideration for young farmers who want to invest or expand. As I said, if a young farmer is not financially as well off as his father or the people from whom he is buying the farm—or even with the case of people who have been in the business for only a few years—it can be readily understood that he is not quite prepared to come to grips with the situation created by the economic recession and high interest rates. That is why under the small business development program a farmer will also be eligible for interest rates 4 per cent below the prevailing rates. I think that is very important for our young farmers and for other young people who want to become farmers and who, in the present economic context, have certain obligations to meet. Another significant aspect is that we met with APU spokesmen who referred to the current situation and mentioned the funds earmarked for the agricultural sector in the November 1981 budget; they felt that the program was commendable but that perhaps more money ought to be made available. They were making representations, of course, and as a result we responded by introducing a special assistance program for farmers. I may be repeating myself, Mr. Speaker, but we cannot say that we are going to launch various assistance programs and then find out that the recession has been cutting into our revenues. That explains why we have to borrow, hence the bill we have before us.

I have just referred to something which farmers find very important, the question of the great number of small businesses in the riding of Lotbinière, particularly in the Bois-Francs area and in the rest of the riding. I could mention the various ridings of members who are here today, particularly those of the province of Quebec who come from such regions as Montreal or Quebec City, Beauce, Bois-Francs and Saguenay-Lac-Saint-Jean where there are many small- and medium-sized businesses. It has been said that Quebec is their paradise, which immediately brings to mind certain regions such as Beauce, Saguenay-Lac-Saint-Jean or Bois-Francs.

Mr. Tousignant: And Témiscamingue!

Mr. Dubois: Témiscamingue as well. My colleague from Témiscamingue did not want me to forget his region which is also developing rapidly. I can tell the House that since the member for Témiscamingue (Mr. Tousignant) has been here in Ottawa, since his election in 1979, he has done a lot of work to promote the development of his region. Many representations were made to members on behalf of small businesses and

their spokesmen mentioned the small business bond which was first called the small business development bond, and they said that this program had been extremely useful to small business until December 1981. After the November budget it was called the small business bond and at the time people were talking about businesses in financial difficulties. When they heard about those two programs, a great many people said to us: Listen, as in any other sector of economic activity, now that we have this program concerning the small business development bond and the small business bond, the banks will have to lower their rates.

• (1630)

In view of the fact that some banks had to limit their granting of credit unfortunately they were unable to accept the applications filed by a number of people in connection with that program. This explains why we received representations to the effect that although the program was satisfactory its mechanism was defective. Then the Minister of State for Small Businesses and Tourism (Mr. Lapointe) came up with some suggestions which have been passed on to him by the member for Témiscamingue the member for Kamouraska-Rivière-du-Loup, the member for Roberval, the member for Lac-Saint-Jean and other members on this side of the House. In their view the program was adequate, the people found it satisfactory, but its mechanism in dealing with our banking institutions was faulty. Without passing judgement on those institutions, we are told that such a mechanism should be improved to provide greater flexibility. Then we can see on page 23 of the budget papers tabled on the evening of June 28, that the federal government is allocating $400 million in order to reduce interest costs by up to 4 percentage points for two years on borrowing by small businesses to finance new investment and research and development. Today, this makes a difference . . . I can see that the Minister of State for Finance is leaving but he will surely be back to congratulate me at the end of my speech. Businesses now applying to financial institutions will be in a position to borrow at the rate set by the bank and afterwards, whatever their financial circumstances as far as the Department of Revenue is concerned, the Canadian government will directly reimburse 4 per cent to the bank. That makes a considerable difference which is why we needed $400 million to provide some financial assistance to farmers. It does not necessarily mean that as a result of all those programs implemented under the budget, the Canadian government needed the borrowing power requested in Bill C-125 before us but part of those funds were necessary to improve Canada's financial position and to maintain its competitiveness on foreign markets; in the case of my own province this level has decreased. Very few comments were made about the Quebec government, but while we are told that we should promote our Canadian and Quebec tourist industry, the Quebec Premier is not showing leadership in this field since he chose to go to the United States. Anyway, funds had to be allocated to that program in response to the demand expressed throughout Canadan and mainly in my province. Some financial assistance was requested for small businesses.

The reaction mentioned by my colleague Louis Duclos in his speech was this: should we at this time in answer to the expectations of our businesses increase taxes? Are the present economic conditions normal and can we increase taxes or should we instead divert funds obtained by reducing government expenditures and with our borrowing power provide financial assistance to businesses and to farmers?

As I was saying, before digressing on the province of Quebec and the leader of its government, the Premier of Quebec, those are things people have been clamouring for. To my mind, as a responsible government it was our duty to help major industries in every one of the provinces whichever they may be; some provinces do have economic activities that are more important than others. We just had to respond to the expectations of Canadians in that regard. Since the budget was brought down on June 28th, many of our constituents have told us: We heard the Minister of Finance and the comments of journalists; we have examined the main thrust of your budget; we think it's okay. How is it, then, that there has been so much carping, at least during the first few days following its tabling; how come, when it only aims at helping the industries that have asked for assistance?

Little by little, Mr. Speaker—and I see my colleague from Charlesbourg smile with delight—it is true, many people are beginning to comment favourably on the budget, on its impact, on the meetings between the Right Hon. Prime Minister (Mr. Trudeau) and representatives of industry, business and labour and on the rate of inflation being reduced to 6 and 5 per cent. Of course, there may be some groups who feel uneasy about the 6 per cent ceiling or reduction in private enterprise, and I mean the unions. But as the latest polls have demonstrated that 80 per cent of workers would rather accept a cut in salary than lose their jobs, I feel that the introduction of our budget and public awareness of the situation only confirm the soundness of the Minister of Finance's decision to reduce expenses through the 6 and 5 per cent caps, not to increase taxes and to borrow wherever we can so that we may respond to the expectations of Canadians.

We now hear more and more people say: Listen: let governments set the example, starting with MPs. Well, Mr. Speaker, that has now been done. From this month onwards—although we have not heard much about it in the media—all Members of Parliament, on both sides of the House, senators and ministers, will accept a cut in salary. There has been much ado about the civil servants and things like that, but we were the first ones to admit that we feel we have decent salaries and are willing to take a cut to prove to Quebecers and other Canadians that we, too, want to do our part to aid our ailing Canadian economy, that we want that money invested in various

programs; and tell the civil service: look, we took a cut ourselves. This has not been made known sufficiently, I think. That is why I wanted to emphasize this point this afternoon, and remind people that we always practise what we preach.

In this instance, MPs have paved the way, extending it right across the public service. As a result, people come to us and say: We agree with the 6 per cent ceiling and objective. Several days ago, I read articles saying the strategy would not work, that is was not serious. Then, suddenly, a few days later, we see the opposite. The Canadian government wants to reduce expenditures and, through the bill which is now before the House, channel those funds toward sectors of the economy that need them most.

• (1640)

One industry has always been a major one throughout Canada, and especially in my own province, namely the housing industry. In Quebec, people tend to say that if the construction industry is okay, everything is okay. I could mention again a number of ridings and areas where this is especially true, but I know their members are here in the House to discuss various problems, so let us say that the expression is a popular one throughout the province. This particular sector needs financial help and there have been a number of meetings and representations and conversations with various members on the subject.

I remember a few months ago when we discussed the mortgage renewal program, people said we did not go far enough. This time, we have gone further, Mr. Speaker, but now they are complaining that the deficit is too high and we should not have gone about it in this way. Well, if that is not a double standard, what is? Either we help the sectors that are asking for help or we do not help them, and considering the drop in government revenues, what are we supposed to do? We have to borrow. So I mean, it is no use shilly-shallying. This is a time for action, and that is why I wish the members opposite would realize what they are saying. They want us to help certain industrial sectors and then, they wonder, when the recession causes a sharp drop in government revenues, why we want to introduce a borrowing authority bill. Mr. Speaker, I say they should wake up. It is as plain as the nose on anyone's face what the government's choice must be. I think the situation is such that money must be injected into the housing industry and we must help first-time home buyers.

Mr. Speaker, I have received any number of telephone calls from contractors and real estate agents asking about the program, who wanted me to send them some literature to explain how the program works, and I am doing just that, Mr. Speaker. In addition, housing co-operatives and rental housing will also benefit from the budget measures. Here we have an economic sector that is of major importance to Canada and to my province, and in the present situation, the Canadian government has decided to provide incentives for home builders to start building by a certain date and for Canadians to buy their first home, either a new home or an existing one—in the case of an existing home, the $3000 grant also applies, provided the person is a first-time home buyer. Just think how many jobs will be generated! I was told that those programs may provide homes for 100,000 prospective home owners across Canada. Well, Mr. Speaker, it is probably true that when the construction industry is okay, everything is okay.

These incentives are still extremely beneficial to the economy of Quebec, Canada, Ontario, and all the provinces. Of course, the members opposite have not dwelt on those $3,000 and that program developed by the government. They talk about the deficit and tell us: "Of course, those things are important." Another program was also developed, and I see that my colleague for Charlesbourg, the Minister of State for Finance is smiling because he knows how hard he and his colleague, the Minister of Finance, had to work on those various programs to help Canadians face the present situation. For the Residential Rehabilitation Assistance Program, the amount of $30 million was mentioned at one time. Everyone of us received information on that program, which is the counterpart of the rural program underwhich many residents of rural municipalities in Canada, and especially in Quebec, since I am speaking about my own province, were eligible for assistance in the form of a $3,750 grant and loans of up to $10,000. Many people in Quebec, in my constituency, were asking: "Why is it that people in rural areas can benefit from this program and we cannot if our municipality has a population of over 2,500?" Mr. Speaker, the Residential Rehabilitation Assistance Program, under which $30 million were allocated originally, was developed to meet these expectations of Quebecers and Canadians, and following certain representations, the funding was increased to $60 million. While we are providing incentives, the members opposite and many people who do not agree with our political philosophy tell us that what we need are incentives.

Money has to be allocated to various programs so that the economy may grow in spite of the economic problems, in spite of the recession. But what are we to do? Once again, are we to increase taxes or, if we have to inject some money into the economy in spite of our deficit, should we still fund such programs? I say yes, Mr. Speaker, and that is what we did on June 28. I can hear a member of the New Democratic Party say: "Sure!" He therefore agrees with me. Even though we are injecting money into the economy, we must still be able to say to the Canadian people: "We are not increasing your taxes, but due to the economic situation, we are taking action to urge the Canadian people to work, and housing is an extremely important sector."

Mr. Speaker, another program that is important for many members of Parliament and many Quebecers and Canadians is the job-creation program, particularly the Community

Development Program and various other related programs. In many, if not all ridings, many people took part in what used to be called the Canada Works Program, now the Community Development Program. They have gained experience, they have done very significant things for the economy of their ridings or their regions and were able to obtain grants because of the unemployment rate in their community. I could repeat the names of all the constituencies and all the hon. members who have benefited from various programs, but I shall name only one, Roberval, with which I am somewhat familiar. In the Lac Saint-Jean region, we have the Dolbeau Western Village which many people from Quebec and the rest of Canada visit each year during the western festival.

Huge sums of money were allocated for a community development program and we were able to provide jobs for the people of Dolbeau. As my colleague said, 40 jobs were created and money was earmarked for promoting the tourist industry in that riding, more precisely in Dolbeau, and it is through Canada Works projects that construction and infrastructures were made possible in the Western Village of Dolbeau and in other cases that involved summer employment. So that was money well spent, rightfully spent and, by dint of reviewing and reshaping that type of program and the administrative regulations, a great number of people are able to get things done. Granted, one could say those jobs last a limited period of time, but our attitude is certainly different from that of our colleagues opposite who tried to govern—I say "tried"—and seeked to put an end to those programs.

An hon. Member: That is true.

Mr. Dubois: When the Liberal government was re-elected in February 1980, that program was resumed and many citizens took advantage of it and will continue to do so; and thanks to the budget there will be money available for projects such as those in Dolbeau, Abitibi, Alma, Victoriaville, Lotbinière, for instance the construction of a marina which requires a $25,000 investment and for doing similar work costing $30,000 that put people to work, gave them experience and allowed them to create things that can be seen and which have a lasting value. I think of municipalities that were able to develop the infrastructure their tourist industry or other sectors of their economy through Canada Works programs. I am also thinking of the representations made to us at various times of the year: Will programs such as Canada Works, Young Canada Works remain in effect? If money is diverted from that department, there would not be any funds available this summer for students in the province of Quebec under Young Canada Works. The only government with the money is the Canadian government represented in Ottawa by 74 Liberal members of Parliament. It is that government, the Liberal government of Pierre Elliott Trudeau that carried on programs like Canada Works and Young Canada Works. They were the only programs in effect this summer for young people in Quebec. I see my colleague across the way gesturing to me—

An hon. Member: They do not care about young people. A real senior citizen club!

Mr. Dubois: At any rate, whether or not they care about young people, they must be very happy when they get the funds allocated to their riding because they can promote Canadian programs and teach students to work under various projects. Mr. Speaker, in closing, I would like to say in view of those jobs creating and economy-boosting programs, when we consider the representations that were made and the fact that people now talk openly about the budget, that the Canadian government has carried out its responsibilities without raising taxes. Funds were allocated to programs designed to assist Canadians despite a worldwide recession, and economic hardships that affect every country in the world including our own. If we are asked today to give the government the borrowing authority they request it is to allow Canadians to live in this country and support their families. It was the responsibility of the Canadian government to introduce a budget and to allocate funds to various programs and that is why we directly need this borrowing authority and that is why, Mr. Speaker, I will support the bill.

• (1650)

[*English*]

Mr. Lewis: Mr. Speaker, I rise on a point of order. The hon. member for Lotbinière (Mr. Dubois) said that we were here to oppose. We have now heard three hon. members in a row speaking for the government. If the government wants the bill so badly, we suggest that it stop the filibuster and call the question.

Mr. Deputy Speaker: The hon. member has not made a point of order. He has made his point, however.

* * *

MESSAGE FROM THE SENATE

Mr. Deputy Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill S-29, an act to amend the Railway Act, to which the concurrence of this House is desired.

* * *

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Bussières that Bill C-125, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs, and the amendment of Mr. Clark (p. 19456).

Supplementary Borrowing Authority

Mr. John Evans (Ottawa Centre): Mr. Speaker, it is a pleasure to stand on the government side and speak with regard to Bill C-125.

Some hon. Members: Filibuster!

Mr. Evans: It is time to discuss the issues involved in trying to clarify—if I could be heard above the din on the other side, Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: Order, please. The hon. member for Ottawa Centre has the floor.

Mr. Lewis: But he has cleared the gallery.

Mr. Evans: Mr. Speaker, I doubt very much that it will do any good to try to calm down the rabbling hordes on the other side and I appreciate your attempt to do so.

I would like to discuss this matter and try to clarify some of the issues and points which have been raised by hon. members opposite with regard to the borrowing authority bill, how it relates to the over-all economic policy of the government and what has caused the need for this increase in borrowing authority. I would like to discuss the deficit in the context of showing that, in fact, the increase in the deficit that we have seen is substantially and structurally different from the deficit being faced, for example, in the United States. I would like to discuss my belief that the Canadian financial system can indeed support the kind of deficit which was forecast in the financial statements of the government as of June 28. I would like to discuss some of the recent activities and words of the opposition with regard to their ideas as to how the deficit might be dealt with. It has been saying that it is a terrible deficit and that initial programs of restraint should be brought in immediately. The opposition has put forward ideas of how restraint could be applied to resolve our problems, such as the suggestion not to buy briefcases.

The President of the Treasury Board (Mr. Johnston) has clearly indicated that we on this side of the House will certainly support the members of the oppostion if they can show that there is waste in any area of government. If that can be shown, we on this side of the House will certainly do everything in our power to eradicate that waste from government. It is easy to pick up areas of spending which can be blown out of proportion and put in such a context that it appears that there is waste. But when one looks down underneath the surface of the problem and considers the actual expenditure, more times than not—and the Auditor General's report will back me up time and time again—

Mr. Huntington: Spending is out of control, is what he said.

Mr. Evans: —those expenditures turn out to be for good, valid reasons.

Let us take the example cited by the Leader of the Opposition (Mr. Clark) the other day. He suggested that it would resolve our deficit problem if brief cases were not purchased by the government for use by public servants. We are talking about a deficit that is substantial; there can be no doubt about that. That deficit has to be reduced in an orderly way that will not trip the heart out of the Canadian economy or the Canadian social system.

• (1700)

Let us look at the question. When I was in the public service working with the Department of Consumer and Corporate Affairs, a great many demands were placed on public servants to travel about this country and to interact with provincial counterparts and the business community. Day after day members opposite demand that we consult with the business community, other levels of government, private interest groups and individual Canadians. They demand that we get the message of what the federal government is all about to Canadians. In that process, public servants travel.

I am not going to stand here and say there are not occasions, just as there are in private business, where there may be an abuse of travel requirements. Long before this issue was raised by the hon. member for Skeena (Mr. Fulton), the President of the Treasury Board commissioned a report into travel. That report should be available shortly. We will then see how much substance there is with regard to the question of government travel.

If the NDP feels we should cut out travel by public servants, eliminate all of it, that would effectively shut down the federal government. We could forget about consulting business communities in various corners of the country, forget about making the federal presence felt in various corners of this country and forget about consulting with provincial governments. If there is waste, we will eradicate that, but I do not have any delusions that there will be a vast reduction in travel because of waste. There may be a reduction of travel—

Mr. Deans: Mr. Speaker, I rise on a very brief point of order. The hon. member is mistaken. We were not talking about travel in the country. We were talking about travel overseas.

Mr. Evans: The hon. member is wrong. He should listen to the members of his own party. The hon. member for Skeena was talking about travel inside the country and travel outside the country. He was talking about travel by public servants both inside and outside Canada.

I am telling the hon. member that if there is an abuse of travelling being done by public servants, it will be eradicated. I predict the report will confirm that there is very little abuse with regard to travel. In the federal system such as we have with the opposition demanding day after day that we not introduce policies without consulting, the requirement of travel is very real.

There very well could be introduced a restraint program where the government will only permit one half the travelling, that it will only pay the cost of that number. However, there would be more difficulty in communicating and formulating policy at the federal level. That will be a fact of life that has to

be considered. That is what the report of the President of the Treasury Board will indicate. If there is a need for restraint, we will thank hon. members for having brought it to our attention, although it had already received the attention of the President of the Treasury Board who commissioned a study into it long before it was raised by the hon. member for Skeena.

We hear condemnations of the public service. The official opposition is schizophrenic on this issue. From time to time it stands up as the defender of the Public Service of Canada, stating that the government is a harsh employer, that it is terrible and the opposition would be much better. Let us look at the facts.

We hear the Leader of the Opposition talk about the public service squandering money all over the place. Let us look back to the last election and, in fact, the 1979 election. What was the promise then by today's righteous defenders of the public service? They would eliminate one in five. Obviously they feel there is so much waste in the public service that 60,000 of them could disappear overnight with no effect on the efficiency of the delivery systems or the way government services are provided to Canadians. That is clearly the message underneath the fog cover the opposition puts forward in this House of Commons. They were wrong then and they are wrong now.

The program of restraint to try and limit government spending for these direct expenditures included, as members well know, a program of restraint of wages and salaries and a program of restraint of expenditures by the government apart from wages and salaries. As I have said, that program is fair and equitable. It puts forward a program of restraint that says we will limit our demands on the system, but we will not go after expenditures in the system with a meat axe the way the official opposition not only threatened but promised to do, and started to do once it was elected as the government in 1979.

We hear the official opposition talking about their approach to expenditure restraint. One of the approaches they would take would be to go after public servants with a meat axe. That would badly damage the ability of the Government of Canada to deliver essential services to the people of this country.

We ask the official opposition where they would cut. In what sectors of the public service would they cut? Would they cut services being delivered to the public? What services are not essential? What services should we do away with? Which Canadians should be asked to give up essential services that are being delivered?

When we ask those questions, the fog rolls in. It rolls in across the benches on the other side and they scream about the briefcases. If we are going to resolve the deficit situation we are now facing and bring in programs to deal with the problems, we will not do that by talking about briefcases. Maybe there are some briefcases being purchased that should not be. If so, by gosh, the President of the Treasury Board said he would step in and make sure it would not happen.

When I was in the public service and involved in consultations with the provincial governments, I had to transport volumes of documents in order to facilitate discussions. The normal type briefcase a person carries around simply would not hold that large amount. Therefore, the government purchased large briefcases, and Members of Parliament have seen them, to carry documents. They are document cases. When a public servant leaves the public employ, the document case remains with the government. It is passed on to the next public servant.

It is well known that things wear out and have to be replaced. We should not ask an employee to provide some of the tools of the workplace, such as document briefcases. Therefore, briefcases are purchased. If there are extra briefcases hidden away under the desks of public servants being used for footstools, which is highly unlikely, we should look into that. In the public service operation I was employed in, there were four document briefcases.

The public service is a big operation. The government has a very large operation in the public service. There are around 310,000 employees. We are talking about a large operation. I am surprised that the official opposition has not said we ought to eliminate half the desks so that public servants can share desks to save money. I am sure the Leader of the Opposition will come up with that idea next. I wonder if he would be willing to share his desk with Mr. Broadbent.

• (1710)

Mr. Deputy Speaker: Order, please. With all due respect, references should be by constituencies or functions and not by names.

Mr. Evans: Thank you, Mr. Speaker. I should have said the Leader of the New Democratic Party or the hon. member for Oshawa (Mr. Broadbent).

Let me talk about the nature of our deficit. With the best information available at that time, the November budget put forward forecasts of what would be our financial requirements, our deficit and the expenditure levels of the federal government. On June 28 very substantial revisions had to be made. The official opposition and the New Democratic Party have said that the government was obviously totally inept and that it should have been able to forecast the situation. I ask members of the official opposition, if they can, to produce forecasts which were put forward by any private sector or public sector group in this country or any other country, by the OECD, by the Conference Board, by the C.D. Howe Institute, by Informetrica or any group on or around November 12 last, which forecast the situation in which we now find ourselves. There was not one. The forecasts of the Department of Finance were an average of other forecasts. Some were better and some were worse, but our forecast was about the average of all the forecasts in relation to all the variables including unemployment, inflation, interest rates and all those things. The facts are documented and can be read. The fact is that the world economic situation went into a severe downturn which was

beyond the prediction of any of the private or public sector groups.

What is the nature of projections of the deficit over this fiscal year? It seems that the opposition is trying to say that the government has gone on a wild spending spree since the November budget and that it is out of control. They seem to say that spending is out of control. Has there been a major increase in program spending by the federal government?

Mr. Huntington: Yes.

Mr. Wilson: Twenty per cent.

Mr. Evans: No, there has not been a major increase. The hon. member says 20 per cent, but he knows he is wrong.

Mr. Wilson: Twenty per cent.

Mr. Evans: I defy him to produce a document which shows that program spending has increased 20 per cent. If interest payments are taken out, I defy the hon. member to show me a document which says that program spending is up 20 per cent. No document will. However, I can show the hon. member more than one document which says that program expenditures will increase by 10.7 per cent this year. We are talking about the last three or four years of expenditures undertaken by departments. Program expenditures have gone up year over year in the last three to four years by less than the growth of the economy. If government spending in the sense most Canadians think of government spending—program expenditures—has not increased, what has happened? It is quite obvious, and the financial critic for the official opposition, the hon. member for Etobicoke Centre (Mr. Wilson), understands and clearly knows what the answer is; but he has not put it forward in the House, nor has his leader or anyone else on his side. Hon. members opposite have tried to obfuscate, make innuendoes and cast aspersions that government spending is terribly out of control, but the fact is that the deficit has increased because of two factors.

Mr. Huntington: The National Energy Program is one, and the November 12 budget is the other.

Mr. Evans: The deficit has increased because the world economic situation has deteriorated dramatically.

Mr. Lewis: It is the world's fault.

Mr. Evans: As a result, export sales of our raw materials—a substantial part of our gross national product—have fallen off. As a result of that corporate profits are down, corporate tax revenues are down and personal tax revenues are down. Unemployment has risen as a result of the decline in markets. Government revenue has dropped off. Over the next year government revenues are forecast to drop by $6.5 billion more than forecast in November. That is one factor. Loss of revenue is the main reason the deficit has increased. The reason is not an increase in spending.

What about the spending side? What are the factors? There are two factors on the spending side. One is the increase in unemployment insurance payments. If they wish, members of the official opposition can put forward the proposition that perhaps the government should tell everyone who is unemployed that from this day forward they cannot have unemployment insurance benefits. Perhaps hon. members opposite will suggest we cut unemployment insurance payments to any individual by 20 per cent, 25 per cent or perhaps 30 per cent. Perhaps we should do what the official opposition wanted to do with the federal public service. Perhaps we should say that one in five who are unemployed cannot have unemployment insurance. That would cut unemployment insurance payments by 20 per cent just like that. It would also be stupid.

The factor in addition to the increase in social transfer payments was that interest rates stayed higher here and everywhere else in the world than forecast in November. As a result, interest payments on the public debt are higher. If we take those factors together, we find that there is an increase in automatic stabilizer payments. There is an increase in interest payments on the debt. There is a decline in tax revenues, and that explains the increase in the deficit. That is not to say that the deficit of $19.6 billion or that financial requirements of $17.7 billion are not very high and of great concern. However, I think it is only fair, if we are to talk about solving the problems we face, that we do that from an honest base. We should put forward the facts and debate the facts and not some myth perpetuated by members of the official opposition and members of the New Democratic Party. Over and over again we hear the cry that the government has totally lost control of the situation, but that is not true.

We cannot just talk about the need for the country to have confidence while members of the opposition put forward every ounce of effort they can to undermine the confidence of the country. That just does not make sense. If we are talking about rebuilding the confidence of the country, for goodness sake, let us as parliamentarians try to join together to help rebuild confidence.

Mr. Lewis: Forget it. We don't trust you.

Mr. Evans: Hon. members opposite say, "Forget it; we don't want to rebuild confidence." All they want to do is destroy confidence, which will mean that the opposition will have a better chance of being elected in the next election. To them partisan political gain is more important than the interests of the country. That is the message of the opposition.

Mr. Lewis: We don't trust you. Nobody does.

Mr. Evans: I believe the June 28 budget took a major step toward restoring the confidence of Canadians in the future and in the system.

Let us look at the major variables opposition members have put forward as indicators of lack of confidence. What has happened to them? The dollar was one indicator of the "terrible" decline in confidence of Canadians in their own country. What has happened since the budget? The value of the dollar has gone up.

Mr. Huntington: Why?

Mr. Evans: That must mean Canadians have increased confidence. The hon. member for Capilano (Mr. Huntington) asks why. He thinks it must have something to do with U.S. interest rates. What has happened to Canadian interest rates?

Mr. Huntington: What happened to the U.S. dollar?

Mr. Evans: Canadian interest rates have gone down. The stock market is another indicator of confidence. Equity ownership is a good indicator of people's confidence in the economy in the long run. In the last couple of weeks prices on the stock market have gone up. We are seeing positive indications that the confidence level is improving, and I suggest that is a direct result of the measures taken in the budget and the promise made with regard to the indexation of certain investment income vehicles. Those are very major steps forward.

The question of unemployment has to be dealt with in the context of borrowing authority. I have read the speech made by the hon. member for Kamloops-Shuswap (Mr. Riis) very carefully, and it is rather surprising that he has indicated he disapproves of this borrowing authority. He thinks that the government should not ask for this borrowing authority but other members of his party say that the government must stimulate the economy. How do we stimulate the economy without increasing taxes or incurring a much larger deficit?

• (1720)

Mr. Heap: Stop giving to the oil companies.

Mr. Evans: The hon. member for Spadina (Mr. Heap) tells us to tax the oil companies. At a time when the oil companies are on the verge of collapse, the hon. member for Spadina wants us to tax them some more. Last fall the complaints of the New Democratic Party gave rise to the study that is being conducted at the moment into the banks. The NDP have a standard answer to everything.

Mr. Benjamin: Get rid of the Liberals.

Mr. Evans: That there is a scapegoat and that somebody is ripping somebody off is their answer to everything.

In 1973 food prices were definitely an issue. Along came the white knights in the New Democratic Party claiming they had the answer, that the supermarkets were ripping Canadians off. The Food Prices Review Board was formed under Mrs. Beryl Plumptre, an outstanding Canadian who has made great contributions to this country. After a couple of years of study and the expenditure of substantial sums of money it was found that no one in the system was ripping off the Canadian consumer. That meant that it was not the farmer, the supermarket or the middle man. In response to that well-documented, objective, factual study all we heard from the NDP was "whitewash". They start out by calling "witch, witch" and when the facts do not substantiate their contention then they call "whitewash, whitewash".

Their next cry was "corporate welfare bums". There was another problem in the economy and the NDP came along on their white charger, crying "corporate welfare bums". They were supported in this by some less rational members of the Conservative Party. The result was a royal commission that looked into corporate concentration for two years. Again, the objective evaluation of the facts did not support the NDP, so they again called "whitewash". They have a standard approach to problem solving—find a scapegoat and beat him over the head. When the facts do not support their contention they yell "whitewash". That is irresponsible political behaviour and it rips apart the fabric of confidence that Canadians have in one another. It is the behaviour that is practised by the NDP year after year and day in and day out. They are always looking for a witch or lightning rod.

Mr. Benjamin: Mr. Speaker, on a point of order, I wonder if the hon. member would permit a question relating to his remarks?

Mr. Evans: I would be happy to at the termination of my remarks, Mr. Speaker.

We are now investigating the matter of bank profits, Mr. Speaker. The New Democratic Party complained about bank profits and wanted a study, so a committee was formed several months ago. It has been gathering the facts and putting together an analysis of the situation. The New Democratic Party was supposedly participating in this study, but last week it pulled out claiming "whitewash". They have not even seen the report yet but they are already crying "whitewash". Their strategy in all areas is to divide and conquer, to pick a scapegoat. They know that strategy is basically dishonest, so they pull out before they have to face the fact that they did not know what they were talking about.

That kind of behaviour is not conducive to the rational solution of our problems nor to confidence building. It is certainly not suitable to a chamber such as the House of Commons.

We have heard from hon. members opposite about the deficit and about the effect of the present downturn on the Canadian economy. We have heard about the need for stimulus and for job creation. Like so many of my colleagues and no doubt some on the other side, I have travelled back and forth across the country in an attempt to understand the unemployment problem so that we can put forward programs and initiatives to cushion the problem or alleviate it.

When I was in Vancouver recently I talked to people in the mining industry and the forest products industry. I found that much misinformation had been placed before the people involved. We hear hon. members from British Columbia saying that it is the fault of the federal government that there is so much unemployment in that province. We hear hon. members from the west—

Mr. Huntington: That is misleading.

Mr. Evans: The hon. member for Capilano corrects me. Indeed, it is not so in his case and perhaps a couple of others, but I think the hon. member has heard it happen. He has been present in question period and has heard it.

Mr. Huntington: Not in the sense you are putting it.

Mr. Evans: The discussions that I have had with those people indicate precisely the cause of the unemployment problem in the mining industry, forest products industry and, I would go so far as to say, the oil industry. The hon. member for Capilano correctly points out that he said so in the House, but I cannot say the same for some of his colleagues. World markets for these products—

Mr. Siddon: Don't blame the Americans.

Mr. Evans: The hon. member for Richmond-South Delta (Mr. Siddon) has asked me not to blame the Americans. I am not blaming them. I am simply saying that if we sell a big proportion of our products in other countries and they stop buying, then we are going to have an excess supply. The logical reaction of a sound business is to try to cut costs. One way to do that is to reduce employment or to shut down plants, and that is precisely what has happened. The people of British Columbia understand that. The people in the mining industry understand it. They do not understand how someone like the hon. member for Richmond-South Delta can stand in this House and say things that are not in accord with the facts as the people of British Columbia know them.

It does not help build confidence to tell people that things are possible that are not possible. We cannot turn around the demand for lumber, forest products or plywood. We cannot turn around the demand for pulp, which is affecting my area here. Pulp and paper mills have shut down because of reduced demand for newsprint. But where is that newsprint sold, Mr. Speaker? It is sold in other parts of the world, in the U.S., Europe and Japan. But the demand is down and the pulp and paper workers in ridings surrounding mine, especially those in Hull, the Gatineau and further on down the river, have been laid off. But is that the result of what is happening in Canada, or is it the result of the fact that paper is not selling, that newsprint is not being sold in other parts of the world? That is what is happening.

We hear about the Inco shutdowns, Mr. Speaker. Why? Because the products of the mines, which have always been a major export industry, have lost markets in all parts of the world. That does not make the problem any less real, Mr. Speaker. The problem of unemployment is very real, very crucial and very pressing. But it will help in the public debate about realistic solutions if all members of this House couch their criticism, certainly their comments, within the context of basic, fundamental and factual honesty. That does not happen with the opposition very often because they would rather stand up and say the whole thing is the fault of the Government of Canada. They say that if it were doing something differently, there would not be unemployment in the lumber, paper or mining industries.

• (1730)

The executives and workers of those industries know exactly who they sell their products to and what has happened to the demand for those products. They know what has happened to housing starts in the U.S. and how much Canadian lumber and plywood is shipped there for the construction of houses. They know those facts, Mr. Speaker, and I am sure that the people who watch what goes on in this House scratch their heads at times and say: "Gee, what those members of the opposition are saying does not jibe with the facts". We know that if the government pumped billions of dollars into programs to increase the production of forest products or other raw materials, we would not be able to sell them. What do we do with them, stockpile them at today's interest rates? That does not make a lot of sense, Mr. Speaker.

World market conditions have to change if we are going to come out of this. But in the meantime we have to try and maintain some semblance of humanity in this country, and that is where our automatic stabilizers come into play. Those stabilizers have contributed to the increase in the deficit, but I defy any member of the opposition to stand up and say that they believe what we should do to reduce or control the deficit or expenditures is to slash away at the automatic stabilizers.

Mr. Huntington: That is not true.

Mr. Evans: The hon. member for Capilano says it is not true. I did not say it was true; I said I defy you to stand up and say it.

Mr. Huntington: Mr. Speaker, the hon. member has asked me to ask a question. Will he accept one?

Mr. Evans: Mr. Speaker, the hon. member being a friend of mine, I will accept one now.

Mr. Huntington: I thank the hon. member very much for his courtesy, but I noticed in his speech that he has not addressed the very strong and powerful suggestion of the former Auditor General of Canada that if you examine the statutory transfer payments between the provinces and studied the duplication of programs among the 11 different governments, it would take 90 days to remove $5 billion from those transfer payments in the first year and another $5 billion in the second year.

I ask the hon. member if the government has taken this initiative and if it has this study under way.

Mr. Evans: Mr. Speaker, I think that is an excellent suggestion. I am sure the President of the Treasury Board is in the process of examining it right now once the Auditor General put it forward. The former Auditor General, Mr. Macdonell, is an acquaintance of mine and my question is: If this was possible, why was it not in his report when he was Auditor General? I am not saying he is wrong, but if it was possible, why was it not in the last report? The Comptroller-General of Canada is putting forward new ideas for program evaluation, but he is not talking about cutting $10 billion out of government spending in a period of 18 months.

Mr. Huntington: It is possible.

Mr. Evans: Sure it is possible. Anything is possible. You can shut down the government and save 16 per cent of expenditures right now.

Some hon. Members: Hear, hear!

Mr. Evans: The heirs of Genghis Khan over there clap at that, Mr. Speaker, but of course they do not understand the impact that would have on the services that Canadians depend on, such as education, medicare and all these kinds of things. Canadians do not really need such trivial things!

Mr. Huntington: It would not affect them one bit, John.

Mr. Evans: So I think yes, there has to be an examination of expenditure restraint to bring the deficit down, but I think the main way we are going to get out of the deficit situation is to grow out of it. The way to do that is to help restore confidence and put incentives in place. There are incentives which were brought down in the June 28 budget, and I still stand here today and say that in the November budget there were incentives. Tax rates were cut and the base was broadened. Hon. members argued about that, but I tell them right now, watch for the next six months and President Reagan is going to follow an approach which makes—

Mr. Deputy Speaker: Order. I hesitate to interrupt the hon. member but the time allotted to him has expired. The hon. member for Welland (Mr. Parent).

Some hon. Members: Filibuster, filibuster!

Mr. Gilbert Parent (Welland): Mr. Speaker, with all due respect it is sometimes amusing to me when I sit in this House and hear the debate from the other side. Whatever they have to say always has a great deal of thought behind it, yet when we on this side stand up we keep hearing the word "filibuster". I cannot understand that because here we are trying to share with our colleagues on the other side some of our findings. I think it is only fair that we who were elected to the House should also have a chance to speak on this very important matter. I for one will not just be shut up by these people because they yell out "filibuster". I have a few things which I would like to add to this debate, but it is so difficult to say anything here with everyone yelling.

Mr. Lewis: You cleared out the galleries.

Mr. Parent: We had the courtesy to listen to members opposite—I believe they put up a speaker a couple of days ago—but they are not too much interested in the debate we have here right now. Right now we are talking about what I will call proposition six and five, which very simply is that we hope by restraining ourselves to a 6 per cent increase in salaries—and when I say "ourselves", I include members of this House, senators and also civil servants—that all the people of Canada will follow our lead and restrain their salary demands. It is very important that we show leadership because we have heard many times in this House people saying that we should indeed take the lead. We are happy to do that at this time.

What does this mean to federal civil servants? Like many of my colleagues, I have had letters and telegrams from people who say this is not enough; it should not be 5 per cent or 6 per cent, it should be left at zero.

Mr. Deputy Speaker: I might remind the hon. member that the bill relates to borrowing authority.

• (1740)

Mr. Parent: Mr. Speaker, with all due respect, I am setting out my case to deal with that.

Some hon. Members: Oh, oh!

Mr. Parent: We have a number of members here who would have us say the exact things they want to say, but when they are sitting in this House they have every opportunity to speak so that we know what they are thinking.

Now to the borrowing bill.

Some hon. Members: Hear, hear!

Mr. Parent: I thank hon. members on the other side for their encouragement. We are looking at a deficit which is very high, but there are ways this can be explained. As my colleague, the hon. member for Ottawa Centre (Mr. Evans), said before, the expenditures that we have had to incur have contributed in great part to the deficit. We have not taken in as much money as we had thought we would in taxes and we have been paying out much more on such things as unemployment insurance benefits.

We hear hon. members on the other side say that we should be cutting. Is this the time to cut the unemployment insurance benefits? Is this the time, when the workers of Canada, the great majority, who have been paying into this fund now find themselves in need of it, to cut it back? These are the people who have been carrying Canada for all these years. Now that they are in need of this particular service, all we hear from the other side is that we should cut back.

I do not agree with that, Mr. Speaker. I do not agree that we should be having these great deficits. But there are some things which are out of the control of the government. Yes, there are some things for which we do not have all the answers. Nevertheless, we do put forward suggestions to be tried. Here we believe we have something in which the people of Canada can take part, namely, restraint by all of us.

We have some difficult problems. For example, the Canadian National Railways and the Canadian Pacific Railway historically have bargained together. We must see to it that as much as possible this historic relationship is kept intact. By the same token, it might be also that the workers in the union which would be getting 9 per cent will be willing to take 6 per cent if they could see this was in the best interests of the Canadian people.

Mr. Epp: Mr. Speaker, I rise on a point of order. I believe that Bill C-124, the so-called "six and five" bill, is one that

has been dealt with on second reading and is being dealt with now in committee. Could the hon. member enlighten us as to how the $20 billion deficit could be reduced?

Mr. Parent: Mr. Speaker, I would be very happy to address that question when I get to the end of my pertinent remarks.

Mr. Nielsen: Mr. Speaker, I rise on the same point of order. If the hon. member continues to occupy his full time, as he is entitled to do under the rules, it will mean that the question will not be put tonight. We have been sitting very patiently while the debate has been carried fully by the government, waiting for the question to be put. Why are the Liberals filibustering their own legislation?

Mr. Deputy Speaker: With all due respect to the hon. member for Yukon (Mr. Nielsen), he is not making a point of order.

Mr. Pinard: Mr. Speaker, the hon. member for the Yukon (Mr. Nielsen) just mentioned something which surprises me very much. He opened the door for me to say that he has asked us to consider reducing the amount in the bill. He knows very well that if we were to vote down the amendment that is on the floor of the House, then we would close the door to his own proposal.

What we are doing is allowing his own proposal to stay alive until tomorrow morning, when we are to have a meeting. He knows about the meeting tomorrow morning. We want to be consistent and respect—

Mr. Deputy Speaker: Order, please. In the opinion of the Chair, the last two interventions have hardly been points of order. The hon. member for Welland has the floor.

Mr. Parent: Mr. Speaker, I have had so many interruptions that I have to reorganize my thoughts.

Some hon. Members: Oh, oh!

Mr. Parent: There have been two interruptions by members on the other side. I appreciate the fact that our beloved House leader has jumped into the fray to help straighten these things out. More times than not, Mr. Speaker, as you are aware having sat in the chair, we have been ready to vote on many things and other members have not showed up. As a matter of fact, they took 16 days off just a little while ago. But that is water under the bridge.

With regard to the borrowing authority, the Government of Canada, in order to carry out the various programs it has in place, needs this borrowing requirement. Members on the other side say that we should be cutting government waste. Yet when we ask where we should be making these cuts, they fly off in all different directions. There are those who say that we could cut government waste by doing away with the famous brief cases. That matter was brought up by the Right Hon. Leader of the Opposition (Mr. Clark). We heard that this would save perhaps $400,000, that it is a lot of money for most people in Canada. I would not call the hon. leader Mr. Joe Briefcase. I reject that being said by anyone in this House. He is not Mr. Joe Briefcase. He is the Right Hon. Leader of the Opposition and I ask all members here to respect that fact, because it is important.

Some hon. Members: Hear, hear!

Mr. King: Be gentle.

Mr. Parent: I hear the hon. member on the other side saying be gentle. I will be gentle with hon. members. The hon. member is just back from Strasbourg. I welcome him back in the House; we missed him very much. We should be gentle with one another in this House. We should indeed be gentle with our civil servants.

Many people have said that civil servants are the ones who will be carrying all of the burden for the people of Canada by having their increases reduced to 6 per cent and 5 per cent.

Mr. Huntington: You are speaking on Bill C-124 again.

Mr. Parent: I am bringing this in along with the borrowing bill. We know that the civil servants, by and large, are very strong contributors to the strength of this country. It would be wrong for them solely to bear this burden of taking 6 per cent in one year and 5 per cent in another unless we asked this of all the people of Canada. I suggest to you, Mr. Speaker, that if all of the people of Canada do get together and restrain themselves—and I am talking here about Members of Parliament and the Government of Canada—then I am sure we can face this problem that is now weighing so heavily on all of our shoulders. I am sure we can get the solutions that we are going to need.

The hon. member for Ottawa Centre who spoke just before me talked about newsprint. Newsprint is of great importance in my riding because we have four paper mills there. I am happy to say that one of the paper mills, Ontario Paper, received a grant from the federal government of $12 million to help it renew its newsprint factory to make it more competitive.

Mr. Epp: That's more paper for the government.

Mr. Parent: In my opinion, this is the right direction because it helps to protect our jobs. It helps us in those areas which need help the most.

I would like to address myself to what the Minister of State for International Trade (Mr. Lumley) said today. In the Niagara peninsula, we have many automotive workers; some 8,000 of them work for General Motors and related industries. Today, the decision to let up a little on Japanese cars coming into the country was one which possibly will be well taken by people in other parts of the country. But I can tell hon. members that for us it will mean more hardship until we do have these content rules put in. I would urge hon. members in this House to stick together and see if we can get the answers to lead us out of the morass that we seem to be in. This applies not only to Canada but to many of the western industrialized countries of the world. It will not be done by heckling one another—

[*Translation*]

—shouting insults from one side of the House to the other that we shall find answers to our problems. It is most important that we be able to share solutions to the problems now facing us. It is most important for us as members of Parliament to listen to what each of us has to say, and as one of my colleagues noted, it must also be realized that all the problems cannot be solved by a single group of Canadians, namely public servants.

[*English*]

I believe it is incumbent upon all of us to carry the burden as much as we can. These were the few comments I wanted to interject into this debate. As hon. members were saying earlier, we are always amenable to discussions and to a happy resolution of the problems. We look forward to the vote whenever it comes.

Some hon. Members: Question.

Mr. Deputy Speaker: The hon. member for Gloucester (Mr. Breau).

Some hon. Members: Filibuster!

• (1750)

[*Translation*]

Mr. Herb Breau (Gloucester): Mr. Speaker, it gives me pleasure to take part in this debate on Bill C-125 and the amendment moved by the Right Hon. Leader of the Official Opposition (Mr. Clark) to reduce the government's borrowing power. I am going to deal particularly with the amendment because it is the crux of the present debate. In my view, this is just an exercise in futility because it will get us nowhere, and is only a scheme to thwart the financial and borrowing plans of the government, and make this House of Commons lose more time in the fall. In fact, Bill C-125 does not allocate funds or decide whether or not a certain amount can be spent on such and such a program. It only empowers the government to borrow $11 billion. Government expenditure will be studied through the appropriation bill, first in Parliament and then in the Standing Committee that will report to the House for the final vote. So, if the House of Commons does not agree with government expenditures it will not appropriate them. The claim that Bill C-125 will result in huge government expenditures and the attempt to lead us into a debate on government spending, may be politically wise but I think it is important to emphasize that this bill does not appropriate funds. The appropriation of funds is a different process and this bill only gives the government the authority to borrow to cover its deficit. Now, why is the deficit higher or why do we expect it to be higher in the present fiscal year than was expected in November? The answer is simple. Early last winter, depression set in all over the world, particularly the United States and that put pressures on the federal budget in two ways. First, federal revenues decreased significantly. The June 28th budget forecast a reduction of about $6.4 billion. That is because companies and businesses will be making less profit, but also because there will be a lot more unemployed people who will earn less money and, therefore, will pay less income tax.

The second pressure brought to bear on the budget of the federal government has to do with the fact that over the years we have introduced in our system what we call stabilizers, social programs such as unemployment insurance and the Canada Assistance Plan which pays for 50 per cent of all social assistance in the country. When the economy is in recession, business slows down, unemployment goes up and there are fewer economic activities, with the result that expenditures under those programs automatically increase. That is why they are called stabilizers. So the impact of a recession is that the federal government deficit is bound to grow because revenues are down and some expenditures automatically increase.

Now then, is it sound financial, fiscal and economic management when the government opts for deficit financing during a recession? I for one think so, Mr. Speaker, quite so. First of all, it has been noted that in times of economic doldrums, the savings rate of Canadians rises dramatically. It increases sharply. This year Canadians are setting aside 14 per cent of their income precisely because the economic situation has them worried. When Canadian savings are so high during a period of economic slowdown and all that money is left on deposit with banks, credit unions and trust companies, we cannot expect the private sector to be anxious to use it to spur the economy, if only because in the private sector right now the manufacturing industry, for instance, is operating at barely 55 or 60 per cent of its capacity. Therefore, should we decide to leave these funds in Canadian banks or in the Caisses Populaires, and should the government not borrow any money, no one is assured that this money will really be used to stimulate the economy in order to meet the needs of those groups in our society or in the economy who need attention the most. I think it is wise for the government, as a matter of economic policy, to get involved in the marketplace in times such as those, to grow a deficit and to borrow, because this will stimulate the economy.

In the June 28 budget, the Minister of Finance (Mr. MacEachen) proposed to allocate funds to specific areas: housing, through a $3,000 grant to people who will build or buy their first home, direct job-creation programs, on which more than $400 million will be spent, economic development projects for which $300 million will be earmarked; in addition, the government will consider setting up a permanent and structural change within our interest rates policies in order to ensure that small businesses, home owners with mortgage payments, farmers and fishermen will get loans at an interest rate from 3 to 6 percent lower than usual. This will enable the government to redistribute the wealth of our country. By not adopting a high deficit policy in times of recession, I think we would delay

economic recovery because we must ensure that helpless people are not the only ones to bear the brunt of an economic recession. The federal and provincial governments have the responsibility to find means of stabilizing and reducing the social costs of economic slowdowns.

In addition, Mr. Speaker, I think the government should not be reluctant to resort to what is called deficit financing, even in times of economic recovery, because a government debt is like an individual debt. We should consider that over the past and present years the government has built up funds that will be made available for public services for years to come. Why then should the wage-earners of 1982 be the only ones to pay for those services through their taxes? I think it is reasonable, Mr. Speaker, to expect the people who will be using those services later to pay their share and this is why I feel we are entitled to borrow.

Therefore Mr. Speaker, I think that the Leader of the Opposition's amendment to restrain the government's borrowing power is absolutely useless and would merely result in our having to introduce another bill in the fall. It is only intended to hinder the financial planning of the government, and accordingly I will vote against the amendment.

Mr. Deputy Speaker: It being six o'clock, pursuant to Standing Order 2(1) I do now adjourn the House until two o'clock tomorrow afternoon.

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

HOUSE OF COMMONS

Thursday, July 22, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

AIRPORTS

FUTURE OF MIRABEL AND PICKERING—MOTION UNDER S.O. 43

Mr. Scott Fennell (Ontario): Madam Speaker, in view of the total confusion in the air transport administration of the Department of Transport with regard to the future of Mirabel and the fourth runway for Toronto at Pickering, I move, seconded by the hon. member for Erie (Mr. Fretz):

That the Minister of Transport present a clear policy statement on these two white elephants prior to the summer recess.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VOLUNTARY ORGANIZATIONS

SUGGESTION DRAFT POLICY BE TABLED—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, on May 20 the Under Secretary of State announced that a document outlining a comprehensive voluntary action policy had been sent to cabinet for decision and action. On June 23 the Minister of Justice and Minister of State for Social Development (Mr. Chrétien) told the House that he had personally raised the give and take tax proposals of national voluntary organizations "several times in cabinet". On June 28 another budget again ignored Canada's voluntary sector and provided no incentive or support. Therefore I move, seconded by the hon. member for Vancouver Centre (Miss Carney):

That this House urge the government, since cabinet is clearly divided, to table the draft policy document before the House recesses in order to test public reaction and to demonstrate support for the enrichment of our society resulting from the service of Canada's three million volunteers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENVIRONMENTAL AFFAIRS

SUPPORT FOR UNITED STATES SENATE COMMITTEE ACTION ON ACID RAIN—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the favourable vote taken today in the United States Senate Environment and Public Works Committee on a bill to force a ten million ton reduction of sulphur dioxide in the U.S. within 12 years, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Irwin), the hon. member for Hillsborough (Mr. McMillan), and the hon. member for Vancouver South (Mr. Fraser):

That this House go on record as supporting the action of the Senate Environment and Public Works Committee in attempting to force action on the urgent problem of acid rain, and that this House express its appreciation to Senator Stafford and his fellow Senators from both American political parties for their efforts to improve Canadian-American relations with regard to environmental questions.

I commend this motion for all-party support.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion which was seconded by the hon. member for Hamilton Mountain (Mr. Deans). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

[*Translation*]

HOUSE OF COMMONS

PROPOSAL THAT MEMBERS RETURN TO THEIR RIDINGS—MOTION UNDER S.O. 43

Mrs. Céline Hervieux-Payette (Montreal-Mercier): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Whereas Canadian parliamentarians must set an example in their daily life; whereas they have spouses and children in their ridings, and whereas much of the work of this House is concerned with family matters, I move, seconded by the member for Vancouver Centre:

That parliamentarians return to their respective ridings not later than July 30 of this year, in order to do their duty as responsible citizens, namely, bring up their children, consolidate their family life and be available to their constituents in these difficult times.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

CANADIAN DAIRY COMMISSION

CALL FOR COMMITTEE INVESTIGATION—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas the Auditor General of Canada has reported that the Canadian Dairy Commission has secretly paid more than $17 million to three Quebec firms without any public tenders, without the benefit of legal advice, and without making the contracts public, and whereas the RCMP is investigating these questionable practices, I move, seconded by the hon. member for Okanagan-Similkameen (Mr. King):

That the Canadian Dairy Commission become the subject of an inquiry by the Standing Committee on Agriculture, and that the Minister of Agriculture explain to that committee why he has failed to provide proper supervision of the Commission.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

THE GOVERNMENT OF CANADA

CALL FOR REORGANIZATION OF ADMINISTRATIVE STRUCTURE—MOTION UNDER S.O. 43

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, in view of the fact that the provinces are leading the federal government in putting into effect genuine measures of restraint, and in view of the fact that a major Vancouver paper has reported that the premier of British Columbia is considering a reduction in the number of his cabinet ministers through combining two or more responsibilities into a single cabinet portfolio to reduce the expense of cabinet and the cost of bureaucracy which surrounds each cabinet minister, I move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That this House implore the Prime Minister of Canada to show responsible leadership similar to that of the premier of British Columbia by instituting plans to attack the growing top-heavy nature of the massive government superstructure which the Prime Minister has created and which is so much a part of the problem Canada faces.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

INFLATION

REQUEST THAT GOVERNMENT INVITE BELL CANADA TO OBSERVE SIX PER CENT AND FIVE PER CENT RECOMMENDED MAXIMUM INCREASES—MOTION UNDER S.O. 43

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

Whereas the President of Bell Canada has announced that his company is reviewing its application for a rate increase; whereas this is a test case for many Canadians who want to be sure they will not be alone in paying the cost of supporting the economy, I move, seconded by the member for Mississauga North (Mr. Fisher):

That this House ask Bell Canada to continue its review and to agree voluntarily with the 6 and 5 per cent ceiling, and thus contribute to the joint effort of Canadians against inflation.

Madam Speaker: The House has heard the motion proposed by the hon. member. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, my motion deals with reports that an Edmonton businessman is attempting to raise $5 million through $10 donations for a speedy retirement for the Right Hon. Prime Minister (Mr. Trudeau). I applaud this admirable project and wish it God-speed. Therefore I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That this House not only endorses this project but charges the President of the Treasury Board with the responsibility of auditing the funding and ensuring an early retirement of the $10 man.

Some hon. Members: Oh, oh!

Madam Speaker: The hon. member for Winnipeg-Birds Hill.

* * *

CANADIAN NATIONAL RAILWAYS

DISPENSING WITH CABOOSES IN MOVING CARS—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, it has been brought to my attention by Local 990 of the United Transportation Union that the CNR is making transfer movements of 80 cars or more from Symington yard to Fort Rouge, to W.I.T. and Transcona, without a caboose, and thus without tail end protection in the case of a derailment. The Minister of Transport (Mr. Pepin) has also been alerted to this problem in which we find the CNR acting in violation of the view of the railway transport committee that the marshalling of transfers should be subject to the same requirements and rules as are mainline trains. Many of these transfers are carrying dangerous commodities. Therefore in order to avoid a Mississauga-like event in Winnipeg, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House instruct the Minister of Transport to direct the CNR to stop this irresponsible and dangerous practice which is just the latest example of how the CNR's mania for eliminating jobs also affects the safety of railroaders and surrounding communities.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

REGIONAL DEVELOPMENT

SUPPORT URGED FOR HAMILTON HOTEL DEVELOPMENT—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That the Minister of Industry, Trade and Commerce recognize the high unemployment level both current and projected in the region of Hamilton-Wentworth and offer financial support for the development of a hotel in Hamilton as he did in his own municipality of Windsor.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

SUGGESTED MEETING OF ONTARIO CONSERVATIVE M.P.S AND M.P.P.S—MOTION UNDER S.O. 43

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I rise under the provisions of Standing Order 43. John Tory, who modestly describes himself as principal assistant to Premier Davis, using provincial cabinet stationery has asked Conservative MPPs to be nice to and recognize Ontario Conservative MPs, and whereas Premier Davis has promised to make every effort to recognize and include federal Conservative MPs in provincial government and party functions, I move, seconded by the hon. member for Don Valley East (Mr. Smith):

That when this House adjourns the federal government make available a meeting room, preferably within 50 metres of Parliament Hill, where Ontario Conservative MPPs and federal Conservative MPs can meet, as recommended by *Sun* journalist John Downing, to join hands in singing, "Blessed be the tie that binds."

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Hear, hear!

Madam Speaker: The House has expressed its approval by applauding.

• (1415)

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

YOUTH UNEMPLOYMENT—REQUEST FOR GOVERNMENT ACTION

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the Acting Prime Minister who will

know that today the Conference Board has declared that confidence in Canada is at an all-time low. Does the minister recognize that the problem of youth unemployment is serious, and does he agree with what the Minister of Employment and Immigration said yesterday, that we could lose a whole generation of young workers who become frustrated at not being able to find jobs? Will the minister have something to say today which will give young people, who are now being laid off in enormous numbers, some hope that they can play a part in Canada?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, what I find to be most encouraging and what I hear about public opinion through the press media and other means is that the people of Canada are now joining in the objective indicated by the Minister of Finance in his budget. I find that wonderful.

Mr. Clark: Massive unemployment!

Mr. Pepin: I also take satisfaction in the fact that today, for example, the bank rate has come down to 15.6 per cent—

Some hon. Members: Hear, hear!

Mr. Pepin: —the exchange rate is keeping at 79.35 cents in relation to the U.S. dollar, and the index of industrial production rose by one per cent in May. These are a number of indicators, not of a very rapid change, but of a move, and the same indication comes from the United States. My conclusion, and the Leader of the Opposition will find it professorial, but I will make it nevertheless, is that there are clear indications that if we all hold hands, as one of the hon. members just said, the near future will be much better than appeared in the recent past.

LAY-OFFS AFFECTING YOUNG PEOPLE

Mr. Don Blenkarn (Mississauga South): Madam Speaker, we are all wringing our hands and hoping something will happen. The minister will know that, while we are happy to see a drop in the bank rate, it is still one full per cent higher than it was in January when we saw the worst economic performance in one quarter in this country's history. It is all very well for the bank rate to drop a measly 57 basis points, but it is still high. The minister knows that there are young people being laid off and that they are the first to go in any lay-off program. Does the minister appreciate the fact that unemployment of those between the ages of 20 and 24 has risen 60 per cent in a full year? What program does the government have to ensure that it will not be the young people who will pay all the penalty of being first laid off in those parts of government service under federal jurisdiction?

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, the issue raised by the hon. member is, of course, of particular concern to the Department of Employment and Immigration. In fact, a meeting was held in Toronto to see how these problems could be solved. In the last budget it was announced that funds would be earmarked for the young people of this country. We have the new training legislation passed by Parliament and given royal assent in June, which will be aimed at helping the young across Canada, and we shall therefore be able to provide training for jobs in the high technology sector in this country. Both the department and the government are concerned about youth employment—that was the whole point of our meeting yesterday in Toronto—and we are going to continue our efforts to meet the needs of Canada's young people and provide jobs for them.

[*English*]

REQUEST THAT GOVERNMENT ACT TO PROVIDE EMPLOYMENT

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the parliamentary secretary knows, and the government knows, that there is not much point in training people when there are no jobs.

Mr. Chénier: There are jobs.

Mr. Blenkarn: The government knows that apprenticeship plans do not work when factories are turned off and their doors are closed. The government knows that it is the young people who are first laid off. What program does the government have through Public Works, perhaps a Roads to Resources program or something of that nature, to put these young people to work, so that they are not on the dole, so that they are not collecting unemployment insurance, and so that they are not taking part in training programs for which there are no jobs and no hope of jobs?

• (1420)

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, I think the hon. member ought to realize that in recent years, we have had to admit 25,000 foreign workers to this country, and that the role of the new legislation will be to provide training for these jobs, especially for young people.

Furthermore, Madam Speaker, when I mentioned the budget a moment ago, I was referring to the job-creation programs that are to be announced shortly by the minister. We shall certainly stress job creation for youth, and I am sure that all young people across the country will benefit from the programs during the years to come.

[*English*]

ENVIRONMENTAL AFFAIRS

NEGOTIATIONS WITH UNITED STATES ON ACID RAIN

Mr. Tom McMillan (Hillsborough): Madam Speaker, all members of this House just supported a motion under Standing Order 43 commending very heartily the United States Senate environment committee for its decision earlier today to slash acid rain-causing emissions in that country over the next 12 years. My question to the Minister of the Environment is this. The minister said some weeks ago that Canada might have to withdraw from its negotiations with the United States toward achieving a binding bilateral accord on acid rain because of American foot-dragging on the issue. Will the minister tell the House whether the major breakthrough on acid rain in the U.S. Senate today—it is a major breakthrough—has given the minister and the Canadian government cause to reconsider their threat to withdraw from their negotiations with the Americans on acid rain?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, I thank the hon. member for the question, partly because it gives me the opportunity to agree with him that the decision by the United States Senate earlier today is a major breakthrough. I would like to say that there are members on all sides of this House who, through their work with their Congressional counterparts in the United States, have helped to make that favourable event take place today.

Some hon. Members: Hear, hear!

Mr. Roberts: The House earlier today recognized the efforts of Senator Stafford in the United States in that regard. It is important also to recognize the efforts of Senator Mitchell of Maine, and the leading democratic spokesman, Senator Jennings Randolph, and particularly the support which the Senate Leader, Howard Baker of the United States, gave to these efforts. Those decisions by these extremely able, influential and leading American Senators have been very helpful to us.

As the hon. member suggests, this extremely favourable sign should encourage us to continue our work in the United States with the administration, and equally with Congress. In his question the hon. member used the word "threat". I do not think that is a word I have ever used. It was simply a fact of life that, given the delays in the negotiations, it was necessary for us to reassess what position we should take. It is my hope that the scientific group which has been working on this problem will resume its activities in the month of August. When we see the results of those working task forces, we will be able to begin negotiations again early in the autumn. However, it will depend to some extent on whether the task force reports indicate that progress is being made.

Mr. McMillan: Madam Speaker, every member on this side of the House welcomes that positive reassurance from the minister.

ONTARIO HYDRO—INSTALLATION OF ANTI-POLLUTION DEVICES

Mr. Tom McMillan (Hillsborough): Madam Speaker, I will direct my supplementary to the same minister. Earlier this week Ontario Hydro announced that it is going to shelve plans to instal acid rain controls on its plants in Ontario. Now that we have had a genuine act of good faith by the Americans on the acid rain question, will the minister consider using his good offices to try to convince Ontario Hydro to reverse its decision, as an act of good faith on the part of all Canadians on this important, vital and urgent problem?

• (1425)

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Yes, Madam Speaker. I will do everything I can to try to bring to the attention of Ontario Hydro the importance of moving as quickly as possible to introduce and maintain anti-pollution devices which are as effective as possible. I think the important thing to note in relation to that Ontario Hydro statement was the reaction of the provincial minister, Mr. Norton, who emphasized that it was the intention of the Ontario government to work with other provincial governments and the federal government in bringing forward proposals for the achievement of emission reductions in eastern Canada of 50 per cent by the end of this decade and that that could very well lead to more restrictive limitations on the actions of Ontario Hydro than are presently envisaged.

One favourable consequence of the event the hon. gentleman has discussed has been the underlining of the statement of the provincial environment minister that he is determined to work out effective emission reductions over the next few months, and that Ontario Hydro may very well be required by the provincial government in those circumstances to have even lower emissions than Ontario Hydro now believes we will face.

Some hon. Members: Hear, hear!

* * *

THE ECONOMY

BUSINESSMAN'S ADVICE ON WAGE AND SALARY DEMANDS

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the Acting Prime Minister. Yesterday Ian Sinclair, chairman of another blue ribbon advisory committee, told Canadians they would have to restrict their wage increases to 6 per cent and 5 per cent. I want to ask the Acting Prime Minister why the Canadian people should restrict their wage and salary demands to 6 per cent and 5 per cent on the advice of a man who earns over $550,000 a year.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am quite sure that, when he said those words, Mr. Sinclair was conscious that they also applied to himself.

Some hon. Members: Oh, oh!

Mr. Blaikie: Could I have his 6 per cent?

Mr. Beatty: Life is tough all over.

Mr. Murphy: That is a meagre $30,000 a year increase.

SALARY INCREASE FOR BELL CANADA CHAIRMAN

Mr. Rod Murphy (Churchill): Madam Speaker, Bell Canada announced yesterday that it would be turning its back on the dream world of 6 per cent and 5 per cent and that it will be going ahead with its plan to increase rates by 25 per cent. Does the minister consider it acceptable for Jean de Grandpré, chairman of Bell Canada, to take a salary increase of 22 per cent, which will bring his annual income to $645,000 a year, and also to ask Canadians to accept 25 per cent increases in their telephone rates?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, what I said about Mr. Sinclair applies to Mr. Jean de Grandpré also.

I think hon. members should be aware of the way in which the system created by the Minister of Finance and announced in his budget will be implemented. What I say for Bell Canada applies also to Air Canada, for example. Requests for increase in prices will be submitted to regulatory agencies. The regulatory agencies will pass judgments on the validity of those proposed increases. Should approved increases be more than 6 per cent, there is a committee of cabinet which will look at them to find out if they qualify under the theme of extraordinary, exceptional and uncommon circumstances. That is the way the system will be implemented.

Hon. members should not ask each minister each day what he intends to do about CN, Bell and so forth. What we would like to do is let the regulatory system, as it exists now, follow its normal course and act only after decisions have been made by regulatory agencies. It may very well be that in a number of instances the regulatory agencies will not allow more than 6 per cent.

APPLICATION OF RESTRAINT TO FAMILY EARNINGS

Mr. Rod Murphy (Churchill): Madam Speaker, Mr. Sinclair, the president of Bell, and the minister who just responded, have said that exceptional increases of more than 6 per cent will be allowed if component costs for organizations like Bell, like Air Canada, and like VIA, are more than 6 per cent. Will Canadian families be allowed to accept increases of more than 6 per cent if their component costs increase by more than 6 per cent?

Some hon. Members: Hear, hear!

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I would very much like to know from where my hon. friend took this element of component costs. I have not seen it as a factor in the determination.

I think I can give an illustration in my own area of transportation. It may be, for example, that an increase of only 6 per cent granted to Air Canada might damage or prejudice the economic situation of the whole of the air carrier industry. This is the sort of consideration that the committee will have in mind in assessing what are extraordinary circumstances.

* * *

• (1430)

HOUSING

CANADA MORTGAGE AND HOUSING CORPORATION RENT INCREASES

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a supplementary question for the Acting Prime Minister. Has the cabinet taken a decision to roll back the exorbitant rent increases on some 20,000 units owned by CMHC? If not, does the government intend to take such a decision and hold CMHC to the 6-5 guideline?

Hon. Jean-Luc Pepin (Acting Prime Minister): Madam Speaker, the minister responsible for this area is in Vancouver today speaking to a meeting of people interested in the construction industry. I will consult with him, because I really do not know. I think the case is before cabinet but I could not swear to it.

* * *

EDUCATION

UNIVERSITY STUDENT TUITION FEES

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question for the Secretary of State concerning the plight of universities and university students in Canada. The unemployment that affects young persons in Canada is a crushing burden on students who must work to earn tuition fees for next year's university session.

We know that the minister has been talking to the provincial officials responsible for secondary education in Canada and that there has been much discussion, but my question concerns the plight of the university students. Will government funding be so restricted that university students will be faced with tuition increases of 30 per cent and more in the next academic year? I would like the minister to make a commitment to university students now that they will be brought into the world of 6 per cent with respect to tuition fees for the next academic session.

Hon. Gerald Regan (Secretary of State): Madam Speaker, I can only begin by complimenting the hon. member for his idea, although the authority to restrict the amount of tuition increase rests with the provinces rather than with the federal government. I think he has struck home at a very, very real concern. I can assure him, through you, Madam Speaker, that the Government of Canada is not going to decrease the amount of money that goes through the provinces for the

universities in the coming year, but, rather, is going to increase it by a substantial amount.

This is a matter that I have already been considering, but in view of the hon. member's question I am going to contact the provincial ministers of education further to our meeting on July 9 and urge them to speak to all universities and seek their agreement to limiting any increase in tuition fees to not more than 6 per cent.

GOVERNMENT POSITION

Mr. Howard Crosby (Halifax West): Madam Speaker, I do not want to add to federal-provincial conflict, but the Secretary of State knows very well that any failure to fund by provincial and federal governments has to be made up by students, through tuition fees. I should like to ask the minister what he meant in his recent press release when he said that the government is moving to strengthen support for students and to improve accessibility to universities. What proposal does the minister have in mind to make it easier for university students to get into university and pay the costs when they get there?

Hon. Gerald Regan (Secretary of State): Madam Speaker, first of all the hon. member is referring to statements that came out of the very productive and friendly meeting that I had with the ministers of education on July 9. As a consequence of that meeting, our officials are working together on developing an improved student aid assistance program. Of course it will be some months at the very minimum before an agreement can be achieved. In the meantime I am happy to report to the hon. member that most of the provinces in Canada have agreed at least to match the increase in funding for universities that the federal government is making available in the coming year. Therefore, there would appear to me to be little reason for universities to impose an increase above 6 per cent on tuition fees for the coming year. I hope that will be helpful to the students.

* * *

VIA RAIL

REPLACEMENT OF CANADIAN NATIONAL EMPLOYEES AT WOODSTOCK, ONT.

Mr. Bruce Halliday (Oxford): Madam Speaker, my question is for the Minister of Transport, who will probably know that it is proposed as of August 31 this year that VIA Rail employees will replace CN personnel, one agent and three operators, at the Woodstock, Ontario, railway station. The VIA Rail replacement personnel will only be selling tickets and will not be inspecting trains for hot boxes, dragging equipment, shifted loads and sticking brakes, work which is currently performed by CN personnel.

Why is the government considering this change which will cause great upheaval in the lives of capable CN employees, and which will increase the chances of a derailment occurring in the Woodstock area, a change which is in direct conflict with the current policy on rail safety?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not really think that I am expected to be aware of what goes on in every railway station in the country. Had the hon. member given me notice of the question I would have done my best to find out the particular circumstances in this particular instance. Be that as it may, I will do so now and report to him.

POSSIBLE EFFECT OF CHANGE

Mr. Bruce Halliday (Oxford): I appreciate that the minister may not have been aware of this, Madam Speaker, although a letter went to his office on June 30 regarding the matter. The people in that area are concerned about the hazardous situation that will exist when VIA Rail personnel are not able to detect possible problems in trains. I wonder if we could have an assurance from the minister that he will undertake an investigation before August 31, when this change is due to come into effect, so that people will not be worried about the possibility of another Mississauga incident.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have already said that I would look into it.

* * *

TRANSPORT

SCHEDULED SALE OF LAKESPAN CORPORATION SHIP

Mr. Scott Fennell (Ontario): Madam Speaker, my question is for the Minister of Transport. He will recall that two weeks ago I asked him about the cessation of Lakespan and he said that he would advise me immediately. Tomorrow the ship is being sold back to the Norwegians. Would the minister use the authority provided under Section 702(4) of the Canada Shipping Act and stop the ship leaving Oshawa and Canada, as there are liens pending against it?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, my information is that CN is actually trying to establish a lien on the boat so that it could then be sold and all those who have claimed reparation could be properly compensated. For those who are not in such a position, CN would try to accommodate them on a voluntary basis. This is the situation as it existed at two o'clock this afternoon. I will keep on with it so as to prevent the ship from returning to Sweden or wherever it came from, if that is needed. My information was that the ship was owned by Lakespan and consequently they had a right to it.

Mr. Fennell: Madam Speaker, I happen to know that the ship is in Oshawa and not back in Norway. It appears that the minister has answered my question, and that he will be dealing with the small creditors about whom I am so concerned.

Oral Questions

MARINE TRANSPORT

NEED FOR BRITISH COLUMBIA PLEASURE CRAFT SEWAGE CONTROL

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is also for the Minister of Transport. At present there are no sewage discharge regulations for small craft operating through the Gulf Islands in the Strait of Georgia. At one high-density anchorage spot, oyster meat has shown seven times the accepted minimal level for fecal coliform count. Will the minister act immediately to bring in long overdue sewage control regulations for pleasure craft on the coast of British Columbia?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this could come under fisheries or environment. I will call a meeting of my two colleagues this afternoon and look into the matter to see if my department or other departments have done anything about it.

REQUEST FOR GOVERNMENT ACTION

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, I have a supplementary question for the minister. In a letter to me earlier this spring he indicated that the reason those regulations were not passed was because the matter had been handed over to the Province of British Columbia. The province indicated as far back as 1974, and has reaffirmed this month, that it sees this as coming under federal jurisdiction. When will the minister stop passing the buck between his counterparts among the provincial ministers and act to prevent the Strait of Georgia from becoming an open sewer?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I was going to say that we will call in the minister from British Columbia to join our meeting, but that would have been considered too facetious. I can only say very seriously that I will try to clarify the jurisdictional question. This has been done in a number of other instances and I will try to add this one to the list.

* * *

• (1440)

ENERGY

DOME PETROLEUM—GOVERNMENT POSITION

Mr. Len Gustafson (Assiniboia): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. Are negotiations going on between Dome Petroleum and the minister with regard to the financial problems Dome finds itself with, and is it the minister's intention to use public funds to bail out Dome Petroleum, or is it his intention to use one of the Crown corporations?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I already answered this question in the House last week.

[*English*]

QUERY RESPECTING MINISTER'S REASONING

Mr. Len Gustafson (Assiniboia): Madam Speaker, to the same minister, whose answer was not sufficient in my thinking—does he think it is fair to ask the ordinary Canadian worker and taxpayer to bail out Dome Petroleum in view of the fact that its problems result from both the minister's misguided National Energy Policy and highly speculative investing at very high interest rates on the part of Dome?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am afraid the hon. member is misguided in many aspects of his question and his assertions. The only answer I need give him is that no bail-out is considered.

Mr. Gustafson: Time will tell.

* * *

AIR TRANSPORT

ULTRA-LIGHT AIRCRAFT ACCIDENTS—INTRODUCTION OF LEGISLATION

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, my question is for the Minister of Transport and is with regard to powered ultra-light aircraft. There have been at least four persons killed in Canada in accidents involving powered ultra-light aircraft over the past few years. These aircraft have been commercially produced for about four years, and over that time Transport Canada has been working on regulations concerning them. Will the minister advise when legislation will be introduced, and what steps will be taken in the legislation to reduce injury and death in the use of these aircraft?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this should be done before the end of the year. The operator of the craft will have to be licensed, and the craft itself will be subject to a registration process.

* * *

FISHERIES

REPLACEMENT OF WHARF AT RIVERPORT, N.S.

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, my question is for the Minister of Fisheries and Oceans. The Riverport Seafoods Limited plant at Riverport, Nova Scotia, was completely destroyed by fire on Saturday, September 26, 1981, almost a year ago. At the same time the federal government wharf adjacent to the plant was also destroyed. Since there is no insurance on government wharves, and in view of the continued need for docking space by the large Riverport

scallop fleet which is now required to tie up three and four ships abreast when unloading, when can the fishermen expect an announcement concerning the replacement of this much needed facility which, I submit, is a moral responsibility of the federal government?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I made it very clear from the very beginning that as soon as we knew if the plant was going to be rebuilt or not, then we would be able to design a wharf accordingly. One of the difficulties I have, in spite of the rumours and articles in the Halifax newspaper, is that until the last two days I had no firm commitment that the plant was going to be rebuilt. If there is not going to be a plant, then we are ready with designs and we can go ahead quite quickly.

SOCIOECONOMIC STUDY OBSERVATIONS

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, following the loss a socioeconomic study was made by the Nova Scotia Department of Development concerning the impact of the plant and wharf destruction, and it was released in October, 1981. That report pointed out that, even if the plant cannot be rebuilt, a new wharf in an excellent harbour, with a developed industrial water supply and a willing labour force, could attract new industry to Riverport. Has the minister read the report and, if so, has he any comment to make on its observations?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I have read a précis of the report, but I repeat to the hon. gentleman that the configuration of the wharf will depend on whether it is to be used as a landing site for the scallop fleet as opposed to being just an overnight or weekend tie-up area for the fleet. On that point I have to see what the company intends to do.

* * *

ENVIRONMENTAL AFFAIRS

USE OF IMPORTED HIGH SULPHUR COAL BY ONTARIO HYDRO

Mr. Bill Yurko (Edmonton East): Madam Speaker, I think we are all very much encouraged by the action of the U.S. Senate with regard to acid rain, and I would like to direct a question to the Minister of the Environment.

Ontario Hydro is using vast quantities of imported high sulphur coal from Pennsylvania. It has been doing so for a large number of years, even though there have been many attempts to have low sulphur western Canadian coal used in Ontario. In light of the minister's attachment to the reduction of acid rain in Ontario and the eastern seaboard, what is he doing with respect to converting Ontario Hydro from the use of high sulphur Pennsylvania coal to very low sulphur western Canadian coal?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, perhaps it would help if I explained the context in which we have made our efforts in terms of acid rain reduction. The view we have taken is to urge the kind of emission reductions which would reach the safe fallout level that scientists have told us are required to respond to the problems of moderately sensitive geological areas. We have not attempted to dictate the method for arriving at these emission reductions. Rather, we have said that what most concerns us is the consequences. That is to say, a certain level of emission reductions will be required; the figure which comes forth from the scientific evidence is a 50 per cent reduction in eastern North America or eastern Canada by 1990. We have not tried to describe the method by which that reduction should be reached; we are more intent on having the reductions reached.

* * *

ENERGY

IMPORTATION OF OIL FROM MEXICO

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is for the Minister of Energy who will know by now that many aspects of his energy program have created problems in employment, in both the oil industry and manufacturing in Ontario, indeed to the whole economy, through higher interest rates and other difficulties. There is one specific area in the program having to do with the deal Petro-Can has with Pemex, the state-owned Mexican oil company. Is the minister aware, as indicated on page 71 of the NEP "Update", that the deal Petro-Can has with Pemex results in oil being brought into Canada at $22 per cubic metre less than the price of domestic oil, and does he think it is fair that Canadian consumers should have to pay the additional $176,000 a day for domestic oil available in Canada?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to inform the hon. member that we still need to import oil. To give him an idea, I would inform him that the conventional light crude oil shut in for August and September is predicted to be a negligible or zero volume, and that we expect there will be no heavy crude shut in over the next three months as exports have increased very substantially, thanks to the steps we have taken. Unfortunately, we are still dependent on foreign imports although our measures have succeeded in cutting by more than half the imports as forecast by the former Prime Minister, now the Leader of the Opposition, a few years ago in Tokyo. Rather than having 600,000 barrels a day of imports, we will be importing less than 250,000 barrels a day by 1995, thanks to the measures taken under the National Energy Program.

• (1450)

As far as the imports from Mexico are concerned, to which the hon. member has referred, I remind him that the imports from Mexico represent a very small portion of the total

imports we have from Venezuela, and Saudi Arabia, in particular—

Mr. Clark: Name one person who believes you, Marc.

Mr. Lalonde: —and the instructions to all companies, including Petro-Canada, have been to reduce to a minimum the imports that we are bringing into the country.

Finally, I would like to indicate to the hon. member that our exports to Mexico have increased tremendously since we made a deal with Mexico on oil. This has meant jobs for thousands and thousands of Canadians in the manufacturing industry.

Some hon. Members: Oh, oh!

Mr. Gurbin: Madam Speaker, I would like to remind the minister that the figures right now equate to an approximate 7 per cent reduction in the use of oil because of the programs of the Minister of Energy, Mines and Resources. The remainder is because of the way this minister of energy, this Minister of Finance and this Prime Minister have screwed down the economy of this country so that we are all facing bankruptcy.

Some hon. Members: Hear, hear!

REQUEST THAT CONTRACT NOT BE RENEWED

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my supplementary question is for the Minister of Energy, Mines and Resources. It concerns the same Mexican oil deal. In spite of the number of components to his answer, since much of this deal was predicated on completion of a Candu reactor sale to Mexico, which is now defunct, and in view of the fact that this deal with Mexico for oil is an "evergreen" kind of deal that depends on a renewed contract on the basis of PetroCan and Pemex; will the minister ensure, when this energy contract comes up, that we do not accept a renewal, and in spite of the minister's protestations, we do not have oil in Canada at $22 per cubic metre—

Madam Speaker: Order, please. That question really was quite long, as was the hon. member's first one.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member refers to a 7 per cent decline as if it were a small event. I remind the hon. member that this means over 100,000 barrels a day less that we have to import.

Some hon. Members: Hear, hear!

Mr. Lalonde: This means that Canadians, through the conservation and substitution measures announced by this government, have been saved the cost already of the equivalent of a full tar sands plant. The taxpayers of Canada have been saved about $10 billion to $13 billion in investment—

Some hon. Members: No.

Mr. Lalonde: —thanks to the measures we have taken.

Mr. Stevens: An economic collapse is an instrument of conservation.

Mr. Lalonde: As far as the Mexican contract itself is concerned, I find it strange that the hon. member would have us rely on Middle East oil exclusively rather than being able to rely on several sources of supply for this country, which means that we will have a better security of supply.

Mr. Clark: Does anybody believe you?

Mr. Lalonde: Moreover, we will be able to expand our export trade into the countries that sell us oil.

Mr. Clark: Name one person who believes you.

* * *

INTERNATIONAL MONETARY FUND

LOAN TO EL SALVADOR

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I had hoped to ask my question of the Minister of Finance, but in his absence I will address it to the Secretary of State for External Affairs. Last week the International Monetary Fund granted an $85 million loan to El Salvador. Some have considered that this is one of the most controversial and political loans the International Monetary Fund has granted since the $66 million loan to President Somoza a few weeks before he fled with the national treasury. Would the minister tell us how Canada voted on that particular loan, and why?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I will have to take that question in part as notice. But I would say, and I am sure the hon. member knows, that Canada has a long tradition of treating matters before bodies such as the IMF as economic matters and not as political matters. We do not apply any ideological tests to our aid or to our action before international bodies.

INTER-AMERICAN DEVELOPMENT BANK PROPOSALS—CANADIAN POSITION

Mr. Bob Ogle (Saskatoon East): Madam Speaker, in light of the answer of the Secretary of State for External Affairs, on the question of the $194 million loan proposals now before the Inter-American Development Bank for El Salvador, because of the state of the civil war in that country, is the minister going to advise the Minister of Finance how he should vote?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I would be advising the Minister of Finance on the political aspects of the decision involved, and certainly I would not advise him on the basis of the political aspects that grants should not be made, precisely because of the fact that such a decision should be made on economic grounds. If the difficulties were such that on economic grounds a sound decision could not be made, then the decision should be made on that basis and not on a spurious political basis.

FINANCE

TAX ON FUEL USED IN FOOD PRODUCTION

Mr. Arnold Malone (Crowfoot): Madam Speaker, my question is for the Acting Prime Minister. Bearing in mind that federal tax on farm fuels is now 60 cents a gallon, representing 40 per cent of the farmers' cost for fuel, what is the minister's perspective on that in light of the fact that food costs have risen significantly in the past month and the past year? What is the effect of the federal tax in relation to food costs, and is it the minister's opinion that fuel taxes have had some effect in making the price go up?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, when the Minister of Finance established his budget a few weeks ago, obviously he must have had this and other like considerations in mind. If he discarded it, it is because he felt that he could not give dispensation from paying such taxes on energy because it was necessary for his budget.

JUSTIFICATION FOR TAX

Mr. Arnold Malone (Crowfoot): Madam Speaker, when the minister said that obviously it has an effect, an upward pressure on food prices, and bearing in mind that in the calculation of inflation the cost of food is one of the most significant factors, how is it that the government can justify—in a period when it argues that its main objective is a decrease in inflation—putting in place a tax that in fact causes inflation?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, all taxes contribute somewhat to inflation.

Mr. Huntington: And deficits.

Mr. Pepin: I was trying to indicate that when the Minister of Finance makes his budget he looks at all aspects. I am quite sure, being the kind of man he is, that he looked at the possibility of reducing the tax on fuel to help farmers. If he did not discard it, it was because he thought that in the exercise of balancing advantages and disadvantages he could not be generous in that particular instance. But I am aware that the Government of Saskatchewan has reduced the provincial fuel tax because it thought it could afford it.

Mr. Clark: That government thinks agriculture is important.

Mr. Pepin: That government thought it was also attractive to the population also at election time.

Madam Speaker: The hon. member for Wellington-Dufferin-Simcoe

Mr. Beatty: Thank you, Madam Speaker, you have made an excellent selection.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

GOVERNMENT EXPENDITURES

REQUEST FOR ESTABLISHMENT OF COMMITTEE TO EXAMINE SPENDING

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, in the absence of the government, my question is for the Acting Prime Minister.

Some hon. Members: Oh, oh!

Mr. Beatty: Twice in the last two weeks the Prime Minister has refused a request from this side of the House to strike a special committee of Parliament charged with the responsibility of looking for ways to cut fat in the federal budget. Since he most recently did that, the government has released figures showing that the expenses for hospitality—that is wining and dining—at the taxpayers' expense, exceed some $10 million a year. Will the Acting Prime Minister reconsider that decision, and will he agree to strike a parliamentary committee charged with the responsibility of looking for ways to cut out waste in federal spending?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the Prime Minister, as far as I can remember, did discard the possibility of a special committee because he thought that all committees had the task of watching over the expenditures of the government. But recently there have been instances, and I am quite sure there will be others, when cases will be brought to the attention of the government.

• (1500)

Some hon. Members: Cases of what?

Mr. Pepin: As I am sure hon. members are aware, the government intends to take very prompt action each time one of those cases comes up.

INCREASE IN HOSPITALITY EXPENSES OF TREASURY BOARD

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, can the Acting Prime Minister tell the House why it is necessary for the Department of Employment and Immigration to spend over $309,000 a year on hospitality? In view of the fact that the Prime Minister said that this was a matter which would be looked at, not by Parliament but by the President of the Treasury Board, can he tell the House how the President of the Treasury Board has any credibility in this matter when spending on hospitality under him increased by some 67 per cent in one year?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, it is only by the knowledge of each particular case that an opinion can be made. For example, the other day the hon. member raised the case of my own department which he suggested was spending too much on communications. Each time these cases are brought up, presumably the ministers will do their very best to counter the negative impression created,

by stating the facts. I would think it will be rather easy for the opposition to single out situations from here and there and to try to blow them up to make them look very bad.

* * *

[*Translation*]

PETITIONS

MR. SKELLY—REQUEST THAT MR. OUELLET MEET WITH HOME OWNERS ADVISORY COUNCIL ON UFFI

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the 309th Report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Comox-Powell River (Mr. Skelly) on Wednesday, July 21, 1982, and finds that the petition meets the requirements of the Standing Orders as to form.

* * *

[*English*]

BUSINESS OF THE HOUSE

DISPOSITION OF BILL C-125

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I rise on a point of order. An agreement has been reached at the level of House leaders on the way to dispose of Bill C-125, an act to provide supplementary borrowing authority for the government. With Madam Speaker's permission, I will read the motion or House order. If you seek unanimous consent, I think we will obtain it. Therefore I move, seconded by the hon. member for Yukon (Mr. Nielsen) and the hon. member for Hamilton Mountain (Mr. Deans):

That, with regard to Bill C-125, an act to provide supplementary borrowing authority, the amendment proposed by the Leader of the Opposition be deemed to have been withdrawn;

That, when the said bill has been read a second time, it shall be referred to a Committee of the Whole;

That, at the appropriate time in Committee of the Whole stage of the said bill, a minister of the Crown shall propose an amendment to delete in line 14 of page one of the said bill the word "eleven" and to substitute therefor the word "seven";—

Some hon. Members: Hear, hear!

Mr. Pinard: It continues:

That, no later than 9.45 p.m. this day, any proceedings before the House shall be interrupted and all questions necessary to dispose of all remaining stages of the said bill shall be put forthwith and successively without further debate or amendment, except as provided in this order;

That, if necessary for the execution of this order, the House may sit beyond the ordinary time of adjournment; and

That the Standing Orders be amended by adding, immediately after Standing Order 72, the following:

72A. If, at any time before March 31, 1983, a minister of the Crown introduces a bill to provide additional supplementary borrowing authority of not more than four billion dollars, the said bill shall, after receiving second reading, be considered in a Committee of the Whole and, not later than fifteen minutes before the expiry of the time appointed for the consideration of Government Business on the third day that the said bill is debated, any proceedings before the House shall be interrupted and all questions necessary for the disposal of all remaining stages of the said bill shall be put forthwith and successively without further debate or amendment.

and;

Provided that the said Standing Order 72A shall expire when any bill mentioned therein has been finally disposed of.

That is the motion; that is the agreement among the parties.

Some hon. Members: Hear, hear!

Madam Speaker: Is the hon. member for Yukon (Mr. Nielsen) rising to discuss the motion—if so, I should first like to put it to the House—or does he want to make some kind of intervention before the House gives the President of the Privy Council (Mr. Pinard) permission to move the motion?

Hon. Erik Nielsen (Yukon): Madam Speaker, I was taking advantage of my right to rise and indicate the consent of the official opposition to that question, which is quite normal.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, we were prepared to vote on this bill last night. We are prepared to vote against $7 billion today as we were prepared to vote against $11 billion yesterday.

Madam Speaker: Is there unanimous consent for the hon. minister to move the motion?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Mr. Bill Yurko (Edmonton East): Madam Speaker, I was beginning to suspect that you wanted me to say "no" to the order.

Mr. Dantzer: Do not say anything.

Mr. Yurko: I want a moment to make a few comments before giving my unanimous consent to this motion.

Mr. Clark: No, no.

Mr. Yurko: I have the right to say "no", if I wish to say so.

Madam Speaker: The hon. member seems to want to debate the motion. We have asked the House for unanimous consent for the minister only to propose the motion, and we have that unanimous consent.

Mr. Nielsen: The question has been put.

Madam Speaker: I am not asking the hon. member for Edmonton East (Mr. Yurko) a second time to give his unanimous consent.

Motion agreed to.

WEEKLY STATEMENT

Mr. Nielsen: Madam Speaker, now that we have the House order in place, I wonder whether the government House leader could indicate the business of the House for tomorrow and for next week.

Mr. Pinard: Madam Speaker, today, as has just been agreed, we will conclude debate on the borrowing authority bill authorizing the government to borrow $7 billion now and, if need be, $4 billion before the end of this fiscal year within a three-day debate. Of course, at 9.45 p.m. this day the bells will be ringing.

Tomorrow we will call Bill C-122 respecting the Small Businesses Loans Act. We hope, with the collaboration of hon. members on both sides, that we will be able to adopt that bill through all stages to allow small business some relief.

[*Translation*]

Next week, on Monday, we shall proceed with consideration of the report stage and, I hope, third reading of Bill C-92 concerning National Harbours. As hon. members are aware, the bill was in committee for consideration. It has now been reported, and there are several amendments on the Order Paper. We would like to be able to pass this legislation before the summer recess.

If everything else goes according to plan, and Bill C-124, which is now in committee, has not been reported back to the House, we shall proceed, after consideration of Bill C-92, with the report stage of Bill C-85, which concerns the Canagrex Corporation.

In any case, Tuesday we shall try to expedite all stages of Bill C-109 which provides for financial assistance for owners of homes insulated with UFFI. Madam Speaker, provided the opposition parties agree, we shall bring that bill before the House at three o'clock on Tuesday, in case there is a division. A proposal to that effect is now being considered by the House leaders. If an affirmative answer is received from all parties, debate on Bill C-92 or Bill C-85 will be interrupted in order to dispose of all stages of Bill C-109.

Finally, I wish to confirm that as soon as we receive the report on Bill C-124, which is now before a Standing Committee of the House, and concerns compensation in the Public Service, we shall proceed immediately with consideration of the report stage of that bill and interrupt all proceedings on the bills I mentioned earlier. Thus, we are giving first priority to final passage of Bill C-124 as soon as possible.

• (1510)

[*English*]

Mr. Nielsen: Madam Speaker, I have not had the opportunity of indicating to the government House leader that his having been sufficiently co-operative to agree to the changes we have suggested to the committee reference on Bill C-109, we are now prepared to agree with the revised draft House order that he supplied to us, in order that that matter could be brought on Tuesday and dealt with, as we have committed ourselves to deal with it previously on the record.

Might I ask the government House leader if he has any idea what we will be doing in August?

Mr. Deans: Madam Speaker, it is quite clear what we will be doing in August; we will be dealing with Bill C-124. I want to say, however, to the government House leader with regard to Bill C-109 that we have referred the representation made to us by those representing persons who have UFFI in their homes; as I hear my colleague say, "the victims". I now understand that the Minister of Consumer and Corporate Affairs may well have indicated to them that he is willing to meet with them. We would not want the bill to proceed until after that meeting takes place.

Mr. Pinard: Madam Speaker, this would not change many things since in the order that we proposed there will be a special committee created that would take into account any representations made to the minister. Therefore, I am sure that my hon. friend is in good faith and it would be very simple to accept the adoption of the bill and allow at the same time a parliamentary committee to look into the matter. In any case, we will be waiting for the NDP to support that bill by next Tuesday.

* * *

POINT OF ORDER

MR. BLACKBURN—SECONDERS OF S.O. 43 MOTION

Mr. Derek Blackburn (Brant): Madam Speaker, I rise on a point of order. Earlier this afternoon when you put my motion to the House, you erroneously said that it was seconded by the hon. member for Hamilton Mountain (Mr. Deans). In fact, it was an all-party agreement which was seconded by the hon. member for Sault Ste. Marie (Mr. Irwin), the hon. member for Hillsborough (Mr. McMillan) and the hon. member for Vancouver South (Mr. Fraser).

ROUTINE PROCEEDINGS

[*Translation*]

PETITIONS

MR. GENDRON—SUGGESTED PAYMENT OF BENEFITS TO LAID-OFF WORKERS

Mr. Rosaire Gendron (Kamouraska-Rivière-du-Loup): Madam Speaker, I have the honour to present a petition signed by more than 2,000 people, who are expressing their concern that union workers at Tannerie Canadienne Incorporée in Saint-Pascal de Kamouraska have been laid off since December 24, and that is seven months. I will spare you all the

whereases, Madam Speaker, but in concluding, your petitioners humbly request that it please Your Honourable House to demand, first, that the Canada Employment and Immigration Commission immediately pay these workers the unemployment insurance benefits to which they are entitled for the period starting on the day they were laid off, and second, that the government establish appropriate mechanisms to allow that enterprise to resume operations, irrespective of who the future owner will be, so as to enable those workers to go back to their jobs. And as in duty bound, your petitioners will ever pray.

[*English*]

MR. STEWART—REQUESTED DISMISSAL OF CHAIRMAN OF CONSULTATIVE COUNCIL ON MULTICULTURALISM

Mr. Ron Stewart (Simcoe South): Madam Speaker, the petition of the undersigned residents of the province of Ontario humbly sheweth that whereas Israel Ludwig is a government appointee and is chairman of the Race-relations Committee of the Consultative Council on Multiculturalism, and that Mr. Ludwig when speaking in Vancouver advocated that Christian religious holidays be abolished, that the Canadian Radio-Television and Telecommunication Commission remove licences from stations which give unwarranted coverage to "racist" groups, that a similar government body be set up to censor the written media, that additional penalties be made mandatory for crimes motivated by racism and that the law be changed to widen the definition of "hate" for the purposes of prosecution, and that these proposals show a contempt for the majority in this country, ignorance of our traditions of freedom of speech and abolish hard won liberties, and wherefore Mr. Ludwig's views and conduct are in opposition to the freedom of speech guarantees of the Charter of Rights, we believe that he is unfit to advise the government and request that he be dismissed from his position as chairman of the Consultative Council on Multiculturalism; and as in duty bound your petitioners will ever pray.

* * *

RAILWAY ACT

AMENDMENT RESPECTING DEPOSITING OF INSTRUMENTS AFFECTING ROLLING STOCK

Mr. Al MacBain (Niagara Falls) moved the first reading of Bill S-29 (from the Senate), to amend the Railway Act.

Motion agreed to and bill read the first time.

* * *

QUESTION ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: 4,209.

[*Text*]

CHARTER OF HELICOPTER

Question No. 4,290—**Mr. Mazankowski:**

1. Did the Department of Indian Affairs and Northern Development charter a Bell 205A-1 helicopter at Hay River from Quasar Helicopters Ltd. and, if so, for what purpose?

2. To what locations were trips made in the helicopter and what was the total distance travelled and the flight time of each trip?

3. What equipment was used on the trips?

4. Which personnel took part in the trips and what were the classifications and job titles of those persons employed by the department?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Indian Affairs and Northern Development and Supply and Services as follows:

1. DSS awarded a contract, on behalf of Indian Affairs and Northern Development, to Quasar Helicopters Ltd. for the exclusive services of one Bell 205A-1 helicopter. The aircraft will be used to transport personnel, equipment and supplies to support forest fire detection and suppression activities, and resources inspections.

2. The services will not start until June 1, 1982; therefore no flying has been done against this contract as of the date this question was asked.

3. The helicopter is equipped with extra high skid gear and belly gear.

4. Not applicable, see 2 above.

For information, in the summer of 1981 the department also chartered Bell 214 helicopters from Quasar Helicopters Ltd. and Bell 205A-1's from other companies for use during fire fighting.

* * *

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 4,353 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House to have Question No. 4,353 be made an order for return?

Some hon. Members: Agreed.

[*Text*]

ENROLMENT OF INDIAN CHILDREN IN SCHOOL

Question No. 4,353—**Mr. Manly:**

By province, over the past twelve years, how many Indian children were enrolled in each of grades one to twelve?

Return tabled.

[*English*]

Mr. Malone: Madam Speaker, on a point of order, as you would know from a point of order I raised just a couple of days ago, I would like to say at the outset that I do not raise these points of order frequently. However, I have had a question on the Order Paper for 20 months, and when I asked the parliamentary secretary what he might do about it in view of the fact that the answer I received was not an answer at all, his partial suggestion was that perhaps I could replace the question. He concluded his comments by saying, "I will do my best to get him an answer as soon as possible."

Would the parliamentary secretary clarify for me what his expectation is for question No. 3,370? Will he require that I wait another 20 months by replacing the question, or will that question be readdressed? Has he had an opportunity to look at it?

The question deals with the Calgary post office, which is one of the most inefficient in Canada. Certainly the people in that city and particularly those people in the surrounding rural area of the city of Calgary are very poorly served by that particular post office. Would the parliamentary secretary indicate whether or not he deems it necessary that I replace the question and perhaps wait another 20 months before we get an answer that means nothing because the government does not want to answer the question?

I would say finally that, as a documentary on my position, a media person approached me yesterday, not knowing that I had raised a point of order, and asked what the answer meant. He said it means nothing, that it is just a conglomeration of words. Would the parliamentary secretary give me some indication of his expectation?

Mr. Smith: Madam Speaker, I am shocked that the hon. member did not find my answer succinct, brief, precise, clear and to the point. I think that the point I was making was that if he felt that the answer tabled by the government was inadequate, he could then place another question on the Order Paper seeking further clarification. If he does so I will endeavour to see that it does not take too long to answer that subsequent question.

Mr. Malone: Madam Speaker, in a short sentence I can say that it is not a case of being inadequate, it is unintelligible. It makes no sense. One should read it. There is no meaning to it. If the parliamentary secretary can read it and understand it, would he please take me to lunch some day and let me know what that answer says?

• (1520)

[*English*]

Mr. Smith: Yes, Madam Speaker, I will be happy to look into this matter on behalf of the hon. member. It is a pleasure, as usual.

An hon. Member: How about his lunch?

Mr. McKinnon: I rise on a point of order, Madam Speaker. I wonder if the parliamentary secretary could give me any information about question No. 2,596, which I put down on the Order Paper on June 5, 1981. This question asks the Department of National Defence to inform me as to how many people are serving in what could be described as sharp-end units. I also understand that the minister has had an answer for some six months, but that he is refusing to bring it before the House. If it is so embarrassing for the government to tell us how many people in the Canadian Forces are in sharp-end units and how many are in static units, then I wish he would have the nerve to come into the House and say so, or maybe the parliamentary secretary would tell me.

Mr. Smith: Madam Speaker, I am not in a position to give the hon. member a status report on the answer to that question today, but I will be happy to look into it again on his behalf.

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83

MEASURE TO ESTABLISH

The House resumed from Wednesday, July 21, 1982, consideration of the motion of Mr. Bussières that Bill C-125, to provide supplementary borrowing authority, be read the second time and, by unanimous consent, referred to Committee of the Whole.

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, as a result of the efforts of the Progressive Conservative Party, there has been a victory for the people of this nation today, albeit a small one. It should be recognized there has been a victory because this bill, which it should not have been necessary to bring in, asking this country to cough up another $11 billion, has been reduced by $4 billion. The amount is astonishing in itself, but the fact that the government is asking the

people of this nation to come up with that sort of money is absolutely and totally unacceptable.

However, it must be noted that the government recognized that it could not get away with this one in the face of the opposition which has been mounted by this party, in the face of the determination of the Leader of the Opposition (Mr. Clark), of our House leader and all the critics in this party who have fought so valiantly to ensure that the protection of the people of Canada was first and foremost and was looked after in this House. That particular opposition was launched, initiated and designed by this party. There can be no question but that if we had not taken the initiative and had not shown our determination in the face of the wanton spending habits of the government, the people of Canada, the citizens of this nation, would have had to bear an additional $4 billion in debt. This bill, although I certainly cannot support it, will no doubt be passed by the government majority and the people of the nation will be faced with the burden of an additional $7 billion.

Five weeks ago I stood before the House and debated Bill C-11, which asked for supplementary borrowing authority for only $6.6 billion. Today I am debating the government's request for about that same amount again, plus an additional billion dollars. As old C. D. Howe once asked, "What's a million?" It seems the government has now translated that question into, "What's a billion?"

The government is asking for another $7 billion in borrowing authority. This request means that the government has now asked for a total of $13.6 billion in borrowing authority in the past month, a total of $17.2 billion in borrowing authority for this year, and $39 billion in the two years that it has been in government thus far. Not so long ago, only last November, the Minister of Finance (Mr. MacEachen) stood before the House and advised Canadians of a strategy his government had devised to combat inflation and the recession, a program of economic restraint, equity and renewal. Last month the minister again stood before the House and advised Canadians that we must now strive for economic renewal under the weight of a staggering economic burden, a deficit almost twice the amount expected, a deficit of almost $20 billion. The minister confessed action "must be taken within the very limited room for manœuvre imposed by the deficit. Recession has resulted in a serious worsening of the government's financial position. Tax revenues have fallen while expenditures have risen". In two short sentences, the minister informed Canadians that the projected budgetary deficit for the current fiscal year will be $19.6 billion instead of the $10.5 billion that he initially projected last November. Our financial requirements are now projected at $17.1 billion instead of the November forecast of $6.6 billion.

In a following paragraph, the Minister of Finance assured us not to worry, for his "last budget put in place a structure of revenues and expenditures that should, when recovery gets fully under way, gradually lower the deficit and avoid putting excessive pressures on capital markets as private borrowing picks up to finance investment". There are no assurances in this statement for a public or an investment community obliged to deal in an environment of non-confidence in the government or its policies.

In the Progressive Conservative report of the special committee on the budget and the economy, our primary recommendation for economic revitalization was to restore individual and investor confidence by establishing a climate for growth, development and expansion. A Progressive Conservative government would start from the premise that government's role is to accept and enforce an economic framework upon which private individuals and businesses can act with confidence in the future. The current low level of confidence in the future of Canada, combined with high federal spending, are major factors in our current economic situation. It seems that the government is determined to descend upon the people of this country, the taxpayers of this nation, 23 million citizens, like a bunch of screaming banshees out of the heavens, falling on a waiting prey. There seems to be no end to their insatiable desire to spend.

Oftentimes I am asked a question, and I am glad to have the opportunity to set my answer on record. I am asked, "What would you fellows do if you were the government?" For the benefit of those who have asked me that question in the past and for the benefit of those who may ask me in the future but, more particularly, for the benefit of those hon. members opposite who might be genuinely concerned about the deficit imposed by the government on the taxpayers of our country, let me just tell them what a Progressive Conservative government, when elected, will do and would do now if it were in power.

The latest budget came out on June 28. We are led to believe that there will be another budget some time in the fall. It is hard to say just what that might project. I would be very pleased but astonished if the projected deficit by that time had not increased another $4 billion or $5 billion.

• (1530)

Let me state what a Progressive Conservative government would have done had it been in power. First, it would have completely withdrawn the November budget which the Minister of Finance brought in. He seems to have some sort of magical hold on his leader. He remains in office even though he should have gone the way of the grey goose. We would have demonstrated leadership and restraint by holding government spending to the rate of growth in the economy to bring down the deficit. No business enterprise in the nation or in the free world could possibly exist with the kind of financial guidelines under which this government operates. It spends far in excess of what it brings in. It seems to rely on the fact that it still has credit, although I suspect it must be dwindling as quickly as the popularity of this government, which is now in a minus state.

We would have encouraged Canadians to invest by providing incentives. We would have reinstated the small business development bond for small business to allow it to expand. We would not have brought in a disaster plan that is available only

to those on the last thread of their rope. We would have put in place a meaningful small business development bond such as we proposed when we were in power.

We would have provided a tax incentive system to give Canadians the opportunity to own their own homes. The minister brought in a program which will offer first-time buyers $3,000 assistance after the first of the year. That is fine. It may be one of the more positive aspects of that budget. However, we should be addressing ourselves to the fact that high mortgage and interest rates are prohibiting young people from purchasing homes in this country. They should be given assistance with their mortgage payments, not the initial amount. Anyone who has the money required to maintain and sustain those rates of interest probably is not as much in need of a $3,000 grant as some of those who should be in homes.

We would have made fundamental changes to the National Energy Program to make it fair to consumers, the provinces and Canadian energy companies. We would have streamlined the Foreign Investment Review Agency to make job-creating foreign investment again welcome in this country.

The deficit brought in by this government is unmanageable and will not earn the confidence of the public or the investment community. National and international investors are leery of this government. It has not only lost control of its spending but has miscalculated its debt by an astounding 100 per cent. What private business or household could survive if it miscalculated its expenditures by almost 100 per cent? It is absolutely astounding. These people are supposed to be responsible. We have seen them for what they are, incompetent rather than competent.

The public does not have confidence in this government today. It does not have confidence in the Minister of Finance or any others in this government who are in a position to make decisions. Members opposite know that. Daily I receive correspondence to this effect. I would just like to read some of these comments which I receive in my office. One states:

> I would like for the Prime Minister and his followers to sit at my table for one week, just so they could understand how us poor folks live.

I suspect one day would do. Another reads:

> Mr. MacEachen's decision to present a new budget on the p.m. of June 28 should be interesting. I don't hold much hope for any measures which will do anything significant to turn things around.

That was obviously written before the budget. How accurate that person's judgment was! There was nothing significant to turn anything around. The only significant thing was that the government had no alternative but finally to confess that we were in much worse shape than the people of this country were led to believe. Another comment reads:

> I am most concerned about the outlook the federal government has taken toward the future of our fair country.

Another one reads:

> I would encourage the federal government to withdraw altogether and all go to the Falklands.

That is probably one of the best places they could go. Finally, another constituent writes:

> Isn't it about time the people of Canada had a chance regarding their future? Please help us.

That is a sad tale. It is a plea for help. Time after time this party has attempted in this House to bring the government to its senses with respect to its spending program and the plight of Canadians. Unfortunately, it always falls on deaf ears.

In my part of the country, Atlantic Canada, all kinds of situations have developed which can be described as nothing less than abusive. This government has made the decision to close CFB Chatham-Newcastle-Miramichi region. That will put 3,500 people out of work and take out of circulation a payroll of $30 million annually. When that closure takes effect, 45 to 50 per cent of the work in that region will become unemployed.

If there was a logical reason or some justification for closing that air force base, I could understand the government trying to shore up its effectiveness, but that is not the case. That air base is strategically located in about the best spot it could be for the identification of foreign aircraft. There are foreign aircraft within this country's identification zone. Soviet Bear aircraft have been identified flying through the Canadian identification zone. Those sightings have been made by interceptor aircraft out of CFB Chatham. They are there. We should be in a position to use that base, which is strategically located, and have it continue to play its very vital role. For some reason far beyond my comprehension or the comprehension of those who will be thrown on the unemployment insurance rolls, the new F-18 aircraft is going to be located in Bagotville in the province of Quebec.

• (1540)

Every once in a while it is brought to our attention that perhaps we should not be questioning why all these things which seem to be positive are happening in the province of Quebec, but we are motivated to ask about them because it seems that time and time again the province of Quebec is the recipient of things other provinces traditionally have had. Certainly we must all work together and contribute to the betterment and the building of this nation, but should we not be equitable in our approach to the entire business of economic growth? That is something at which we as parliamentarians and as Canadians should take a serious look. We should want to strive for unity in a way that is beneficial to all of us and in a way that is fair, and surely the best way to do that is to ensure that all Canadians, including Atlantic Canadians, Quebecers, Ontarians and Canadians in the west, get a fair share of the pie.

What happens? We see the closure of CFB Chatham. That does nothing to contribute to unity or an understanding by people who live in Atlantic Canada of problems in other parts of Canada.

We heard in the news this morning that the Heath-Steele mine in northern New Brunswick is being closed down. That is not too far from CFB Chatham. Five hundred people will be thrown out of work. Five hundred people will lose their jobs because of the closure of that mine. That is a result of a poor

and depressed economy. Hon. members opposite are partially responsible for that, and they have to accept their fair share of the blame.

We see that an electronic manufacturing plant in the Moncton region has been delayed by several months. One thousand people, apparently, will be employed, if that plant ever does come on stream. Eight thousand unemployed people put in applications for those potential 1,000 jobs.

We have seen the price of gasoline increase. We have seen VIA Rail services cut and slashed, particularly in New Brunswick. This has happened in Nova Scotia to a lesser degree, but the train which served the southern portion of New Brunswick and gave us our link to Montreal has been cut and hundreds of jobs have been lost. That should never have happend. That train was one of the most used trains, one of the most efficient trains and certainly one of the most popular and best trains in the nation. That train should never have been taken off, yet for some unexplained reason it was. The Minister of Transport (Mr. Pepin) will not give us an explanation. The Senate committee has taken him to task and has thoroughly thumped him over this particular arbitrary decision to cut that rail service. The Progressive Conservative task force which travelled across the nation receiving briefs on the discontinuance of VIA Rail lines heard time and time again that people should have had the opportunity to be heard and that the due process should have been followed. We were told that the CTC should have had the opportunity to conduct public hearings. But no, this uncaring, thoughtless and certainly unthankful minister, with the backing of his cabinet colleagues, arbitrarily discontinued that train.

The port of Saint John is a wonderful port, thanks to contributions by the provincial government which has spent about $22 million in recent years on the modernization of that port. There is a grain elevator at that port. We have all the necessary facilities. When Montreal opens up in the summer, we naturally lose business to Montreal. It was not too long ago that I was petitioned by a group of dock workers in Saint John. The petitioners were members of the United Transportation Union in Saint John. They asked me to speak to the minister responsible for grain shipments and to ask if just two or three shipments of wheat or grain could be diverted to the port of Saint John during slow months. They were not asking for a lot but just for a very few. I said I would contact the minister and, indeed, I did. I wrote to the minister on May 25, 1982. That was a month and a half ago, and to date I have not received so much as the courtesy of a reply.

That does not necessarily astound me. Some time ago I asked the minister a question in the House concerning alternate transportation for peole who would be inconvenienced because of the VIA Rail cutbacks. He referred to something about alternate means. He said that if I would give him a list of the communities involved, he would get back to me. I wrote the names of the communities down on a piece of paper and passed them to the minister. He said, "I will get back to you". That was months ago and, of course, I have never heard another word from him. I heard the minister in the House today answer an hon. member who asked a question of importance to that hon. member. The minister said that if he had received notice, he would have been able to look into the matter and have the answer available. However, the minister said he would look into the matter. Unless the minister is motivated to do something by some sort of attack in the House, I doubt very much if the hon. member will ever hear from the minister.

Let me get back to the matter of grain shipments through the port of Saint John. I asked for only two or three shipments. In the process of all this, I contacted the manager of the Saint John port development commission in Saint John and asked him if he would support me in this effort. He wrote back to me because he was concerned, unlike—obviously—the Minister of Transport, who is responsible in this House for the Wheat Board. The manager of the Saint John port development commission was concerned and brought to my attention the fact that he had made representations, along with the port authority, time and time again for this sort of thing to happen. He informed me that when employees at the grain elevators on the St. Lawrence River were on strike back in the summer of 1980—there are four grain elevators in Montreal—he pointed out to the Wheat Board that the grain elevator at Saint John was only partly full and could handle grain quite nicely. He informed the Wheat Board that the port of Saint John would be prepared to take grain and, indeed, invited the Wheat Board to ship grain through the port of Saint John. He was advised that no ships were being nominated for the port of Saint John. The only satisfaction he received from the Wheat Board was that the Wheat Board thanked him for his telephone call. That sort of attitude is intolerable. I do not quite understand why Saint John should be singled out to have its rail services cut, why the government refuses to recognize the $22 million investment of the province of New Brunswick in that port and why the government refuses to divert wheat shipments to that port.

Oddly enough, the core of the city of Saint John is represented in this House by a Liberal member. That member supports the government on every measure. He votes with the government when it wants to cut VIA Rail. He supports the government. He supports the budget. He supports increases in the price of gasoline. He has supported every measure which has come before this House, even those which have been dastardly and have worked against the best interests of the people of Saint John. The hon. member never balks. He never says anything contrary to the government. He always moves in the direction he is told. One would think the government would give this fellow a chance to do something good for his city. One would think the government would throw him a few crumbs once in a while in the form of some assitance for the city of Saint John, but the government totally ignores the poor fellow. I think it is a crying shame that the hon. member has been forgotten and cast aside. He certainly must be making representations to the government to do something for the people of Saint John. I know that must be taking place, but I feel the government is ignoring it. That is a shame, Mr. Speaker.

• (1550)

When it comes to members from New Brunswick, there is the Minister of Fisheries and Oceans (Mr. LeBlanc) who sits in this House on many occasions. He has dealt the commercial salmon fishermen of the Saint John region in New Brunswick one of the most severe blows possible; he has cut back their quota for the year. He imposed quotas on fishermen in the Saint John, New Brunswick area which he refused to impose on others in the Atlantic region who fish for the same species. He has imposed on New Brunswick a hardship that he has not the intestinal fortitude to impose on others.

It is difficult to say why this is so. New Brunswick was one of the prime movers in the salmon conservation effort in the early 1970s and voluntarily imposed a ban on commercial salmon fishing. Commercial fishermen had to suffer for that. Most of the slamon caught commercially in the Atlantic region is caught off the coast of Newfoundland. Approximately 65 per cent of those salmon are headed back to their native rivers in New Brunswick and Nova Scotia.

You do not get to the root of a problem by attempting to solve it at the end; you have to go to the beginning of the problem. It must be recognized by the minister that it is in the best interest of Newfoundlanders, New Brunswickers and Nova Scotians to have total management of the salmon stock in Atlantic Canada, but for some inexplicable reason he chose to cut down on the commercial salmon fishery and angling in New Brunswick. It is worth noting that the tourist industry, the outfitters and guides of New Brunswick, receive a substantial portion of their living and that the province benefits substantially from people who come there for sport salmon fishing.

In depression times people used to be able to go into the woods and saw logs or cut pulp, but the building supply business in New Brunswick is collapsing today. Saw mills are idle and pulp mills are purchasing limited quantities. People do not have the opportunity now to go to the woods and cut pulp in order to feed their families.

In the House today the Minister of Energy, Mines and Resources (Mr. Lalonde) made a great deal of the fact that the government is going to bring Alberta oil to the Atlantic region. This will be subsidized at $2.50 per barrel. If the government had taken a responsible attitude toward the development of energy in the country, Newfoundland, Prince Edward Island, New Brunswick and Nova Scotia could be self-sufficient in energy today or could be well on the way to it.

But where is the natural gas pipeline the government promised to build? I understand that the prime contractor and others interested in that pipeline cannot find out when the Minister of Energy, Mines and Resources intends to bring forth that promised $40 million for the front-end engineering costs of the pipeline. The government made this commitment; there is no two ways about that. The money was promised a long time ago but it is not forthcoming. There has been tinkering and tom-foolery to the point of exasperation. If I were a betting person I would say that the pipeline would never get across the St. Lawrence River as long as the minister is in office.

The government is spending money on taxis. It spent $3.5 million on taxis last year. The Department of Transport alone spent $422,000 of that. The government spent $16.7 million on telegrams. I could go on and on about the way the government wastes the money of the Canadian taxpayer but I do not have too much time left.

Let us consider who are the big losers in this program. Sadly enough, they include the single taxpayer, all taxpayers without children and married taxpayers with children who earn more than $12,000 per year. The cruelest blow of all is to the senior citizens drawing old age security who have to rely on that and perhaps a little bit of supplemental income from investments. These people suffer the most because of the ineptitude of the government. I have no time for a government that chooses to ruin the country on the backs of the old age pensioners. The people of this country have no time for that sort of government either. It has deindexed everything. That means that inflation is in the interests of the government; it will receive more in tax revenue because inflation is on its side. That is not an incentive, it is a disincentive.

This program may in the short term bring in a few more dollars but it will backfire on the government. It is going to force so many people out of work in this country that there will be fewer and fewer people in a position to pay taxes.

The social programs that have been so generous in the past will have to bear a greater burden. We should have been putting money aside for a rainy day. No lifetime goes by without its share of rainy days, but the government did not recognize that. It chose to fool the people into thinking it had good managers and was in charge of the situation. It was in charge of opening the purse strings and losing every last nickel we had. From the way members of the government strut around you would think they were proud of that.

The government seems to have been determined to carry through with its policies, knowing full well what is bound to happen to it within the foreseeable future. It is almost as though it has adopted a scorched earth policy and is going to level everything. It is going to make sure that whoever gets into power—and there is no question about that the next time around; we will be there and we will have to clean up the mess, but we will deal with it and deal with it effectively. But the government is not going to give us much of a chance when it is forced finally to turn over the reins of government in this nation.

• (1600)

The Minister of Finance has stated that he now anticipates our deficit to be in the vicinity of $19.6 billion, up about $10.1 billion from what it was projected to be last November. I issue a challenge to the Minister of Finance here in the House. If by the end of the fiscal year the deficit goes over $19.6 billion by, say, just $2 billion—I could have said $1 billion or one penny—the only alternative—I will not say "the only honourable thing" because there is no honour left in that bunch over

there—the only alternative left to the Minister of Finance is to resign and the entire government with him.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to have an opportunity to say a few words this afternoon on Bill C-125, one of the bills flowing from the budget. As we begin to participate in this debate our country, along with all other western industrialized countries, faces one of the most difficult times since the 1930s. It is a time when over 30 million people in the OECD countries are unemployed, and we are especially concerned about the 1.25 million unemployed in Canada.

Although the figures in the budget documents indicate that Canada had one of the highest levels of growth in 1981, it is projected to have one of the strongest declines in 1982. The interesting aspect of that, Mr. Speaker, is that most of the growth in 1981 occurred during the first half, certainly during the first three-quarters of the year. In fact, we went into a sharp decline in the third and fourth quarter of 1981, and of course that is projected to continue this year. So the impact on unemployment in this country is much worse than it would have been otherwise.

The other interesting fact, I think an alarming one and one which concerns us a great deal, is that the decline in growth in the United States is second only to Canada, that being a 1.6 per cent decline from 1981. The United States being our largest trading partner, this is very significant for us. High interest rates in the United States, compared to their inflation rate, have driven down the value of the currencies of all western industrialized countries relative to the U.S. In 1981 the Canadian dollar rose marginally less than 1 per cent against the U.S. dollar, while all other currencies declined sharply. For example, West Germany declined by 12.4 per cent, the U.K. by 19.9 per cent, the Japanese by 7.3 per cent, and the French by 20.7 per cent. This decline has continued into 1982. The Canadian dollar, at the time of the budget, had declined by 7.8 per cent, whereas all other major western currencies had declined by larger amounts.

A few nights ago I was surprised and very concerned about a report on the CBC national news that much of the decline in the value of the Canadian dollar was due to the fact that many of the large chartered banks and financial institutions were investing large portions of their funds in U.S. securities. It seems to me, Mr. Speaker, that this is a very harmful thing for us, although many of us from resource areas in Canada do not really mind seeing a lower dollar because it means our exports of natural resources bring a better return in Canada. However, it does have an inflationary effect on our economy.

This is a time when the banks are pressing small-business men, farmers, fishermen and home owners almost unmercifully by calling loans and so on. At a time when they are charging very high interest rates, this seems most inappropriate. At the same time many chartered banks are closing rural branches. For example, in my constituency, in the community of Manitowaning on Manitoulin Island, there has been a branch of the Bank of Montreal for the last 75 years. The community has a stable population and the branch serves several thousand people. The next nearest branch is 25 to 30 miles away in an adjoining community. There are many senior citizens living there who do not have transportation. The second largest Indian band in the province of Ontario with over 2,000 resident band members is immediately adjacent.

The bank is working at full tilt with a staff of seven and apparently a need for more people, but they informed the reeve and the councillors a few weeks ago that they plan to shut down this branch in the next several weeks. They complain about many problems, such as too many branches, some bad debts and perhaps poor administration, yet instead of the bank absorbing the costs involved at a time of record high interest rates and record high profits during the past year, they are leaving the local residents to suffer. It seems to me that with this kind of patriotism shown by Canada's chartered banks we do not really need any traitors in this country.

It seems clear, Mr. Speaker, from examining the world economy and the loss of growth projected for the U.S. and many other countries, as outlined in the budget document, that the world demand for many commodities is going to be very poor this year. Not only that, but prices are going to be very low. In fact, during the past three or four months the price of some minerals like copper has been proportionately lower than in the 1930s in the depths of the depression. For those of us living in resource areas like northern Ontario which produce commodities like nickel, copper, uranium, pulp and paper, steel and so on, this is a bad omen for the prospect of any dramatic upturn in the economy during the coming year.

• (1610)

There is very little that Canada can do to pull the international markets of the world out of a recession. However, in my own constituency, a large number of megaprojects are still under construction. The hon. member for Fundy-Royal (Mr. Corbett) spoke about the need for incentives. In fact, there have been very strong incentives for many industries. For instance, the steel industry, the pulp and paper industry and others have put in place massive construction projects. In my own constituency many are still going on this year and are providing valuable employment at a time when many of the products being produced are in low demand or their prices are very marginal. In fact, in Espanola at the Eddy forest products plant a construction project is going on now. This construction program has been going on for the past year and will continue for another year. It is worth over $200 million and is to modernize and upgrade the pulp and paper mill. A few years ago a large saw mill was built. This saw mill will produce over one million board feet of lumber per year. That kind of construction and facility in a year of low demand is very beneficial in terms of jobs.

Likewise, in Elliot Lake a massive expansion of the uranium mining operations has taken place. Some of it is still continuing. The final expansion and development of those mines to meet the increasing demand is going on. This year 600 or 700

new houses will be constructed providing additional employment during a period of low demand for many of the commodities.

In Blind River a uranium refinery is under construction costing $130 million. This is creating many jobs in that community.

Similarly, a few months ago the federal, provincial and municipal governments in Sault Ste. Marie signed an agreement to spend $70 million on a major community infrastructure program. This will provide new sewer and water facilities for that community to accommodate the growth which is planned for Algoma Steel during the course of this decade. That megaproject will start construction next year and will provide employment at a time when the demand for steel products is down.

During the past couple of years the steel industry in Canada has been going through a major construction period with massive investments of several billions of dollars, some of it at Algoma Steel. The incentives which have been put in place should be continued for this vital industry.

Our steel industry in Canada has fared better than most other steel industries around the world, but ours is suffering now like many other industries because of the economic downturn. However, the steel industry is modernizing, it is competitive and the lower dollar is beneficial in that regard. Its know-how, expertise and its competitive situation are its strongest ally for the future.

If we can put in place programs to modernize and upgrade the pulp and paper industry and the steel industry through a system of incentives, we should do the same for other industries, such as the high technology industry, during the next few years in order to make them competitive and able to meet the challenge in the international community. This will also, of course, provide jobs.

There is not a great deal Canadians can do to pull the world out of recession which all western industrialized nations face right now. It is difficult for us to create more demand. I do believe our trade department and our minister should be continuing their efforts to get out and fight for the markets that are available. We should have incentives and programs to assist in that regard.

What is worrisome in the international statistics presented in the budget is the rate of inflation in Canada as compared to the United States, our principal trading partner and our strongest market. The inflation rate for May stood at 11.8 per cent in Canada, whereas it was 6.7 per cent in the United States. At the same time our wage settlements were running something like 5 per cent above those of our best customer, the United States of America. Therefore, our concern must be not only with the unemployed, but with assisting small business, home owners, fishermen and the farmers, and we must take action to increase our productivity of those commodities we produce and manufacture in this country. We must produce efficiently and our products must be at a price at which they can be sold in international markets.

International trade is very important to Canada. It is perhaps more important to us than to any other country in the world. Something like 30 per cent of our GNP comes from international trade and for many of our rural and northern areas, it is the principal source of income and employment. I believe that is why the government has proposed in the budget papers and the budget bills that we set as a target the reduction of our inflation rate to 6 per cent next year and to 5 per cent the following year. These are not targets for inflation picked out of a hat or grasped out of thin air; they are goals we must achieve if in the next two years we want to be competitive in the real world where our products are sold and if we want to be on a par with the United States in selling the products of our factories, our forests and our mines. Sure enough, the world economy and the demand for products will turn around, but the question is whether our inflation rate will drive our production costs to a height where we will no longer be able to compete or sell abroad.

I know that the opposition parties and some companies have indicated their opposition to the proposals of the Minister of Finance (Mr. MacEachen). Perhaps that is not surprising since they are sworn to oppose the government in every way possible. It seems to me the opposition from Bell Canada and Air Canada to a program to reduce prices to a 6 per cent ceiling is not satisfactory. This morning *The Globe and Mail* carried an article under the heading "Bell, Air Canada set to challenge 6 per cent prices limit". It seems to me most of the people in this country really want to reduce the inflation rate to 6 per cent and 5 per cent during the next two years. As the world comes out of the current recession, people want us to be in a position to compete and to seize markets.

• (1620)

The rather unfortunate part of all this is that companies such as Air Canada and Bell Canada are almost in monopoly positions. Air Canada has some competition with CP and a few other companies, but Bell Canada has practically no competition. It has a virtual monopoly. I think many people are becoming fed up with the ever-increasing demand for 25 per cent or whatever every year or so. Even a 6 per cent increase will be very high for low-income Canadians, senior citizens and those who are out of work.

I have opposed practically every rate increase Bell Canada has put forward to the CRTC during the last three or four years, but much of my opposition was due to its very poor service. My argument before the CRTC was that if Bell Canada wanted massive increases, then let it provide improved services to rural areas, extended calling areas and so on. In this case I certainly oppose its request for an increase because I think it is in the national interest for Canadians to work together toward the goal of 6 per cent and 5 per cent for the next two years. I believe Bell Canada should support such a national program. It seems to me that if the CRTC does not bring Bell Canada into line to support the program, then surely the government should do it.

A Crown corporation the size and magnitude of Air Canada, with its great impact upon Canadian transportation costs, should fall in line with and support the program. I know there is a mechanism in place for its application to go to the CTC, but it seems to me that the Minister of Transport (Mr. Pepin) should call a meeting of the shareholders of Air Canada. The Minister of Transport should lay the facts of life before Mr. Taylor, the president of Air Canada. There are many people out there hurting. There are senior citizens who cannot afford an increase in transportation costs of 6 per cent or over. There are businessmen and farmers who will also be affected because they have to make necessary business trips. There are many unemployed people in the same position. The minister should ask the president of Air Canada to co-operate and, if he says no, he should be advised that the shareholders held a meeting and he was voted out of office. If he does not want to co-operate in this program, there are many people awaiting his position.

This program is largely a voluntary one. There are regulations through the CTC, the CRTC and other federal regulatory agencies. There is control in the bill which is now before committee concerning federal public servants and employees of Crown corporations. If average Canadians see large, powerful companies such as Bell Canada and Air Canada not co-operating, the chances of obtaining co-operation and assistance from them will be very difficult.

I am impressed by the real amount of co-operation I have seen on the policy. The Prime Minister (Mr. Trudeau) has met with the provincial premiers. There seems to be a good rapport and there has been good response. I understand that further meetings are planned. All of these things are very encouraging. Also the response from the meeting with the CLC and other trade union groups seemed very encouraging. Further meetings will be taking place there.

Likewise there has been a very good response from business. For example, yesterday a group of senior businessmen talked about how they could work together and co-operate to reduce the inflation rate, to increase our productivity and to bring in, over the next couple of years, a policy or a program which will place Canada in a good position when there is a turnaround in the world recession and a return to a growth situation.

Within the last three or four weeks a number of companies have indicated their support for the program. They are planning to co-operate. I am referring to companies such as Alcan, Cominco, General Foods, Heritage Group, Hiram Walker, Polysar, Sherritt-Gordon and White Farm. Many more have indicated that they want to support the program. Also there has been a great deal of support from individual Canadians.

I should like to read a letter which I received from a constituent. This person wrote:

> This letter is with reference to our economic situation. First of all I am in support of the 6 per cent guidelines, essentially. However, I feel much more is needed in order to cure our economic difficulties as follows:
>
> (a) A coalition government as I believe any reasonable ideas re our situation economically should be acted upon
>
> (b) establish a "social" contract with our members of the Canadian Labour Congress and the Canadian Manufacturers' Association or Chamber of Commerce. This "social" contract would be similar to West Germany's system which has worked considerably better than our present adversary system. I do realize part of the problem would have to be addressed provincially. However, my philosophy is one of tripartism. That is, government, business and labour must work together. Legislation would have to be changed.

The letter continued:

> (d) Let us promote a new era of research and development in Canada.
>
> Overall, I feel that we should adopt an attitude of open mindedness to new solutions rather than an "it will never work in Canada" attitude to economic and other solutions.

There is support from many, many Canadians. They want to see us work together. The kinds of meetings which the Minister of Finance and the Prime Minister are attending with the provincial governments, business and industry are supported by many Canadians.

The kind of co-operation we saw in the House today wherein the government varied the amount of the borrowing authority is commendable. We will have two pieces of legislation, if necessary, on the borrowing authority rather than one. The government is protecting its position to raise the required funds for all its social programs during this fiscal year. At the same time it is being sensitive to and considerate of the position of the opposition in regard to giving the government a blank cheque for the fiscal year. This is the kind of commendable co-operation to which my constituent referred.

The budget documents set out a program of co-operation because of our concern for inflation. They also contain a new and innovative proposal for indexed investment certificates where people who invest their money in this new proposed financial instrument would pay income tax only on that part of the interest above the inflation rate. Indeed, this is a new, interesting and perhaps novel idea. I am sure that people begrudge paying income tax on interest which, in effect, is only inflation.

• (1630)

At the same time, this new indexed investment certificate would reduce the borrowing cost for development of small business, agriculture, fishing and housing by 3 per cent to 6 per cent. Those are the areas where we want to create investment and provide assistance. If we can accomplish this through this new instrument, I suggest it will be very beneficial.

I think it is significant that this potentially complicated instrument is being referred to a blue ribbon committee of people who are knowledgeable in that field, including representatives from the trade union movement. This will mean that there will be consultation and co-operation with the private sector that will produce a much more workable and practical system.

It has also been proposed that there be a similar instrument for investment by Canadians for equity stock position. I am especially pleased that there is provision in the budget documents for direct employment programs. Many of the rural

areas in my constituency which do not have principal industries have very high seasonal unemployment. The direct employment programs work very well in these areas. Not only do they create employment for hard-pressed municipalities every year, but they provide many worthwhile programs. Among these are renovations and improvements to community facilities as well as aiding in the development of the tourist industry through the construction of parks, recreational facilities and marinas in co-operation with groups like the small craft harbours branch, which has been especially active throughout the Algoma-Manitoulin area. Their work has been appreciated very much. I believe that area has the largest number of government wharves and docks of any constituency on the Great Lakes.

There is some $200 million provided in the budget for direct employment programs, another $150 million for employment intensive programs carried out by departments and another $100 million from existing programs in the Canada employment department. This totals some $450 million. As well, there is another $300 million for permanent private incentive programs. This gives a total allocation for employment and direct employment support programs of some $750 million.

There has also been a great deal of funding provided for the housing industry which will create additional jobs for Canadians. I believe the budget projects some 300,000 jobs that will be created by the programs outlined in the budget papers. This includes the direct employment programs, such as the community development program, the labour intensive projects within government departments as well as programs like the forestry worker employment support program which was announced several months ago.

I think one of the most interesting provisions of the budget was the direct injection of additional money into the housing industry. I hope this money will be put in place as soon as possible in order to proceed with those projects, especially in northern areas where winter construction of foundations and footings is difficult. There is a total of approximately $300 million provided for first-time buyers and builders of houses in the form of $3,000 grants. Similarly, the housing repair program was oversubscribed from the day it was announced a few months ago. That program has doubled.

I am anxiously awaiting the announcement of the 2,500 additional units of co-operative housing because we have a proposal from the community of Elliot Lake in my constituency where we hope to construct 62 additional units of co-operative housing. This is an innovative program which has great potential. Construction of these units will be a first for the Algoma constituency where most of the housing is provided by the mining companies. There is very little private sector accommodation for people working in the service sector of the community. This will be a valuable addition for them.

All of these programs which were announced in the budget have been very useful. I am especially pleased that there will be approximately $200 million for the agricultural industry to provide low-interest money for farmers who are particularly hard pressed. This money will be provided at 12.5 per cent, which is 4 per cent below the Farm Credit Corporation lending rate, presently 16.5 per cent.

As well, there is the interest reduction funds of some $400 million which will be available to reduce interest rates for small-business men, farmers and fishermen by some 4 per cent for investment in new projects. Hopefully, this additional funding to assist these industries during the next few months will cover that gap until the new investment instrument which I have previously mentioned is put into place.

With the implementation of those projects I believe that much progress has taken place. I believe that the budget addresses many aspects of the problems we face today in our tough economic times. It addresses the question of inflation and introduces a plan to work toward a reduction in inflation during the next two years. It also provides incentives for investment, reduction of interest rates, job-creation programs and improvements to our housing situation. These are a number of items which I believe are important and should receive the support of the House.

• (1640)

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, I am happy to be able to intervene in Bill C-125, an act to provide supplementary borrowing authority. The bill will enable the government to borrow sums of money which it needs to keep the government operating.

I find that there have been some absurdities during the debate. The first occurred yesterday when the Liberals introduced a notice of motion to bring in closure of the debate. At that point, opposition members felt that there were perhaps enough speeches on the record to deal with the borrowing authority bill and so no more hon. members spoke on behalf of the opposition yesterday. So all day yesterday, hon. members in the Liberal Party talked out their own bill and would not allow it to come to a vote. As an individual Member of Parliament, I found that to be very strange indeed.

The next absurdity was that the government, in asking for this borrowing authority, was asking to borrow $11 billion. We found that the government really did not need $11 billion. It was just projecting that times were getting so bad that it may have lost control and that it wanted extra money to provide a cushion, so that it could just run to the lending institutions to borrow extra sums of money.

Then this afternoon we had another absurdity when we heard the government itself admitting that it did not really need to borrow $11 billion, of which the NDP and the Conservatives were aware, so the government introduced a motion to reduce the amount requested in Bill C-125. We will be voting at 9.45 this evening on Bill C-125. The Conservatives were very happy to hear the government say that it was reducing the amount of its borrowing authority bill to $7 billion. However, if the government needs more money by the end of the fiscal year, it can just borrow another $4 billion without further debate.

Mr. Epp: Not true.

Mr. Anguish: Or, at least, very limited debate.

Mr. Epp: Mr. Speaker, I rise on a point of order. That is not what the House order passed in the House today states. What the House order states is that there will be a three-day debate.

Mr. Anguish: I pointed out that it would be a very limited debate. It is marked down in the motion introduced by the government that it will still be able to borrow $11 billion under Bill C-125. That elated the Conservatives and it is no wonder, because they thought they had a victory, but they cannot even see through the fact that the government will still be allowed to borrow a total sum of $11 billion.

Mr. Epp: Seven billion dollars.

Mr. Anguish: This session started on April 14, 1980, after the February 18, 1980 general election. Since that time the government has asked for authority to borrow money on four different occasions. First, the government brought forward Bill C-30 and requested authority to borrow $12 billion. Then it came to us with Bill C-59 and asked for borrowing authority for an additional $14 billion. That did not seem to be enough. Bill C-111 was brought forward and the government asked for borrowing authority for an additional $6.6 billion, bringing the total to $32.6 billion up to this point. Even that is not enough. Bill C-125 is now before us and the government is asking for another $11 billion, bringing the grand total since April 14, 1980, when this session started, to some $43.6 billion.

That is only the surface of the problem with the government. By the end of this fiscal year, the accumulated debt of the federal government will be $150 billion, or possibly even more. My home province could run on that amount of money, with present day dollars, for about 75 years.

I think the former Auditor General was quite right when he stated in his annual report that the government has lost control of the public purse. This accumulated national debt puts an increased strain on the economy of the country. It has been created by successive Liberal and Conservative governments which have been unable to deal with the business of running the country. It has also been created by increasing government deficits year after year.

The budget brought down in November by the Minister of Finance (Mr. MacEachen) projected that the deficit this year would be some $10 billion. Then on June 28, when we found we needed a new budget, the government admitted that it had miscalculated. Even though we all knew we were in bad economic times and that the government had a back-up support staff of some 300,000 or more people to provide information about this country, we found at that time, on June 28, that the deficit had increased by almost twice the amount we were told in November it would be. It had increased to $19.6 billion. That is a large amount of money. There are some other countries throughout the world with larger deficits, such as the United States of America, whose deficit is much larger, but on a per capita basis the deficit in Canada is twice that of the United States of America.

What does a deficit like that mean? From time to time we in the New Democratic Party have advocated deficit budgeting, but the type of deficit budgeting which is needed and can be allowed is very different from the type which is being adopted by the Liberal government and which it is locked into. It is perpetual, year after year, and it gets worse and worse. If there is to be a deficit budget, it would make sense to have deficit budgeting in areas where there can be investment in the future and revenue can be generated for the operation of the country in future years.

I would like to compare our federal deficit to some of the provincial deficits across the country. Using 1978 figures, the source being the Bank of Montreal, the debt in British Columbia under a Social Credit government was $2,497 for every man, woman and child. In great Tory Alberta it was $2,222 for every man, woman and child. In great Ontario it was $2,544. The lowest in Canada was the small province of Prince Edward Island. The next lowest in Canada in 1978 under an NDP government was the province of Saskatchewan. It was $1,709 in that province, much better than any Liberal or Tory administration anywhere in Canada.

• (1650)

There is often talk about the size of bureaucracies. My source of information is Statistics Canada, 1979. In Alberta under that great Tory government which believes in carving off the fat, 2.6 per cent of the population was employed in the public service. At that time in Saskatchewan under an NDP government, it was 1.9 per cent of the population, the lowest in Canada.

The spending of this government places a great load on the Canadian people. It spends at the rate of $214 million a day, which breaks down to $9 million an hour or $150,000 a minute.

Mr. Epp: And you want them to spend more.

Mr. Anguish: The hon. member for Provencher (Mr. Epp) says we ask them to spend more. We only ask them to spend more in those areas I pointed out. We believe in deficit financing where it is an investment in the future. If the hon. member would listen, he might understand the sound economic policies that could turn this government around. It would be no better under a Conservative government than under a Liberal government.

Some hon. Members: Oh, oh!

Mr. Anguish: I am sure the people in the galleries will listen to these figures even if the members of the House will not. Per capita spending on behalf of every one of you sitting in the gallery in 1967-68 was $549 for every man, woman, child and baby in this country. For the 1982-83 fiscal year, that amount has increased to $3,175 for every single one of you in the gallery. Compare this to some of the municipal governments. Maybe some responsibility should be placed on them because

they may be better able to handle it. In places like The Battlefords-Meadow Lake the per capita spending today is in the area of $570 or $580 for every man, woman and child.

When you look at the situation for taxpayers, Mr. Speaker, it is even worse. Many do not pay taxes because they are unemployed. Others do not pay taxes because they are retired and do not have a large enough income to require them to pay taxes. However, each and every taxpayer in the 1982-83 fiscal year will have to pay $8,251. With increasing unemployment and a worsening economy, this figure will ever increase. In fact, the debt in Canada will soon take in excess of 30 per cent of all the money the government raises in revenue just to service the debt. That is a shameful state of affairs.

This great amount of money has very serious effects on the interest rates that individual Canadians have to pay to financial institutions. There are a couple of things that happen. Either the government prints more money, which is inflationary, or it takes huge sums out of the money supply in this country. The more competition there is for money, the more interest rates are forced up. With this government taking some $150 billion out of the economy, it causes great upward pressure on interest rates.

It is not only government spending which does that. Throughout the world huge sums of money are spent each year on armaments. Each year $500 billion is spent on armaments throughout the world. This has a very harmful effect on the money supply and affects those who have to borrow for their mortgages or small businesses. The money is just not available. It is said that the way to get into small business in Canada today is to buy a big business, vote Liberal or Conservative, and then sit back and wait because it will soon be a small business.

The purpose of the government is to govern in areas where individuals cannot operate as effectively and efficiently with due regard for economy, in a manner that is fair and equitable to all people. The problem is that this government has lost control.

It is not just the public or private sector, but a problem of magnitude, how large and overbalanced this government has become. We must attempt to turn that around. It is also a problem of magnitude in the private sector and the public sector. I point to the problems experienced in the last few years by Massey-Ferguson, Ford, Chrysler and other huge companies not now as effective and prosperous as they once were.

What are some of the alternatives? Eventually we in this country will have to get away from the centralist attitude. I say this as an individual Member of Parliament. The small constituencies in Canada must become more self-sufficient. The local people should have more input. The members of the Conservative Party are having a great laugh during my speech in the House of Commons. I find it strange that the NDP are often blamed for some of the ills in this country, yet we have never formed a federal government since confederation in 1867. We have influenced and helped to bring in many good programs, but the blame lies nowhere else than on successive Conservative and Liberal regimes in this country.

With regard to smaller areas gaining self-sufficiency, the local people would feel much better if they had control over their own destiny. Members of Parliament are often frustrated because of their lack of input and the fact that this government often will not listen.

• (1700)

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

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

Mr. Deputy Speaker: Shall all items preceding No. 36 stand by unanimous consent?

Some hon. Members: Agreed.

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

The House resumed, from Thursday, June 10, 1982, consideration of the motion of Mr. Stewart:

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all communications, transcripts or notes of interviews, memos, notes of telephone conversations, applications for grants, bursaries and fellowships between the government through the International Development Research Centre and any other person or group requesting or being considered for financial grants from the International Development Research Centre, particularly relating to financial grants or fellowships or financial sponsorship to individuals who hold or held elected or appointed office in governments of other countries or who were or are members of recognized political parties in other foreign nations.

Mr. Bob Ogle (Saskatoon East): Mr. Speaker, because of a particular situation in the House on June 10, debate on this motion was shortened, so I thank you again for giving me the opportunity to finish the remarks which I began on that day.

The motion under consideration is a motion regarding Canada's role in international aid, with particular reference being made to the International Development Research Centre. The motion was introduced by the hon. member for Simcoe South (Mr. Stewart). In his remarks at the opening of debate that day he criticized—unfairly, I felt—Canada's aid program for those parts of the world which need help at this particular time. The argument he used was simply that when times are tough in Canada, we should think of ourselves first and other people when times get better. I do not hold to that principle, simply because the aid program Canada has is a program which, as well as helping people in the Third World, also helps Canadians. Eighty per cent of the aid given by Canada remains here. Because it is given in a tied form, the money which is given in the form of aid is used to buy materials here in Canada.

International Development Research Centre

The motion directs itself particularly to the International Development Research Centre here in Ottawa, which is a small group receiving about 3 per cent of the aid budget of Canada. However, I feel that the work done by this centre amounts to far more than 3 per cent of our total aid program. Throughout its history, I believe the International Development Research Centre has shown that this kind of aid given in this particular way helps bring about results in the developing world and in Canada as well. The results produced by the centre far outweigh the money spent.

An editorial in the Cape Breton *Post* of April 3 of this year gives a very positive outlook on the work of the International Development Research Centre, and I would just like to read from that editorial as follows:

> The annual review of Canada's International Development Research Centre affords a textbook example of the way to go about helping the unfortunates of the impoverished Third World. Instead of making magniloquent talk about "global negotiations" and "the Spirit of Cancun," this unobtrusive federal agency goes about sponsoring a myriad of relatively inexpensive programs aimed at applying scientific knowledge toward heightening the quality of life.
>
> Since its formation in 1970 the Centre has been concentrating on supporting researchers living and working in developing regions and on other research to promote the well-being of the rural poor of the semi-arid tropics. Their crying needs are food, energy, clean water and sanitation which in our blessed abundance we here tend to take for granted. Yet, as the IDRC points out, simply acquiring enough of these occupies one-third of the world's people, all day, every day. To fail to do so is to fail to survive.

The tone of that editorial is very close to the direction taken by the parliamentary task force on North-South relations, on which I happened to have the privilege to serve last year. All three parties in this House were represented on that task force, and the task force presented the same basic idea about aid. That idea is that aid is not something which deprives but something which really does build an economic base for people to develop themselves. I would just like to read from page 12 of our report as follows:

> Investment (not charity) in the well-being of the poor is frequently the best economic investment a country or the world can make. A small farmer with education raises his yields dramatically. A mother with decent nutrition can nurse healthy children who can learn and work more productively.

Robert McNamara, a former minister of defence of the United States and a former president of the World Bank—certainly anything but a left-wing socialist in his basic thinking—has observed:

> It used to be said that lack of capital was the chief obstacle to economic growth. But we now know that capital formation explains less than one-third of the variations in growth rates among developing countries; human resource development explains a great deal more. Investment in the human potential of the poor, then, is not only morally right, it is very sound economics.

Coming from Robert McNamara, a former president of the World Bank, I say that is something which should be taken with no grain of salt.

Our report continued:

> The lesson is being learned. The International Development Strategy for the 1980s, recently approved at the Special Session of the United Nations, gives concrete expression to the philosophy of investment in the poor. It contains specific goals and objectives relating to the elimination of hunger, universal primary education, primary health care for all and a sharp reduction in infant mortality by the end of the century. In particular the role of women in development and the need to integrate them into all the sectors of development has been fully recognized.

It is with those thoughts and in those terms that I would like to draw my remarks to a close because I realize my time is very limited. I would like to finish by telling of a small incident. I spoke today with a physician friend of mine formerly from Saskatoon and now from St. Boniface, Dr. Ian Carr, who is one of the physicians for social responsibility and has just returned from the Pugwash conference. He spoke to me today, and for the first time I met a person who spoke about the possibility of an impending third world war as being within the timetable of a few months. He spoke of 18 months as being a timetable people who were at Pugwash feel is a probability or a reality in relation to a nuclear world war.

With respect to development, one of the greatest problems is that huge amounts of money are being taken out of the economies of the world and directed to the building of armaments. My colleague, the hon. member for The Battlefords-Meadow Lake (Mr. Anguish), referred to this. Many of these armaments are now being sent into developing countries with no purpose at all except to destroy. Somehow we, the responsible people on the face of the globe, must take note of this reality. Something must be done to reduce the tensions which bring about war so that everyone will have enough on which to live and so that everyone will have access to health care and the opportunity to be educated. That seems reasonable. Why is it that we cannot find a way to turn the whole armaments movement around? We do not have centuries in which to do this. We should be turning it around within a matter of hours, days, weeks and months, because the inevitable drive of armaments is for destruction.

I hate to finish my remarks on that note, but I think what I said does relate to what is going on. The hon. member for Simcoe South criticized aid programs in his speech. Instead of using aid money to build a human world, money is being used to build armaments for the destruction not just of the first world, the second world and the third world, but the whole world. I think my colleagues here and people everywhere should take this matter very seriously.

Mr. Maurice Dupras (Labelle): Mr. Speaker, it is an honour for me to participate in this debate and a particular honour to follow my distinguished colleague, the hon. member for Saskatoon East (Mr. Ogle), who, as we all know, has dedicated a large part of his life to helping others, mainly the poor people of South America. I am also delighted to follow the distinguished member for Saskatoon East in this debate because he was a recipient under the bursary program of IRDC. That points to another avenue of success for IRDC that makes a lot of countries envy the program launched by the Right Hon. L. B. Pearson in 1971.

• (1710)

I think it would be proper for me to begin my remarks by quoting the president of IRDC, Mr. Ivan Head, who said:

> It is shortsighted to assume that North-South relations are played according to the rules of a zero-sum game in which each point gained by one participant is a

point lost to another. International development, in fact, is a mutually beneficial process in which all win, or in default of which all lose. The over-all health and vitality of the developing world is central to the well-being of the economically developed nations—

That includes Canada. I believe that those words of wisdom from the president of IRDC mean that we should think about this warning. The hon. member for Saskatoon East brought out the point that aid to a developing country is aid to the donor country, because we make sure that the wealth of the world is better divided.

[*Translation*]

Mr. Speaker, the philosophy behind the establishment of the International Development Research Centre was to develop and support research throughout the world, and particularly in developing countries, since only 3 per cent of research was being done in those countries. In the eighteenth century, famous scientists such as Lavoisier and Celsius made their contribution to the well-being of the population of this earth, while the nineteenth century had Ampère, Kelvin, Pasteur, Darwin and Doppler, to name only a few. The twentieth century, however, has not seen the same level of research activity in developing countries, and of course far less there than elsewhere. So the philosophy behind the IDRC, Mr. Speaker, was to enable industrialized countries like Canada to make a contribution to research in various fields, with emphasis on nutrition, farming, drinking water supplies, forest protection and so forth. As a result, Mr. Speaker, projects have been designed and implemented by the government and the IDRC, and their success has been the pride of that agency.

Mr. Speaker, with my colleague for Saskatoon East (Mr. Ogle) and others, I have had an opportunity to visit a number of projects in the Philippines, Singapore, and Bangladesh. It was very exciting to see the results of these projects and the impact these research and development activities can have on the economic development and well-being of developing countries. In the Philippines for instance, rice production, in certain areas, had more than tripled, thanks to flood-resistant strains that were developed locally. Similarly, special wheat strains were developed locally for growing during the dry season on the same soil where rice is grown during the rainy season, since in that climate, crops can be grown twelve months a year.

There are research centres that attract researchers from all over the world, because they have been able to provide favourable conditions for their work. Those of us who have had an opportunity to visit Bangladesh will have seen that this country, which so often suffers from typhoons and floods has, in only a few years, with the help of the IDRC, been able to develop special strains of rice and wheat and other agricultural products that are highly weather-resistant, and today, one of the most serious problems facing Bangladesh is a shortage of storage space for rice and wheat. It goes to show, Mr. Speaker, that the activities of our International Development Research Centre have had tangible and extremely useful results for developing countries. At the same time, the IDRC has tried to meet the needs of countries that are faced with a variety of problems. There are of course Canadians and North Americans who, from their comfortable vantage point, tend to judge people in developing countries rather severely, and who tend to believe programs like W5, for instance, whose staff filmed a horror story about the results of the DRIP project in Haiti. They were not altogether factual or honest in their approach, because they neglected to mention the positive achievements of both CIDA and the IDRC. Mr. Speaker, if people would only look at the facts, they would see how often the IDRC and CIDA have been successful in their activities.

Of course, there is a difference between countries that have to cope with a number of climatic conditions such as typhoons—I was referring just now to Bangladesh which has this problem as well as floods—the droughts in the Sahel, earthquakes and flooding in Nicaragua and hurricanes in the West Indies, Mr. Speaker, there is indeed a difference between these countries and ours and our neighbour to the South, which are blessed with a stable climate and well-defined seasons during which farm production can go on uninterrupted, without the risk of the catastrophes I have just mentioned. Mr. Speaker, that is why the activities of our research centre are so widely supported, and let me remind my colleagues opposite that it was not a minister on this side of the House who, with great verve and eloquence, defended the activities of the IDRC in Vienna in 1979. I am referring to the Hon. Senator Martial Asselin who was talking about the IDRC's activities and its achievements. He used the IDRC as an example of what other industrialized countries could do to provide assistance to developing countries. So this should help to reassure the member for Simcoe South (Mr. Stewart) with respect to the activities of the IDRC and its achievements.

To get back to this horror story that was shown to Canadian television audiences on the W5 program, the film only stressed the administrative problems the project had experienced. For instance, the program showed some fire hydrants, with the comment: How ridiculous to instal fire hydrants in a village like Petit-Goave! Well, Mr. Speaker, it would be ridiculous not to instal fire hydrants, because those people need water and fire protection as much as any Canadian, because their buildings and homes are made of wood. Furthermore, the hydrant is a water station. Since most homes do not have drinking water, people have to go to a water station, and the hydrants are a source of potable water. And as to the comment that it was entirely ridiculous to replace the fire hydrants, they were put there by the Americans in the first place, many years ago, I think in the thirties, for the reasons I just mentioned.

• (1720)

In the same program, an attempt was also made to have Canadians believe that the roads that were built had been and were being used only by project workers. That is absolute nonsense, Mr. Speaker, because we used the road that goes up to the mountains, and besides being used to move equipment

and supplies for the construction of the clinic and the technical training school, the road is also there to help people get around, for instance, farmers who have to come down from the mountain with their produce to Petit-Goave, and would otherwise have to go through the valleys along rough paths. The road is built and it will be around for a long time because it has not been eroded by rainfall. It is maintained by the people of Petit-Goave, and it is used by area farmers and the people in charge of the medical clinic and the school, so the people are really motivated to maintain the road.

There was also the issue of irrigation projects. Here again, Mr. Speaker, the program would have Canadians believe—and after all, why shouldn't they, since they are paying for the project through their taxes—that the irrigation project was useless since it had to be redone. Now I am sorry, but we visited this project, and I think the whole story was a fantasy, because the project is going to improve the irrigation of arable land in the area concerned, while it will not require a lot of maintenance and repairs since there is very little soil erosion in that particular area. My point, Mr. Speaker, is that all this almost obscene talk about the complete or almost complete failure of certain projects is certainly not conducive to making Canadians understand the need and the urgency for continuing projects that have been undertaken in order to help developing countries.

Of course, not everything went according to plan, and we must not forget, Mr. Speaker, that carrying out an integerated project in a country like Haiti with its particular political climate is quite different from what it would be in Canada. We were so ambitious and so eager to get on with it, and I am referring to our CIDA officers, so eager to carry out this project that would benefit an entire region of Haiti, that we may have been a bit too enthusiastic and optimistic about the eventual results. However, out of the $21 million invested in the project, a very large portion, I would say at least 90 per cent, will help to improve the lives and well-being of the people of Haiti.

It was therefore unfair of the program's producers to criticize these activities the way they did, and to repeat the program a second time, which they did about two weeks ago after getting further information on CIDA activities in Haiti, as though they were trying to get the Canadian people up in arms about what CIDA is doing. Of course, they used this guy who probably helped the W5 producer to get his information, and I am referring to this Mr. Templeman, an official who had no responsibility himself for the project. I fail to understand, Mr. Speaker, why a responsible television network like CTV would have used an official who had certain views or opinions on the DRIP project but was not at all involved in the program, since he was assigned to the Canadian diplomatic service in Haiti.

Mr. Speaker, I should like to say a few words about another aspect of the motion proposed by my colleague for Simcoe South, namely, fellowships. I mentioned earlier that my colleague, the hon. member for Saskatoon East had been awarded one of the fellowships, which are one of the major components of the IDRC's program. Since the motion mentions this component rather specifically, I shall say a few words on the subject.

[*English*]

The general objective of the fellowships program of IDRC is to improve the competence of professionals and researchers from developing countries, and to broaden the resource base of Canadian professionals concerned with international development. In the past year the program's orientation has shifted toward shorter term awards with particular emphasis on upgrading of professional, managerial, or research skills rather than long-term academic training.

The fellowships program offers several different categories of awards, and I will list a few of them. There are ten Pearson fellowships to be offered in the 1982-83 year with a total value of $375,000. In this program IDRC is offering carefully selected public servants a nine to twelve-month program in Canada to improve their professional and managerial skills. Each program involves a series of placements in government, industry, university, research centres and/or appropriate centres. For 1981-82, the field of concentration of agriculture. For 1982-83, awards will be made in the health field.

The purpose of the fellowship is to assist young public servants in developing countries to enhance themselves professionally so that they might better serve their country. They must be 25 to 35 years of age, have at least three years' working experience, and be citizens of developing countries. In order to be selected, candidates must be nominated by Canadian missions, undergo regional interviews and pass a final selection by an IRDC committee in Ottawa. The value of the award is the total of the actual cost of round-trip travel for the fellow and his or her family, research and Canadian travel up to $5,000, and a basic stipend of $16,000 with allowances for family, medical expenses, clothing and other necessities.

Pre and post-project awards are to provide training for individuals who have been or are to be associated with an IDRC supported project. The pre-project award will assist in the training of an individual who is key to a proposed IDRC project. The post-project award will upgrade the qualifications of an individual who has shown great promise during the life of the project. The training given should enable this individual to contribute to building up research capabilities in the home country. You now have, Mr. Speaker, a broader view of the program and how the beneficiaries of the bursaries are selected.

[*Translation*]

However, at the beginning of the second decade of the IDRC's existence, there is still much to be done, and I hope that the Canadian people and the members of this House will now have better understanding of the activities of the IDRC.

[*English*]

Mr. Gordon Taylor (Bow River): Mr. Speaker, I am delighted to have the opportunity today to speak in this debate. Since some time has elapsed since we heard the motion, I am going to start out by reading the motion my colleague, the hon. member for Simcoe South (Mr. Stewart), has presented. It asks:

• (1730)

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all communications, transcripts or notes of interviews, memos, notes of telephone conversations, applications for grants, bursaries and fellowships between the government through the International Development Research Centre and any other person or group requesting or being considered for financial grants from the International Development Research Centre, particularly relating to financial grants or fellowships or financial sponsorship to individuals who hold or held elected or appointed office in governments of other countries or who were or are members of recognized political parties in other foreign nations.

I have not heard any speakers so far give any logical reasons why the government should not supply this information. That is the bottom line of this whole debate. If such wonderful things are being done, as mentioned by the last speaker and by some others, why is the government hesitating to make this information public? That is all the motion asks. If it is such wonderful information and if the record is so wonderful, I would think the ministers would be falling all over each other to see who could present it first.

I believe hon. members on the government side will have an opportunity today to vote in favour of this motion and the government will then be required to present this information. If hon. members believe this has been such a wonderful program and that everything is hunky-dory and satisfactory, I would say to government members here that here is their wonderful chance to make it public and to vote in favour of this motion today. The government will then supply all this wonderful information it is talking about. That is all we ask.

We now have a freedom of information bill and we will see how it works pretty soon. But here is a chance to show that the government really believes in making information public. That is the bottom line to this whole debate, as I have just said.

In the report of the parliamentary task force on North-South relations it states that in 1978 the Treasury Board conducted a study on the effectiveness of food aid, but the results were never made public. Hon. members can find that on page 49 of the report.

Again, if the results were so wonderful and if this money is doing such marvellous things as feeding hungry people and enabling people to become self-sufficient, which is the object of the whole exercise, why was the report not made public? This sort of thing is what is bothering the people of Canada. It bothers me and it bothers my colleague, the hon. member for Simcoe South (Mr. Stewart). The request is reasonable. Just tell us what is going on and let us have the complete history. I think the chairman of the committee would be right up front if he said, "Let the people of Canada know what is going on".

The information regarding interest rates charged to Third World countries is kept secret. That bothers me. I made a simple telephone call to the department some weeks ago to find out what the interest rate was on a large loan being made to one of the Third World countries. I was advised the information was not available, that it was secret. The information is even kept secret from members of Parliament. I do not think one should be trying to force something out of a civil servant, but he told me that this information is not even made available to Members of Parliament. I asked him if he made the information available to ministers. He hesitated. I do not know whether they do or not, but I imagine the minister of the department has access to it. If he is a minister worth his salt, he would know what is going on.

Here we are giving credit to countries at the expense of the people of Canada, yet the rate of interest charged is not made public. If it is a low interest rate and it can be justified, surely we can carry the judgment of the people of Canada to decide if the cause is worth while. Canadians are not illiterate. They would accept sound argument if sound argument was put forward. But to keep information secret and for us to be told that we cannot have it makes everyone suspicious.

In Canada banks are required to divulge the interest rates they charge. I do not know why the government does not make public the rates charged when we give lines of credit to other countries.

Canadians are compassionate people. We do not need to plead with the people of Canada to be compassionate when need arises. I think all political parties are compassionate. They want to help the needy. People may have different views on how to do that, but people are compassionate. Some may object to waste and extravagance. I do, and I am sure this party objects to waste and extravagance. I think any party in Canada should object to waste and extravagance.

We have certain objectives to meet. For instance, CIDA's written policy on food aid states that, "food aid from developed countries represents an attempt to bridge the gap between food production and food requirements in developing countries until self-sufficiency is achieved." "Until self-sufficiency is achieved" sounds like an excellent objective.

Let us look at some of the results and see what is going on. For instance, Cuba is in the communist bloc and yet we have been assisting that country.

When I was a boy I used to see people gathering iron, steel and metals around our coal mines. We would be paid two bits for bringing a load to the truck. We thought it was wonderful to get some money. That steel and other metals went to Japan. It was not very many years later that it came back to us in the form of bullets used against Canadian youth, men and women. I am a little leery about giving things to communist countries.

On May 20, 1980, the Minister of State for Finance (Mr. Bussières) explained in the House that Cuba was $10 million in arrears on a loan with terms of 3 per cent interest, seven years grace and 30 years maturity. At that time Cuba was two semi-annual payments in arrears. I have not been able to find

out if Cuba has met the payments or whether they have been written off. But that information should be made available to the people of Canada. Why should we be lending money to Cuba at 3 per cent interest and 30 years maturity when we cannot help our home owners and our farmers who are going bankrupt and our businessmen who need money?

• (1740)

The government has a borrowing bill before us now for $7 billion. We will be paying interest probably in the range of 15 per cent to 21 per cent if we are lucky. The rate may be higher.

The New International Economic Order, for short, NIEO, is advocated by the United Nations. The object of this order is to transfer resources of countries that have worked hard to develop them and to transfer them to Third World countries. I find that somewhat bothersome.

The Brandt report worries me. I am advised that this report is strongly supported by our Secretary of State for External Affairs (Mr. MacGuigan). Whether or not that is true, I do not know, but it is certainly alleged that he supports it. The Brandt report says that to help develop nations we should increase foreign aid to 0.7 per cent of the gross national product. At the present time we are providing $1.23 billion per year in foreign aid. There are those who want it increased. I think we should be careful about this, especially when we see hungry people right in this country, when we see the living conditions of natives on reserves, when we see people losing their homes and their businesses, and when we see more than a million people unemployed who wonder where their next meal is coming from. We should remember that charity begins at home before we start increasing foreign aid.

The second recommendation is even more disturbing. The Brandt report recommended that a form of international income tax be levied on developed nations.

It recommended a form of international taxation or global taxation. It proposed that an international body have the authority to levy a tax on other countries for worth-while causes such as on arms trade, international investment, hydrocarbons and exhaustible minerals, luxury goods, military spending, the consumption of energy, international air travel, the use of the "international commons", ocean fishing, off-shore oil and gas, seabed mining, the use of space orbits, radio communications, etc. Also it suggested a 0.5 per cent levy on all these things. If one takes a trip to China at one's own expense, he or she must pay a 0.5 per cent tax to this international body. Certainly that would be a wonderful way to raise money, but they do not mention how many international civil servants would be needed to do the job.

I would not support an international authority to levy taxes upon Canadians. Canada is a sovereign country. If we are to tax our people, our own governments will tax them, not some international body. I oppose this with all my might and strength because it is a ridiculous situation. If we ever get to the point where we provide taxing authority to the United Nations or to any other international body, the next step will be an international police force which will be able to pound unwilling nations into submission. We should recognize that this is what would happen.

I was somewhat amazed when I read a statement of the former president of CIDA, Mr. Maurice Strong. I do not know him, but I have heard about him. He said that this idea was a prime objective, "as it provides the fairest and most dependable method of transferring resources".

We have plenty to do now right in our country with our resources. As a matter of fact, we are already helping other countries by bringing in oil, and our own oil wells are closed down.

I do not want to deal with that issue right now because I do not have the time, but the matter of interfering with national sovereignty should be watched very carefully. It may be done subtly and step by step, and eventually some world body will have control and authority to tax.

I hope the Secretary of State for External Affairs, if he is supporting such a thing, will rise in the House and say so, or I would like to hear him rise and say that he will not support it. Also I would like to hear the Prime Minister (Mr. Trudeau) say it, because there is a very subtle movement going on in the world today which is trying to get control of nations through the back door. If we ever get to the point where we are under the thumb of an international body, heaven help the people. Even this government is better than an international one. At least it has to report back to the people periodically.

There is something else with which I would like to deal in connection with the report. I should like to refer to a comparison which was conducted by an environmental board in the United States. It compared Iowa with Bangladesh. The member who spoke before me referred to Bangladesh. Both Iowa and Bangladesh cover the same area, in size. However, Iowa is rich in agriculture, while Bangladesh is desperately poor. The population of Iowa is two million and the population of Bangladesh is 78 million. We could simply transfer food from now to doomsday, but if we are to help the people of Bangladesh, we should help them to help themselves, to become self-sustaining and to start doing a little hard work along with receiving gifts from other countries. This is what undeveloped countries have to realize.

Let me give another example. Tanzania was once an exporter of foods. Scandinavian figures show that Tanzania's losses through self-inflicted agricultural decline are 250 per cent greater than the losses incurred because of higher oil prices. They are roughly equivalent to the foreign aid received between 1973 and 1980. Nyerere's policy of collectivizing farmland has ruined its agricultural system and has made beggars out of the people. This is not very helpful to the people of Tanzania. Would that be helping a country? This is only part of the dismal record.

From 1978 to 1981 Canada gave the government of Tanzania $91.541 million. The sum was broken down as follows: $78.92 million in the form of grants or straight gifts, $1.709 million for specific programs, and $10.912 million for food aid.

I would like to know what was done with that money. They are in worse shape now than in the years in which we gave them that money from 1978 to 1981.

What is happening? Are we building up a world slavery or something? Are we simply going to dish out money for a few big shots to use as they want while the masses go hungry? They have not fed the hungry of Bangladesh. We must remember that Canada forgave $71.9 million. We said that they did not have to pay it back at all; it was given to them. This was referred to on page 37 of the CIDA annual report of 1979-80. We should be giving aid to enable people of help themselves, not to make beggars of them. Equipment is fine, money is fine, but only if work is involved to make use of them so that they can become self-sustaining.

There are too many bleeding hearts in Canada who want to just give and give and give without expecting any results. We want the government to be accountable. This motion would be a step in the right direction. The government should be accountable for what it does. It should ensure that the money is being spent properly. Too much of our help is directed toward helping them continue with discredited communistic policies rather than helping the people. The losers are the rank and file people, the masses who obtain very little of the aid.

I wish the Government of Canada would realize that economic growth is achieved through hard work and incentive. Our farmers did not reach the level of production of today by depending upon government. It was hard work. It was the work of their brains, their backs, their arms and legs which produced the farms of the country. They produce and have produced tremendous amounts of food. There was incentive because they knew if they worked hard they could build up something for their wives, their children and the generations after them. This is what we must instil in the minds of people in these other countries. We want to help them to become self-sustaining. We do not want to become a welfare association for the world. We want an accounting of every cent which goes to these countries from the government.

Today we are contributing $1.23 billion. It should be doing a lot of good. I would like an accounting from government as to what it is doing when it takes $1.23 billion and sends it elsewhere at a time when many people in Canada are wondering where their next meal will come from. We are so hard up that the government starts capping the indexation of the pensions of retired public servants, many of whom are not even receiving enough money now to live properly. Their average wage is only $8,000 a year. Yet the government is capping indexing in that area. Certainly, if the average wage is $8,000, some wages are higher. If the government wanted to have a proper policy and had to take money from these people who spent their lives working for the government, why did they not start at the top instead of at the bottom? It should not have been done at all. Let us have an accounting of what the government is doing.

• (1750)

Mr. Deputy Speaker: I hesitate to interrupt the hon. member but his time has expired.

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Mr. Speaker, I want to thank the hon. member for Bow River (Mr. Taylor) for at least giving me an opportunity to speak for one minute. He talked about the motion in some detail. I want to say from my point of view that the short answer is that extensive files exist on the vast majority of these applications. Therefore, it would be impractical to lay before the House copies of all communications, transcripts of notes or interviews, memos, notes of telephone conversations, applications for grants, bursaries and fellowships between IDRC and any other person or group requesting or being considered for financial grants.

Furthermore, with respect to fellowships, IDRC records will not indicate whether applicants are members of political parties, neither are records indexed according to whether applicants hold or held elected or appointed office in governments of other countries.

I also want to point out that the hon. member for Simcoe South (Mr. Stewart) has indicated in effect that he is more concerned about the spending of funds under CIDA than he is about the International Development Research Centre. Most of his remarks tended to deal with that aspect. I quote him from page 18329 of *Hansard* of June 10, 1982 where he says:

> I do not think there is a Canadian alive who does not want to give aid to Third World countries if and when that aid is desperately needed, Mr. Speaker.

I subscribe to that statement which he made.

He also stated—and I am paraphrasing him—that Canadians generally want to be assured that the government does not give money to unstable and communistic regimes.

Mr. Deputy Speaker: Order. The time provided under Section 2 under Standing Order 48 for the consideration of this motion has now expired. The Chair would like to point out that the Standing Order also permits at this time for a further five minutes' participation in the debate by a minister of the Crown and for an additional five minutes by the mover of the motion, after which the Chair is bound to put the question.

Before I recognize the Parliamentary Secretary to the Secretary of State for External Affairs (Mr. Irwin) I must point out that unanimous consent of the House is required for the parliamentary secretary to speak in the minister's place. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, in the absence of the Secretary of State for External Affairs I will address a few remarks in this debate on his behalf.

I really should thank the hon. member for Simcoe South (Mr. Stewart) for putting forward this motion which was originally heard back on June 10. I had heard some of what

the International Development Research Centre had done, as have most of the members of the House, but I never realized how extensive and well respected the work of the centre was throughout the world. Basically it has a small budget compared to the other budgets we have, but it has been highly spoken of on almost every occasion that it has been referred to.

I refer the House to *The Financial Post* article by Philip Teasdale dated August 18, 1979. He says:

> The agency, the brainchild of the late Lester Pearson, has a tiny (by foreign aid standards) annual budget of $38 million. But over the years it has earned a large reputation.
>
> It was the first agency in the world to devote its efforts to giving scientific and technological advice—instead of just money—to the developing countries of the Third World.

Since June 10, and before, I have talked to officials at that particular centre. We should be very proud of what we have done, as Canadians, through this centre which is only a little over a decade old. It has involved 849 projects in 100 countries. It deals with life expectancy, adult literacy and, something that I found very significant, the research and development of traditional crops. We do not try to impose on those countries the production of crops that we have in Canada. We deal with crops they have such as millets and sorghum. We have had success in Bangladesh, Egypt, Panama, Zambia, the Philippines, Korea, Ghana, Tanzania and along the Amazon.

In forestry we are helping those regions of Africa where 50 per cent of the forests will be depleted by the year 2000, if assistance is not provided. We are also providing assistance in the area of health to Ecuador, Thailand and Sudan, particularly with regard to tropical diseases.

I believe that the people involved in this work on our behalf should not be spoken of in a partisan and derogatory way. We should be aware of what they are doing and be very proud of them.

If the hon. member has complaints about CIDA and certain of its functions, that is fine. As far as the International Development Research Centre is concerned, I have seen nothing I would not be proud of as a Canadian.

In June when this motion was first before us, I thought it would provoke a very profound debate, and that is why I was prepared. I was originally to be one of the initial speakers, but now I find myself winding up the debate.

On June 10, the hon. member for Simcoe South said that we had given $107,000 to the Belgian Congo for the development of nuts, but that the only nuts that had been developed were here on the Liberal benches. Well, you have to be a little crazy to be a politician anyway, whether you are a member of the opposition, the NDP or the Liberal Party. That is acceptable. Then the hon. member went too far. He called us a cell of left-leaning demagogues headed by the right Hon. Prime Minister (Mr. Trudeau). To be called a nut is one thing, but to be called a left-leaning demagogue is not acceptable to anyone on this side of the House.

I will conclude on a certain note of facetiousness, because I do not believe that the hon. member is really complaining about the work that the centre is doing. I think he is complaining about waste in certain agencies, and I think that kind of complaint should be guarded to a certain extent. When an agency can say that the opposition has looked at its work and has indicated it is doing a good job, it is like getting a passing grade. I believe this is acceptable because it is the role of democracy.

I would like to end by saying that the International Development Research Centre is one of the bright lights of Canadian government, of whatever political stripe, and should be encouraged and fostered. As Canadians we should be carrying on these duties abroad because this is what we do well.

Mr. Ron Stewart (Simcoe South): Mr. Speaker, we are not talking about aid in this debate. All hon. members and all Canadians want to give aid where it is needed. We are talking about freedom of information and the fact that this government witholds that information no matter what subject it is on. We are also talking about the fact that the government is wasteful and a poor manager.

We want to consider the basic reason why I brought this matter up and put it on the Order Paper. My colleague, the hon. member for Moose Jaw (Mr. Neil), asked a question, as reported in *Hansard* on December 16, 1980, as to why Mr. Manley was going to be given $60,000 to come to Canada to study under an IDRC grant. That is what we want to know. Why is the government so left-leaning? Every report that I read which concerns international development is left-leaning.

On November 13, 1980, I asked the Prime Minister (Mr. Trudeau) why this country gave $100 million to Jamaica, $10 million as a grant, when Mr. Manley was prime minister. But when Mr. Seaga was in power from 1980 to 1981, all the government gave him was $2.3 million. A left-winger like Mr. Manley can get $100 million but Mr. Seaga can only get $2.3 million. I think it is pretty self-evident as to which way the government leans. I have all the meaningful figures on Jamaica here.

What does the government have to hide? The IDRC is a sacred cow, just like CIDA. What does the government have to hide? There is a bill presently before the House which proposes deindexing, but foreign aid is indexed. It is indexed to GNP. It is indexed from 0.05 per cent now, in 1982-83, rising to 0.075 per cent by 1990. The budget of CIDA is up $188.8 million. Where is the fairness and restraint there? Where is the freedom of information? Show us what the IDRC is doing and show us which countries the aid is going to.

Mr. Deputy Speaker: The order provided for consideration of private member's business having expired, I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Bussières that Bill C-125, to provide supplementary borrowing authority, be read the second time and referred to Committee of the Whole.

The Acting Speaker (Mr. Blaker): When the House last dealt with Bill C-125 before private members' hour at five o'clock, the hon. member for The Battlefords-Meadow Lake (Mr. Anguish) had the floor.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, I would like to continue my remarks with respect to Bill C-125, which would provide to the federal government supplementary borrowing authority to borrow a relatively large sum of money in order to keep the operation of the government in progress and in order to carry on business as usual. I had made some references to the large amount of our current national debt, which we estimate will amount to $150 million by the end of the 1982-83 fiscal year, and I tried to outline some of my concerns as an individual Member of Parliament. The Conservatives seemed concerned that I, as a member of the New Democratic Party, should be condemning the deficit, but I will continue to condemn the deficit of the government—

Mr. Epp: Good.

Mr. Anguish: —because I think the government has lost control of the public purse strings. In the past, the New Democratic Party has spoken in favour of deficit financing, but not perpetual deficit financing. We believe that it is all right to run a deficit if that money is being invested in someting which will generate revenue or provide security for the future. I said that I felt that the purpose of government was to govern in areas where individuals cannot operate as effectively, with due regard for economy and efficiency, in a manner which is fair and equitable to all people within a country. We are certainly an over balanced government at the federal level. I spoke about how smaller communities or constituencies of the country should be trying to become more self-sufficient in any areas that they possibly can.

During the first part of my intervention in this bill, I was also asked by the Conservatives what areas I would cut within the federal government. I will outline some of those areas, but before I do, I would like to discuss some of the ideas that we should be promoting to further self-sufficiency within the country.

I believe many areas in the country could be almost self-sufficient in all respects. There are others, of course, that could not, and there are others which should not be localized. I can understand the role of the federal government in ensuring that there is equity across Canada for as long as we are all Canadians. I hope that we all continue to be Canadians, as we know Canadians today, for many years into the future. I can understand the federal government's wanting to have control over vast areas of the economy so as to provide equity, such as by way of the established programs financing, or to provide health services and post-secondary education which is of the same standard all across Canada or at least provide these services so that there are no areas which cannot develop and have the same health care services and education as other areas of the country, no matter whether in the maritimes, in Newfoundland, British Columbia or in Saskatchewan. I can think of some areas where we should localize and try to become self-sufficient, such as the Town of Meadow Lake within my own constituency. We have a large sawmill there which is feeling the pinch because of bad economic times. But the waste material from that sawmill is burned off in what is called a beehive and all the energy goes up into the air in smoke. It is very possible, and the technology is there for that sawmill to provide the electricity, that it could be changed from thermal to electrical to provide the entire electrical needs for the Town of Meadow Lake and provide a surplus for use in other regions. Where something like this can be done, they should supply their own needs in terms of energy, and the excess pumped into a central grid system. The province should be the collector of the surplus and distribute it to regions that are not self-sufficient in terms of energy, namely electrical requirements, the other towns and cities throughout the province.

• (2010)

The same should be done on a national scale. Surpluses should be distributed to other regions of the country. In those areas where there is a surplus of market vegetables, grain or energy, after supplying the needs in Canada, the rest should be exported to the international market.

Something else comes to mind, the amount of vegetables imported into this country. At peak times we import about 80 per cent of our vegetables. This may seem like a small matter, but we have the ability to produce those here. If we did that, we would not have to rely on other countries to the extent we do at present.

Canada could become the most self-sufficient country in the world. We have a little over 24 million people. There are thousands of miles from Bonavista to Vancouver Island from the 49th parallel up to the 60th and beyond. People are spread over that area. There are some problems in transporting the commodities to all these people, but it can be done.

In Canada there is a wealth of resources. Even if we only used oil for our energy needs, we could be self-sufficient. However, in some areas alternate energies can be developed. Canada should be self-sufficient in energy by the goal year of 1990. We should have been self-sufficient long before that. However, under the National Energy Program, which has been a flop, the goal is 1990. I do not believe the government will achieve that goal and that we will have energy self-sufficiency

or security of energy supplies by then, even though we certainly should have.

This is a very hard time in many parts of our manufacturing sector, mainly central Canada, Ontario and Quebec. There are a great many problems in the shoe and textile industry. That should not be the case. That presents a real problem for the government. When a pair of shoes imported from Brazil or Italy can be purchased for $50 to $70 and a comparable shoe of Canadian manufacture sells for $125, it is hard to convince the consumer to buy the Canadian product. I can appreciate that the government has difficult problems to come to grips with. There is the fine balance of whether to manufacture the product here and place tariffs on imports, which does not give the consumer a break, or whether to cause more unemployment. I am sure there are many arguments in the Liberal caucus on that problem.

Before my time runs out, I would like to talk about some expenditures that could be cut by the federal government which to this point have not served a useful purpose. I know that when they were started, the intentions were good and honourable. The first cut I would suggest would be to abolish the Department of Indian Affairs and Northern Development. That department has held back our aboriginal people, the treaty Indians, for many years. It has not substantially improved the living conditions on Indian reserves. In fact, they have likely deteriorated since Confederation.

In the Department of Indian Affairs and Northern Development the ratio of government employees to treaty Indians is 33 to one. Some classroom teacher-student ratios are not that good. Some may think the Indian people should be treated like children, and in some cases they have been, but that should stop. There is a flagrant waste of money within that department. I do not lay the entire blame on the federal government, but it is their responsibility.

The department does have to protect some rights, as well as treaties and agreements that have been signed in the past. I suggest the alternative to a large overwhelming Department of Indian Affairs and Northern Development would be an Indian rights protection office. It could be much smaller. More control could be turned over to the Indian people so that everything that happens in their everyday lives would not be dictated by a department of government.

There are many public employees within the Department of Indian Affairs and Northern Development with good vision for Indian people. They are not at fault. This is part of a system out of control. Those people could find many useful places in society without the frustration of having to work for the Department of Indian Affairs and Northern Development.

I do not totally condemn advertising. However, this is an area where a cut could be made. It could substantially reduce our national debt and our ever-increasing yearly deficits. Government advertising and polling done by the government could be cut to at least half. Hundreds of millions of dollars are spent by this government on advertising, which quite often is of a partisan nature. If it were only done to educate the people of Canada, that would be fine. However, quite often it loses that significance and there is more partisanship than information.

There is something else that can be done to turn this country around. I will be making representations to the Committee on Parliamentary Reform which will be sitting this summer. First, the upper house should be changed from a patronage Senate where members are appointed in a partisan manner to a council of provinces with two or three democratically-elected people from each province. These people would run for re-election in the provincial elections.

This would give some increased control over what happens within government without costing a great deal. In fact, it would likely cost less than the present patronage Senate system. It would overcome the complaints of many Canadians about having representation by population. That has been a destructive force in this country and needs to be changed.

An elected council of the provinces to replace the Senate would give regional representation. It would be a meaningful upper house which could scrutinize the work done in this House. That is a proposal I will be making to the Parliamentary Committee on Regulatory Reform.

I see my time is rapidly running out. I think Members of Parliament need to have more influence and more input into what happens in government. Too often things happen without consultation with Members of Parliament and their constituents. There should be that consultation because we have a large and vast country. My constituency is some 2,000 miles from Ottawa. Many other constituencies in Canada are 3,000 miles, and perhaps more, away from Ottawa. I do not condemn the government for this, but members of the cabinet cannot appreciate all the problems across this very vast land. Many government programs are band-aid programs. I do not always agree with programs of that kind, but if the government is going to use band-aid measures to patch up some of the holes in our economy and to solve other very pressing problems, there should be consultation with local governments, provincial governments and especially Members of Parliament who are democratically elected by their constituents.

• (2020)

Just before I close I would like to pay tribute to my wife Mona and our three children, Bree, Ashala and Nikki. I was talking with them tonight, and they think it is insane that some Members of Parliament have sat here over the summer and not really contributed very much. My children will be going back to school very soon, and I am very anxious to get home and to spend some of the summer with them before they go back to school. I want also to hear what the problems in my constituency are.

Hon. Chas. L. Caccia (Minister of Labour): Mr. Speaker, the hon. member would certainly be going home sooner, as he would like to do, if all of us were to make shorter speeches. That is what I will endeavour to do here tonight.

I will make a brief reference to a well-known economist, Ken Galbraith who, in his book "The New Industrial State", wrote the following:

> Like private consumption, any new public service quickly becomes a part of the accustomed standard of living. Once given, support to schools or hospitals or public transportation cannot be readily withdrawn.

It strikes me that that is the situation we face today. This government has provided social programs, economic development programs and defence programs—you name it—and the Canadian people have come to expect the government to deliver these programs. In other words, they have become a part of our accustomed standards and way of life, just as Galbraith told us. If we are to continue giving support to these expectations, then Bill C-125 must be passed.

The combined opposition can keep on talking about briefcases and cook books, but if they deny passage of this bill, they will in essence be saying no to some $7 billion for our old age pensioners; some $2.5 billion for those who receive the guaranteed income supplement; some $250 million for spouses allowance payments; some $2.3 billion for family allowance payments; some $110 million for medical research grants; some $23 million for Indian and northern health services, the ones just deprecated by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish); some $24 million for the administration of our airports across the country; and some $500 million to run VIA Rail. The opposition will be saying no to some $29 million to run the CNR and CN Marine; some $672 million for the war veterans allowance and civilian war allowance benefits; some $600 million for the payment of war veterans pensions; and some $470 million to run our transport system.

The passage of this bill would allow $1.7 million to be used to protect consumers across the country; some $7 million to promote economic development in certain regions; some $2.3 billion for unemployment insurance benefits; some $96 million for fishermen's benefits; some $200 million for direct job creation; some $200 million for employment training; some $4.6 million toward easing the adjustment of immigrants in our country; some $236 million for the efficient use of our energy resources; some $135 million to run Petro-Canada so that we can increase Canada's energy supply; some $540 million to run our security systems, our prisons, the RCMP and the like; some $70 million to keep our federal courts open and running; some $20 million for Canertech, which is the imaginative scheme put forward for renewable energy resources; some $575 million to provide research grants for science and technology; and some $4.5 million to promote and ensure a safe and healthy work place.

This list could go on and on. These are the programs which are fully supported by Canadians, and we do not intend to see them denied. We cannot say no to small business when it comes to the $400 million allocation announced on June 28 in the budget. We cannot say no to home buyers. They need the $300 million to purchase their first homes. We cannot say no to the construction industry, which requires incentives so that it can start building again. We cannot say no to those who seek non-profit and co-operative housing, some 27,500 units, and we cannot say no to those who wish to take advantage of home renovation plans and programs which amount to some $30 million across the country and benefit urban areas where unemployment is the highest.

Our financial needs—our deficit, if hon. members want to call it that—depend on how much money we can collect through taxes and how much we spend on our social programs and policies to run our country. If the economy were strong, we would not have to borrow this money. That fact is clear. However, revenues have decreased; hence, the high deficit. In fact, it has been calculated that $4 of every $5 increase in the deficit is due to lack of funds coming in.

The situation we are facing in Canada is also faced by many other industrialized countries. That situation has caused what is commonly called a world recession here, in the U.S., in West Germany, in Italy, in France and in the U.K. The deficit, therefore, is not because we are spending more money on new things; it is because we want to honour the commitments we have made in the past, and those commitments now cost more.

This is very much unlike what is happening south of the border, where the Reagan administration has chosen to cut social costs. I am sure my hon. friend across the aisle would be prepared to do that, as Tories usually are in difficult times.

Mr. Epp: As you have done.

Mr. Caccia: We do not want to fight the problem of reduced revenues in Canada on the backs of those who benefit from our social services and our social programs. We want to honour our commitments, and that is why we are asking, through Bill C-125, for the approval of the House of Commons to proceed. We need this bill to pay our commitments and to ensure that the standard of living of Canadians is maintained to the best of our ability.

I would like to review briefly some of the arguments presented by the opposition in the course of this debate. The hon. member for Skeena (Mr. Fulton) put forward his arguments on Monday last. He belongs to that great New Democratic Party, which now is undistinguishable from the Tories. The statements made in this debate by members of the New Democratic Party demonstrate that they are running scared in relation to getting elected in the west. They want to camouflage themselves and not appear to be what they ought to be, namely, in favour of progress. They want to appear to be as regressive as possible.

Mr. Blaikie: That is one of the most unsupportable claims you have ever made, Charlie.

Mr. Caccia: The hon. member for Skeena said something rather astonishing. He said that Crown corporation borrowings must be stopped.

Mr. Epp: Hear, hear!

Mr. Caccia: He has found the support of the Conservatives, which proves the link I was trying to establish a moment ago.

• (2030)

I should like to ask the hon. member for Skeena (Mr. Fulton) if he is aware how many people are employed in the Crown corporations he referred to. Some 147,000 people work in our Crown corporations and another 60,000 are employed by the post office. Some 207,000 count on the subsidies that the hon. member for Skeena would like to deny. VIA Rail, the post office and so on, all operate because of these grants, loans and contributions. Does the hon. member wish to say no to these people as well? After all, it is the people who work in these Crown corporations, Canadian people, who benefit from the subsidies.

Last Friday the hon. member for Skeena said that our borrowed funds must be used wherever possible for long-term job creation and community stability. May I ask, Mr. Speaker, whether 207,000 jobs are not long-term job creation? Do they not provide community stability? Of course they do and this is why we need to have this bill. We need to have access to funds to continue to support these programs. These realities cannot be denied.

In his speech on July 19 in the House the hon. member for Skeena said, as reported at page 19460 of *Hansard*:

> We will cut interest rates.

Later he said:

> By stimulating the economy and providing full employment the NDP would generate $3.6 billion in additional tax revenue. A $2.2 billion tax cut to low and middle income earners through a refundable tax credit—

How would the NDP cut high interest rates? Would they tell us how they would do that? There is dead silence in that corner, Mr. Speaker. I wish they would come forward and tell us how they would get this additional $5.8 billion that the hon. member for Skeena referred to. He stated that the NDP would not cut pensions, UIC payments or medicare programs as he believes the Tories would. How would he maintain all these social programs and still generate an additional $5.8 billion without increasing the deficit? I submit that it is impossible.

A lot has been said during the debate about public accountability. The Tories say that our deficit is unwarranted and that there is waste. They call for a committee to be struck to study the waste so that costs can be reduced. Even the Leader of the Opposition (Mr. Clark) joined in the fire. I wish those who raise this point would take the time to attend the Public Accounts Committee. This committee operates under the authority of Parliament to do this very thing. Members of the opposition are asked to chair this committee so that the public accounts can be scrutinized impartially. In fact, the hon. member for Vancouver Quadra (Mr. Clarke) is chairman of the Standing Committee on Public Accounts and 20 members from all three parties sit on the committee. It looks over what is spent by the government and the Crown corporations and has the power to study each department and see whether there is waste. So the Tories' suggestion is no suggestion at all; the very committee they ask for already exists.

The opposition has suggested that the $19.6 billion will drive interest rates up or will crowd other borrowers out of the investment market. This is not likely to be the case. The Minister of Finance (Mr. MacEachen) has said that there are two reasons why this country will be able to live with this deficit without causing interest rates to rise. The first is that business is not borrowing or investing so much these days therefore the business community is not making its usual demands on the country's investment pool.

The second reason is that we have a high level of savings in this country. In fact, 13 cents out of every dollar is saved, so there is plenty of money available to be borrowed. What will drive up interest rates are high inflation and high U.S. interest rates. These are the two most important determinants of interest rates in Canada, as well as the uncertainty caused by the high U.S. deficit produced by the Reagan administration.

The hon. member for Kamloops-Shuswap (Mr. Riis) stated in the House on Tuesday that the Canadian dollar fell in 1975 from $1.06 to 85 cents. He said that for the same year the Japanese yen, the German mark and the Swiss franc—

Mr. Riis: Mr. Speaker, on a point of order. I wonder if the hon. minister would entertain a question?

Mr. Caccia: When I complete my remarks, Mr. Speaker.

In his speech, the hon. member for Kamloops-Shuswap said, "There has been a drop in the value of the Canadian dollar relative to these other countries." The fact is that our dollar is looking better all the time. In the last six weeks, from June 30 until yesterday at noon, the Canadian dollar had risen against the United States dollar by 3.2 per cent. In the past six months the Canadian dollar rose against the Swiss franc by 9 per cent and by 12.4 per cent against the Japanese yen. In both cases the Canadian dollar has climbed continually in the last six months. The Canadian dollar has also risen 8.7 per cent against the Italian currency, 3.3 per cent against the pound sterling, 2.6 per cent against the German mark and 8.5 per cent against the Japanese yen. All of this occurred in the past six months.

As you will have noticed, Mr. Speaker, our dollar is becoming stronger every day. This is a very good sign. Our dollar is strong because, in the words of the Minister of Finance, "— our fundamental strength remains. Canada's resource wealth is undiminished."

To the hon. member for Kamloops-Shuswap I say this is an indication of the health of our country—a country that will soon be very healthy.

I should like to refer briefly to the concluding remark of the hon. member for Kamloops-Shuswap, the finance critic of the NDP. As reported at 19529 of *Hansard*, he said:

> But we in this party feel that there is another way to reduce the deficit. That way is to stimulate the economy to get growth going again in the country, so that revenues start to flow into the government and so we can start taking care of the debt. That is our proposal.

These words could have come from the Liberal benches because that is the objective of the budget. Why on earth, with that kind of concluding statement, did the NDP vote against

the budget? They contradict each other with their voting and their statements in the House.

Time is running out, Mr. Speaker, and there are others who wish to participate in the debate. Once we have received the authority to borrow that we are seeking in this bill, we can go ahead and work together to bring about the world of 6 and 5 per cent that the Minister of Finance referred to. By 6 and 5 I refer to the program which was announced in the House on June 28 and which is progressively being adopted throughout the country. Today the Toronto Transit Commission made a public announcement to that effect.

We need to bring down inflation so that interest rates will fall and the deficit will come down. We are counting on the Canadian public to join in the fight to bring the inflation rate down. The 6 per cent world advocated by the Minister of Finance is a strong world. Industry will have money to expand and grow, to hire more people. When more people are working the government will receive more money. It will then be able to reduce its deficits. And here is the good news, Mr. Speaker. The Canadian dollar is getting stronger. It has risen since June 30 and is continuing to rise. Today it closed at 79.59 cents U.S., and this is a very encouraging trend. As well, this afternoon it was announced by the Bank of Canada that the lending rate decreased by half a percentage point to 15.6 per cent; the prime lending rate has fallen accordingly. This is the second time in two weeks that there has been a decrease in interest rates in Canada. Our budget is working, our economic policies are sound, and we look to all Canadians for their support in this endeavour.

• (2040)

Mr. Riis: Mr. Speaker, if the hon. minister would accept a question, I want to ask him whether or not he understood that I was comparing the value of the dollar relative to other currencies over a 12-year period, using 1975 as the benchmark and calling that an indices of 100. Did he understand what I was trying to say?

Mr. Caccia: Yes, Mr. Speaker, I understand him very well because I also have the text here, and he actually went back to June, 1970. However, I would ask him to refer to more recent years, otherwise he could go back 100 years and draw conclusions to suit his purpose. I would rather he looked at the performance of the last six months and then drew conclusions, rather than going back 12 years to suit his own political purposes.

Hon. Jake Epp (Provencher): Mr. Speaker, the Minister of Labour (Mr. Caccia) just said we could go back 100 years. We do not have to go back 100 years, we can look at the government this year: inflation, 11 per cent; deficit $20 billion plus; unemployed, 1.3 million. That is this government's record this year. We do not have to look back 100 years, let us look at it right now. I thought, Mr. Speaker, I would never see the day that the Minister of Finance (Mr. MacEachen) would look bright in economic terms. I finally saw that tonight. I am glad the Minister of Labour is not taking over the finance portfolio; we would be in even greater trouble than we are today, if that is possible.

Mr. Caccia: I agree with you.

Mr. Epp: I am glad you agree. Labour is the same problem.

What we are facing today, Mr. Speaker, is a bill asking the Canadian taxpayer and this House for authority to borrow and allow the government to finance its $20 billion deficit for one year. That is the issue before the House, nothing else. There is no greater indictment, no greater example of defeat in economic terms, than a government which has to come to Parliament again and ask for more borrowing authority. That is the issue, the issue which Canadians are facing because of the deficit this government has brought upon them. This generation will be forced to take 23 cents out of every federal tax dollar collected to service the debt. Of every federal tax dollar, 23 cents now goes just for interest. If that were reduced, what could we then do with social programs? That is the legacy of this government. Then we hear the Minister of Labour standing up and saying, "our economic policies are working". If you want to bring on disaster, Mr. Speaker, then yes, they are working. He has the unmitigated gall to come here and say to unemployed Canadians that their economic policies are working. There is no greater gall, Mr. Speaker, that anyone could express in this House than that.

What has happened with the deficit? The government came forward with a borrowing authority bill in which not only did they ask for the borrowing authority to finance the $20 billion deficit, but, Mr. Speaker, they wanted to have a little bit more just in case there is an emergency. A slush fund, a $4 billion slush fund. Just in case we have some trouble, fellows, we want $4 billion. Then what happened, Mr. Speaker? The Leader of the Opposition (Mr. Clark), in opening the debate for the Official Opposition, said there is no way the government is going to get that money. He moved an amendment at second reading which very clearly pointed out that we would reduce the borrowing authority, and it was reduced by $4 billion. This was the amendment of the Right Hon. Leader of the Opposition:

"this House holds the opinion that the granting of an authority for the borrowing of a sum greater than that amount which is required to meet the government's needs to the end of the current fiscal year is objectionable in principle and this House therefore declines to give second reading to Bill C-125, an act to provide supplementary borrowing authority."

Today, Mr. Speaker, Canadians saw this House at work. They saw the leadership of the right hon. Leader of the Opposition who put to this government that it would not get its $4 billion slush fund. Under the House order passed today the government can come back and ask for an additional $4 billion before the end of March, 1983. But what this party has done, Mr. Speaker, is put this government on notice: if you are serious about restraint, if you are serious about reducing the deficit, if you are serious about reducing the call in the money markets for funds for the government as you are now doing, then do not come back by March 31, 1983 and ask for those $4 billion. Do not come back, do not ask us for more.

Some hon. Members: Hear, hear!

Mr. Epp: The Minister of State for Mines (Mrs. Erola) says "oh, come on". I want to tell her that Canadians in her riding today are suffering. Why? Because of the profligacy of this government, that is why, and for no other reason.

The government seems to be very cavalier about $1 billion. Old C. D. Howe once said, "What's a million?", but now they are saying, "What's a billion?". What is a billion dollars, Mr. Speaker? Let us say the present Minister of Finance stood over a big hole—which seems to be the national debt right now—and he was dropping in $20 bills every minute of every day, 24 hours a day, seven days a week. After 95 years, Mr. Speaker, he would still be dropping $20 bills. That is a billion. And this government is asking Canadians to finance another $20 billion deficit, to raise the national debt to something like $135 billion.

Mr. LeBlanc: What would you cut out?

Mr. Epp: Just give me the time; first of all we would cut out this government.

Mrs. Erola: Mr. Speaker, I wonder if the hon. member would entertain a question?

Mr. Epp: Of course, Mr. Speaker, after my speech, and I hope my answer is better than the minister's in question period.

An hon. Member: Her question will be better than yours.

Mr. Epp: Mr. Speaker, let us look at this deficit from the perspective of 1968, when this government first came to power. After a depression, two world wars and the building of a country, the total national debt in Canada stood at $17 billion. That was the total national debt. Now, 14 years later the national debt is $145 billion. In fact, the deficit this year is higher than the total accumulated debt after the first 100 years. Surely Canadians can ask whether government has better control in terms of its expenditures.

• (2050)

Members of the House know that the Auditor General, the chief witness before the Standing Committee on Public Accounts, has said that spending control has simply gone; it is not there, that government spending is out of control. The government can say whatever it wants, but the verdict of independent people with expertise who looked at the accounts, is that government spending is out of control.

The Minister of Labour said that the deficit was not going to cause Canadian business any great difficulty because business was not competing for moneys. He justified that by saying that business was not in the money market now because it was in a down turn. That is true. But surely the question must be asked why. The answer is that it is because of the three budgets brought in by the Minister of Finance. First, the National Energy Program took away an industry's resources and its ability to give us energy self-sufficiency. The second budget of the Minister of Finance was condemned universally across the country. People were absolutely shocked to learn in the third budget that the deficit was $20 billion and growing. What this government has not been able to instil in Canadians is confidence. It has been unable to instil investor confidence. When the Minister of Labour said that there is no problem, that the government is not going to be able to raise interest rates because only the government will be in the money markets, that is true. But I say to the minister that is hardly a reason or a solution to the economic problems of the day.

This government uses one stock answer when anyone criticizes the deficit. Government members ask, "What will you cut out?" The extrapolation of that argument is this, that any deficit, any spending, any hardship on Canadian taxpayers is justified. If you have a problem, you have one solution. You throw more money at it. The Minister of Labour today literally took us on a cook's tour of the Blue Book of the expenditures of the government. He was saying "Look, we are doing all these wonderful things for Canadians, and therefore, we should continue". But he never answered the question that because of government policies—to a great degree because of government policies—1.3 million Canadians are unemployed. He never addressed the question which the Minister of Employment and Immigration (Mr. Axworthy) mentioned in Toronto yesterday, that is that we could be losing a whole generation of young Canadians because they cannot get into the labour market. I hope the National Training Act works. But I want to tell the minister and members opposite that you can have a training act and an apprenticeship program, but when a company has to cut back employees, who are the first ones to go? In most cases the first ones to go are the ones without experience or those who do not have their journeyman's papers. That is the situation we now face in Canada. A very tough decision will have to be made. No one in public life wants to make that decision. There must be a parliamentary committee with the power to cut expenditures before the fact rather than having the Public Accounts Committee look at expenditures after the fact. The Public Accounts Committee looks at the accounts roughly two years after the expenditures have taken place. But that money has already gone. It is already spent. What we need is a close examination of expenditures before they are made.

The government uses two arguments, first, that it would not be in trouble if only it were getting more revenue, and second, that if the revenue were not dropping, the government would not be in any difficulty. It reminds me of the person who says that he really has no problem balancing his or her own personal books. The only problem is that there is always too much month left at the end of the money. That is literally where this government is at. But when Canadians have difficulty and when they do not have enough money for their expenditures, what choice do they have? What do they do? They can go to the local banker and ask to float a loan. But for how long and how often can they do that? Eventually, what people have to do is to bring expenditures in line with revenue. That is the only avenue they have. They cannot say that they are going to continue spending more money because they know that if they

had more revenue they would not have the troubles they have. That is what the government is saying. The government says, "We would really have no problem if we had more revenue." I can say to members opposite that no one would have problems then. The argument being used that it is because there is a drop in revenue and, therefore, the government has a deficit is not the whole picture. You have to address the other half of the equation. The other half is that revenues are down, but how does one reduce the call on money? There is no other solution.

Mr. LeBlanc: Reaganomics.

Mr. Epp: The minister can say whatever he wants, but I simply say to him that Canadians have a problem. The government has a $20 billion deficit this year. How is the Liberal government going to address the problem? The minister does not want to. The Liberals want to talk about more revenue. The whole argument the Liberals use is that if Canadians would only pay more taxes and pay more to the government, there would be no problem.

An hon. Member: That is not true.

Mr. Epp: That is exactly what the Minister of Labour said. The government is not addressing the other half of the equation. The other half the government is not addressing is where it should reduce its expenditures. Why is the government not addressing that half of the equation? The government is not addressing it because on many occasions it was able to come to power by certain promises. Now it does not have either the political will or the courage to tell Canadians that the government cannot afford certain programs because of the deficit and that the government must reduce its expenditures. So often the federal government uses the argument about provincial deficits. It says that if the provinces were not into the money markets as deeply, the federal government would not have as great a problem either. I went through the provincial expenditures today and I found that only four provinces in Canada have a provincial budget greater than the $4 billion that was cut today from the borrowing authority because of the amendment of the Right Hon. Leader of the Opposition. There are six provinces in Canada that have a smaller provincial budget than the total amount of money that was cut today in the bill. There is something which Canadians possibly do not recall and which they have probably taken for granted, and that is that we have always had a deficit and that governments have always operated on deficits. I have to give this government credit because in the 14 years this Prime Minister (Mr. Trudeau) has been in power, there was one year the government had a surplus. In 1972 the government had a surplus of $350 million. Therefore, it can be done.

• (2100)

If we take a look at the figures of Statistics Canada, we will see that there are a number of provinces which have surpluses, even now with reduced revenues. For instance, there is Newfoundland, Prince Edward Island, and then Nova Scotia with a $130 million deficit. Also there is a deficit in New Brunswick. Then we come to Quebec, which I want to mention because we often hear hon. members opposite refer to the large deficit of that province. It is large, but the deficit in Quebec is roughly 10 per cent of its total provincial budget. The deficit of the federal government this year against its total expenditures is 25 per cent, yet we hear them ranting and railing about the province of Quebec and its deficit. In my assessment it is too high, but it is 10 per cent of expenditure, and the deficit of the federal government is 25 per cent of expenditure. If hon. members opposite ran their personal accounts this way, how long would they be in business? If they ran their household budgets this way, how long would they be in business?

I agree with the government when it says there are programs to which the Minister of State for Finance (Mr. Bussières) refers as automatic stabilizers. They do ameliorate the shock of the recession to individuals, but I ask the government, when it is asking for the support of Canadians and of the opposition for restraint—and we are supporting Bill C-124, the wage restraint legislation—to show us where it will reduce the deficit, or join us as parliamentarians in examining future expenditures so that we can reduce them before the fact rather than after the fact. Then I believe Canadians would start taking account again of the fact that government is interested in looking after saving and husbanding taxpayers' dollars. At the present time Canadians generally feel that the government knows no limit to spending.

I commend the Hon. Leader of the Opposition for his foresight and for demanding that the borrowing authority be reduced. The government does not need a slush fund. It does not need those extra moneys. I say to the government, "Do not return to the House in four or six months and indicate again that the piggybank is empty; we have no more money, we must borrow some more". We will say, "no" then too.

Some hon. Members: Hear, hear!

Mrs. Erola: Mr. Speaker, I rise on a point of order. I ask the hon. member whether he will answer a question. He suggested that the constituents in my riding have suffered very directly by the spending practices of the government. Is he suggesting that we cut off the $2.5 million which is spent weekly by the government to ensure and protect the incomes of those in my riding?

Mr. Epp: Mr. Speaker, I am glad of the question.

Mrs. Erola: Then answer it.

Mr. Epp: I will, if the minister gives me some time. I will not do like she does in question period. The government has created such a debt load and such high inflation and it has borrowed money internationally and raised interest rates to such a degree that businessmen and women in that riding and in every riding represented in the House have closed their doors. The government has created unemployment to the tune of 1.3 million Canadians. That is its legacy, that is its legacy.

Mr. Blenkarn: Canadians are paying from 3.5 per cent to 4 per cent more for money than are the Americans. That is why they are out of work, and she does not give a damn.

Mrs. Erola: That is why I give a damn. Answer the question.

Mr. Epp: I have answered the question, and those are the reasons exactly.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I am happy to participate in the debate on Bill C-125 to provide supplementary borrowing authority. It was interesting to hear the comments of the hon. member for Provencher (Mr. Epp). He is usually very articulate. I must say that he was attempting to be articulate tonight. I cannot say that I would agree with some of his assertions or indeed his conclusions, but I enjoyed listening to some of his comments. I think he failed to acknowledge the serious problems in the Canadian economy at the present time.

He, more so than most other hon. members opposite and in that particular party, knows that Canada is in a very severe economic recession. Also he is fully aware that unemployment in Canada is extremely high and that unemployment in other countries is also very high. He should be fully aware that the profits of businesses across Canada are at an all-time low. Therefore, the quick fixes and clichés of the Conservative Party of Canada and of the New Democratic Party are not suitable to present economic circumstances.

I would like tonight to dwell upon some of the expenditures of the Government of Canada in my constituency. Earlier today we heard the hon. member for Fundy-Royal (Mr. Corbett) allude to the misgivings or the lack of political will of the Minister of Fisheries and Oceans (Mr. LeBlanc). I want to explain to the House, to the galleries and indeed to Canadians in general that there are expenditures under the budget and under the government's economic plan which are taking place in my constituency, which unfortunately has one of the highest, if not the highest, unemployment rates in the country.

Mr. Riis: Resign.

Mr. Dingwall: I will come back to the comment of that hon. member of the New Democratic Party. There are expenditures about which I think Canadians ought to know. They ought to know that there are legitimate expenditures which are needed to provide an economic base for some smaller rural communities across the country.

The hon. member for Fundy-Royal used very uncomplimentary language against the Minister of Fisheries and Oceans. When I listened to him I could not help but think about the moneys which were provided in my constituency for small craft harbours. I am thinking of the community of South Bar, an area which is very dear to my heart. Since 1947 it has attempted to obtain facilities to improve docking and a new wharf. Nothing had taken place until 1981 when this government provided approximately $350,000.

Before that expenditure was made, the former parliamentary secretary to the Minister of Fisheries and Oceans, the hon. member for Egmont (Mr. Henderson), came with me on a fact-finding tour of some ports. He visited that community along with others. His first impressions were: We have to do something. We have to do something immediately, because for more than 25 years 20 full-time fishermen have been attempting to get a facility which they could use to take in their catch, sell their fish and make a living. Their livelihood does not consist of making in excess of tens or hundreds of thousands of dollars; it is a bare living. I believe that Canadians have a right to hear about expenditures such as those made by the Government of Canada.

• (2110)

I listened with interest to the claims made by hon. members opposite about waste and unnecessary expenses. I agree that where there are unnecessary expenses, and I hope and encourage my government in every way I can to terminate those expenses in every possible manner. But this is one instance where the Government of Canada has injected money into a small rural community which would lay dormant in this tough economic recession if it did not receive this money. While I do not wish to bore members opposite, I can give examples of other expenditures, and I think it is important for the record to show them. For example, in another small rural community of Port Morien, $255,000 has been budgeted for breakwater repairs. In the municipal community of Glace Bay there are more than 60 full-time fishermen who receive about $250,000 for the dredging of the channel.

Mr. Blackburn: Tell us about Sysco.

Mr. Dingwall: I presume that the Conservative Party and the New Democratic Party would advise cutting the expenses of those three communities. What about Barrachois Cove in New Waterford which has been budgeted for $180,000? The town of Louisbourg also has a wharf. Other small communities who have very productive people in them are False Bay Beach, Main-à-Dieu, and Chapel Cove. I repeat that these people are very productive because the opposition occasionally likes to give Canadians the impression that by making these expenditures in these small rural communities the recipients of that money somehow do not deserve it. They suggest that we should make cuts in those areas. I suggest the complete opposite, and I have complete confidence in the Minister of Fisheries and Oceans and the plans which he has introduced in the recent budget for additional expenditures under small crafts and harbours. I believe that all hon. members, particularly from my province of Nova Scotia, should applaud and encourage the Minister of Fisheries and Oceans to make those expenditures because they are very worth while and they add to the recovery of the Canadian economy.

Moneys have also been allotted for fishing vessel subsidies in my constituency. Approximately $318,000 has been budgeted over the last number of years to fishermen who are building boats in my area. I believe this is absolutely essential.

The Cape Breton Development Corporation, which is a Crown corporation in my riding that services all of Cape Breton, employs approximately 4,800 people. If one were to

heed the suggestions of the Conservative Party of Canada, I suppose that Crown corporation would be scrapped too. They would want to put it out of existence and place 4,800 miners on the unemployment rolls.

Thank God the Conservatives were only in power for nine months, because while they had trouble making decisions, they did decide in one instance not to support the capital expenditure program of the Cape Breton Development Corporation. I am happy to inform you, Mr. Speaker, that my government has honoured all its commitments and is contributing to the capital expenditure program of that Crown corporation.

The Conservative Party of Canada seems to allege that, for some reason, the Crown corporation in that area which has chronic unemployment should not receive any financial assistance. I disagree wholeheartedly with that suggestion. The Minister of Industry, Trade and Commerce (Mr. Gray) is in the House tonight. He has shown very active interest in that corporation. He is aware of the good work that the corporation has done in the past and he is extremely hopeful, as I am, that it will do even better work in the future. I am sure that he would want to join me in encouraging that Crown corporation to strive for the goal of making a profit. All corporations go through trying times in their infancy stage. Certainly, that corporation has had its share of ups and downs. I am hopeful that the corporation will see a turn around in the ensuing years so that the coal mining industry in my constituency will become a very profitable one. The 4,800 miners, those to whom the Conservatives made no commitment in terms of capital expenditure, are very proud people and are working hand in hand with management to achieve that goal.

The New Democratic Party to the left of the Conservative Party made reference to the "Sydney Steel Corporation". Members of that party are famous not only in my constituency—where we will never hear from them again—but across the country for not doing their homework and research. Those members of the NDP make wild, foolish and idiotic statements. The fact is that Sydney Steel Corporation has received funding. The Minister of Industry, Trade and Commerce is here tonight. He played a very important role in providing moneys to the Sydney Steel Corporation. We waited, listened to the Government of Nova Scotia and the unions involved who devised a business plan for the modernization of Sydney Steel, and then presented it to the Government of Canada. We approved the business plan in principle and provided in excess of $90 million toward the success of that plan. Therefore, when the NDP talks about a lack of commitment or insufficient funds for Sysco they should realize that the government has provided substantial moneys to that Crown corporation, which is owned by the provincial government. I say with regret that the members of the NDP are wrong as usual, although there are certain hon. members in that party who deserve the title of being honourable and are perhaps correct in their facts from time to time. The fact is that it is necessary for the Government of Canada to provide those expenditures.

However, the Conservative Party could not make up its mind when it was in power nine months ago. Those members did not know which way to turn. I know that they would have turned thumbs down to the steelworkers of industrial Cape Breton. They would not have provided the funding to the Sydney Steel Corporation. They would not have forced the Government of Nova Scotia to be co-operative with the unions in developing a business plan. They would have turned thumbs down.

Another legitimate and reasonable expenditure of the Government of Canada has been the substantial amount provided by Canada Mortgage and Housing to my constituency. Of course, the Conservatives would have slashed that. The Conservatives would say to the municipalities of Dominion, New Waterford, Glace Bay, Cape Breton County and the town of Louisbourg that the money that the government has earmarked for those residents under the RRAP program to make renovations to their homes are somehow not legitimate expenditures. Somehow those Canadians who live in rural areas of chronic unemployment ought not to receive that type of money. My government does not believe in that philosophy. We have provided a substantial amount of money, in excess of $15 million, in fact, which is a very sizeable amount indeed. Wherever the Conservative members stand, and they are all over the map as we know, when they rise in the House to condemn expenditures, they ought to look at them all and clearly tell the people across Canada what they do not want, instead of just generalizing, because the Government of Canada has provided money for legitimate and reasonable expenditures. Take senior citizens' units, for example. Are we to deny accommodation to senior citizens? Are we to do that as a government, as a Parliament? My government has provided 55 new units in the Town of Glace Bay and 16 new units in a community in Richmond County called L'Ardoisé. I think they are sizeable expenditures.

• (2120)

Mrs. Mitchell: Tell us about poverty.

Mr. Dingwall: I do not question the amount, but I become somewhat irritated when the Conservative Party stands and says that the budget, the expenditure plan of the government, is all wrong. Those two communities appreciate the assistance and look forward to receiving additional moneys to build more units for senior citizens. I, for one, as the Member of Parliament for that riding, will continue to work to get additional moneys for units for senior citizens in all municipalities in my constituency. Over a million dollars has been provided for rural and native housing in my constituency. Sizeable amounts of money have been provided under the Canadian Home Insulation Program for 1980-82; in fact, in excess of $1.5 million. Over 5,100 units have benefited from the home insultation program in my constituency. I believe that if hon. members would disregard the political rhetoric that they expound from time to time, they would recognize that that particular program has gone a long way toward meeting one of the objectives of the National Energy Program, that is, conserving energy. Why should Canadians, whether they live in eastern Canada or in western Canada, from such a program

not benefit to achieve such a goal? I do not see anything unreasonable or illegitimate about such an expenditure. However, the Conservative Party would lead Canadians to believe that those expenditures, too, are unreasonable.

Mr. Hnatyshyn: You brought the west to its knees.

Mr. Dingwall: Of course, the Department of Regional Industrial Expansion has been very instrumental in providing assistance to my constituency. It has provided moneys for a new coal reclamation plant in a community known as Scotch Village, but I guess that if one is a Tory, one of the blue boys—

Mr. Huntington: You built a hotel in Windsor.

Mr. Dingwall: —one does not put money into programs or give any money to create jobs in those small communities across Canada which are suffering greatly from the rough economic situation we are in at the present time.

Concerning the ILAP program, I know hon. members opposite in the New Democratic Party have criticized—

Mr. Deans: Of course. Only where you were wrong.

Mr. Dingwall: —the functioning of that particular program. I think that real question or the real test is to ask the individuals who have benefited from that program whether it has been a success. Yes, there were problems in terms of initially getting off the ground. But it is now functioning and has provided money to create many jobs. As I said, money has been provided for the coal reclamation plant in the community of Scotch Village. Money has been provided for the Haak Mining Equipment Company Limited, which is a manufacturing outlet in my constituency. Sizeable amounts of money have been provided. But I guess that if one is a Tory, one says, "no" to that. One does not put any money into job-creation, none whatsoever. That is the Tory philosophy and practice. That is what the Tories would do for those small communities outside the major urban areas of Ontario and Quebec.

What about the Department of Transport? What expenditures has the government made over the past number of years and, more recently, over the past number of months, to provide economic benefits to my community? It has incurred some very legitimate and necessary expenses. It has provided in excess of $3 million through the Minister of Transport (Mr. Pepin) for renovations and improvements to the airport in my constituency. I think that was legitimate and necessary. I think the employees of that particular airport, and the people who use that facility, know that it was needed and appreciate the fact that the Government of Canada has made that particular expenditure. I applaud the Minister of Transport for finding those funds.

The hon. member for Provencher (Mr. Epp), who just left the House, referred to some of the provincial deficits and I agree that some of them are very high. But one thing that comes to mind in terms of provincial governments is the highway strengthening agreement whereby the Government of Canada embarked upon a program with provincial governments to upgrade highways. Some may feel that if all the roads in Toronto, Montreal or Vancouver were paved, we would not have to worry about the rural areas of the country. However, my party is not of that viewpoint. In fact, under the recent agreement signed with the Province of Nova Scotia, my government has provided $7 million to upgrade an existing highway in my constituency, route 104, which is badly in need of repairs. I do not think that expenditure is illegitimate, unreasonable or wasteful. I think it is absolutely necessary. If one were to talk to the residents or business people along that particular highway, or to the truck drivers who utilize it, they would all say that it is a very legitimate expenditure. I know that the hon. member for Halifax West (Mr. Crosby) would agree that it is a legitimate expenditure, as there are rural communities in his riding.

Mr. Crosby: We have them all paved.

Mr. Dingwall: Of course, there is a certain element known as right-wing Tories who are trying to move in on the leader and take over, but I do not know if it will work. I guess we will know in January.

Those expenditures are essential to that community. Of course, the Secretary of State (Mr. Regan)—

Mr. Hnatyshyn: A very great man.

Mr. Dingwall: I want to go on record as agreeing with the hon. member, the former minister of energy, mines and resources in the Conservative government, that he is a great minister, and I am glad he has said that tonight. He is a superb individual. He provided moneys to the Glace Bay Miners' Museum. I guess the Tories and the NDP would agree with this one. When the moneys were made available to that museum—

Mrs. Mitchell: We are not like the Tories.

Mr. Dingwall: You are not like the Tories? Well, in a minute I will respond to the hon. member, who says that the NDP are not like the Tories, because both of you are painted with the same brush and you will go down the tubes together on this one.

The moneys were donated to the Glace Bay Miners' Museum by the Secretary of State (Mr. Regan), $500,000, for the reconstruction of the miners' museum which was burnt down. I guess the Conservative Party of Canada will stand here, either tonight or some time later in the debate, and say that that expenditure was no good, that it was not a wise expenditure. I think the NDP would perhaps agree with me that it was a wise expenditure.

Some hon. Members: Hear, hear!

Mr. Dingwall: It was a legitimate expenditure and was needed to protect, encourage and promote the cultural values of the mining communities of industrial Cape Breton. The Secretary of State (Mr. Regan) ought to be applauded for that.

• (2130)

The Conservative Party would say no to the senior citizens of this country. They would absolutely freeze them out. We saw that in December 1979 when they tried to perpetrate a budget on this country. They could say that under Health and Welfare Canada moneys provided under the New Horizons Programs is not a legitimate expenditure.

Would they say that the moneys provided to the MacDonald Street complex, the L'Ardoisé Jolly Club, the New Waterford Senior Citizens Club, the Valleyview Senior Citizens, the Daley Heights Senior Citizens, the Mira Manor, and the Donkin Senior Citizens Club are illegitimate expenses, unreasonable and wasteful?

When you listen to the Tory rhetoric, it is absolutely incredible. All they are doing in this debate is standing in their places and fudging the facts. They have no alternatives, no solutions, absolutely nothing.

More expenditures were made under the Health and Welfare New Horizons; the Golden Years Club of Kennedy Drive, the Senior Citizens of Glace Bay, The Bay Side Senior Citizens Club in Port Morien, the Saint Eugene's Catholic Women's League, at Dominion, Miller Manor New Horizons Club in the town of Dominion. All these expenditures were made. I should explain to those in the gallery and to the Canadian people that these expenditures were not enormous sums of money, such as $300,000 or $500,000. They were approximately $2,000 to $3,500. However, the Conservative Party of Canada would say to the Canadian people that expenditures of that nature are unreasonable and wasteful. This government disagrees with that and will continue to support our senior citizens and the New Horizons Program.

In my opening remarks I alluded to the fact that unfortunately my constituency suffers from high unemployment. I guess if you share the view of the Conservative Party, you would cut out unemployment insurance. I happen to agree with the principle of unemployment insurance. I think it is needed. Good economic times have never brought thousands of jobs to my constituency. There are no easy answers to regional disparity, despite what the members of the Conservative Party and NDP try to make us believe.

For example, in terms of providing money to create summer employment, this summer the government has provided in excess of $415,000 under that program for the youth of my constituency.

Mr. Crosby: The Liberal youth of your constituency.

Mr. Dingwall: The hon. member for Halifax West (Mr. Crosby) and the hon. member for Provencher (Mr. Epp) would freeze out the youth of this country, saying they do not need that money. Our government's response to that is to provide some moneys.

I wish I could have received much more money. Next year I will work twice as hard to obtain even more money so that all the young people in my constituency will be working. The Conservative Party of Canada would cut that out. They would prefer to see those young people walking the streets, doing absolutely nothing.

Under the Canada Community Development Program, in excess of $4 million has been provided to my constituency. Granted, these are short-term jobs. There is no question of that, but it will provide in excess of 1,300 jobs. That is what the Minister of Manpower and Immigration (Mr. Axworthy) has done through the Canada Community Development Program.

One of the major objectives of this government in 1980 was the decentralization program. Two decentralization moves have occurred, but not in my constituency. I am hoping to get some at some point in time.

Mr. Deans: How much do you want?

Mr. Dingwall: The NDP ask how much do I want. I want to help my people. That is my job. My job is not to collect a salary and then walk away from the Miscellaneous Estimates Committee and not provide any meaningful input. My job is to fight for my constituents to obtain jobs and to assist them as much as I can. We know where the NDP are at.

Two decentralization moves have taken place, the citizenship branch of the Department of Secretary of State and the incomes security branch of the Department of National Health and Welfare. Both have provided jobs in industrial Cape Breton.

I do not think hon. members are serious when they say that should not happen. That is terrible. It is unbelievable that the Conservative Party would say that decentralization should not take place in an area that has chronic unemployment. The NDP are also against decentralization in an area that has sustained high and chronic unemployment. That is absolutely incredible, absolutely terrible that those two parties would be against decentralization.

We have provided moneys to the Department of Energy, Mines and Resources for a coalmining research laboratory and a coal liquefaction projection that is under way, a coal water fuel project. All of these projects will involve more than $7 million. They are very wise expenditures, legitimate and necessary. The NDP have clearly stated their position when it comes to job creation. There is no doubt in anyone's mind where they stand. They are like the Tories, talking out of both sides of their mouth.

We have an industry in this country which has to make tough economic decisions. Those decisions will have to be made in the very near future. I refer to the nuclear industry. I can refer to two heavy water plants which years ago were referred to in the media as disasters, a complete financial burden to the taxpayer that would never become productive. One of those heavy water plants is in Glace Bay in my constituency, and one is in Port Hawkesbury. Those two heavy water plants employ 718 people.

The New Democratic Party, the great pretenders so far as the working man is concerned, are also the great pretenders that they want to encourage jobs and have more Canadians

working. Where do the hon. member for Winnipeg North (Mr. Orlikow) in particular and the hon. member for Vancouver Quadra (Mr. Clarke), stand with regard to the nuclear industry? He said in the House that he agreed with the resolution passed by his party condemning the nuclear industry and proposing that we rid ourselves of it, but he is also on record as saying that if he were in power he would close those two heavy water plants tomorrow and put 718 employees out of work. That is where the NDP stands when it comes to jobs.

● (2140)

Members of the NDP talk out of both sides of their mouths. In the next number of months when decisions have to be made on the future of heavy water plants the workers will have only one party to which they can turn. The Conservative Party is not innocent in this respect either, but if those workers lose their jobs, they will know the New Democratic Party has been leading the lobby and leading the charge. Members of the New Democratic Party are aiding and abetting. Their sole function, particularly in hard economic times like this, is to promote, profit from and live off gloom and doom. That is the role of members of the New Democratic Party.

Mr. Riis: You are an embarrassment to this House. You make it embarrassing to be a Member of Parliament.

Mr. Dingwall: In an election campaign anyone can say, "Give more money to Sydney Steel," "Give more money to DEVCO," and "We will increase pensions, not by $35, but by $40". Anyone can do that when not in power. When one does not have responsibility, it is quite easy to do that. We know where the New Democratic Party stands.

The Conservative Party would close heavy water plants too, if it had a chance. Members of the Conservative Party would close them tomorrow. I do not think the Leader of the Opposition (Mr. Clark) will have a chance to get into power, but that depends on what happens in January and subsequently. The Conservatives do not have one policy. They had a policy convention here not too long ago which produced one resolution: not to have any other resolutions. The Conservatives have no energy policy. They have no policy for senior citizens. They have no policy for DRIE or for job creation. They sit, wait, criticize and live off the gloom and doom they spread in these tough economic times. That is their policy. That is where they are coming from. I think the Canadian people have judged them extremely well. They gave the Conservatives only nine months in office. I doubt that the Conservatives will ever get that opportunity again, but we must think about possibilities—not probabilities—and if elected again, I think they would last even less than nine months.

I have attempted to outline tonight where the New Democratic Party stands on job creation and where the Conservative Party stands on all the major issues. They have no policies or alternatives. I have tried to do this because hon. members opposite have used the time of the House to argue to the Canadian people that somehow all the expenditures contained in the budget and in the expenditure plan of the government are wasteful, irresponsible and illegitimate. I defy a Conservative Member of Parliament or a New Democratic Party Member of Parliament to stand in this House and object to the moneys which are being spent in my constituency.

I see that the right hon. Leader of the Opposition is at the back of the chamber. In his opening remarks in this debate he referred to the Minister of Finance (Mr. MacEachen) as being a designated hitter. According to the warped ideology of the Leader of the Opposition and his warped way of coming to conclusions, the minister has three strikes and he is out. There is only one party which is out. The Progressive Conservative Party of Canada was out on December 13, 1979. There is only one man in this House who will be out, and that will happen in January.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Order, please. It being 9.45 o'clock, pursuant to order made earlier this day, it is my duty to interrupt the proceedings and to put forthwith every question necessary to dispose of the bill now before the House.

The question is on the motion of the Minister of State for Finance (Mr. Bussières). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

The House divided on the motion, which was agreed to on the following division:

(*Division No. 232*)

YEAS

Messrs.

Allmand	Blaker	Campbell (LaSalle)
Appolloni (Mrs.)	Bloomfield	Campbell (Cardigan)
Axworthy	Bockstael	Chénier
Bachand	Bossy	Chrétien
Baker (Gander-Twillingate)	Bujold	Collenette
Beauchamp-Niquet (Mrs.)	Burghardt	Corbin
Bégin (Miss)	Bussières	Corriveau
Berger	Caccia	Cosgrove
Blais	Campbell (Miss) (South West Nova)	Côté (Mrs.)

Messrs.

Cousineau	Henderson	Marceau
Cullen	Herbert	Massé
Cyr	Hervieux-Payette (Mrs.)	Masters
Dawson	Hopkins	McCauley
De Bané	Hudecki	McRae
de Corneille	Irwin	Nicholson (Miss)
Demers	Isabelle	Olivier
Deniger	Johnston	Ostiguy
Desmarais	Joyal	Ouellet
Dingwall	Kaplan	Parent
Dion	Kelly	Penner
Dionne (Chicoutimi)	Killens (Mrs.)	Pepin
Dubois	Lachance	Peterson
Dupont	Lajoie	Pinard
Dupras	Lalonde	Portelance
Erola (Mrs.)	Lamontagne	Prud'homme
Ethier	Landers	Regan
Evans	Lang	Reid (Kenora-Rainy River)
Ferguson	Lapierre	Roberts
Fisher	Lapointe (Charlevoix)	Robinson (Etobicoke-Lakeshore)
Fleming	Lapointe (Beauce)	Rompkey
Flis	LeBlanc	Rossi
Foster	Leduc	Savard
Fox	Lefebvre	Schroder
Francis	Loiselle	Smith
Frith	Lumley	Tardif
Garant	MacBain	Tessier
Gauthier	MacEachen	Tobin
Gendron	MacGuigan	Tousignant
Gimaïel	Mackasey	Trudeau
Gingras	MacLaren	Turner
Gourde (Lévis)	MacLellan	Veillette
Gray	Malépart	Watson
Guilbault	Maltais	Weatherhead
Harquail		Yanakis—131.

NAYS

Messrs.

Althouse	Gass	Mitchell (Mrs.)
Andre	Gilchrist	Mitges
Anguish	Gurbin	Munro (Esquimalt-Saanich)
Baker (Nepean-Carleton)	Gustafson	Murphy
Beatty	Halliday	Neil
Benjamin	Hamilton (Swift Current-Maple Creek)	Nickerson
Blackburn	Hargrave	Nielsen
Blaikie	Hawkes	Nowlan
Blenkarn	Heap	Nystrom
Bradley	Hees	Ogle
Cardiff	Hnatyshyn	Paproski
Carney (Miss)	Howie	Parker
Clark (Yellowhead)	Huntington	Reid (St. Catharines)
Cook	Kempling	Riis
Cooper	King	Robinson (Burnaby)
Corbett	Knowles	Roche
Crombie	Korchinski	Rose
Crosby (Halifax West)	Kristiansen	Sargeant
Crouse	Lambert	Scott (Hamilton-Wentworth)
Dantzer	La Salle	Shields
Darling	Lawrence	Siddon
Deans	Lewis	Skelly
de Jong	MacDonald (Miss)	Stewart
Dinsdale	Manly	Taylor
Ellis	Mayer	Thacker
Elzinga	Mazankowski	Towers
Epp	McCain	Wenman
Fennell	McCuish	Wilson
Forrestall	McGrath	Wise
Fraser	McKinnon	Wright
Fretz	McKnight	Young—96.
Gamble	McLean	
	McMillan	

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and the House went into committee thereon—Mr. Blaker in the chair.

Supplementary Borrowing Authority

The Assistant Deputy Chairman: The House in committee of the whole on Bill C-125, an Act to provide supplementary borrowing authority.

On Clause 2—

Mr. Bussières: Mr. Chairman, in accordance with the profitable negotiations held earlier today and handled so very skillfully by the President of the Privy Council (Mr. Pinard), I move, seconded by the government House leader and President of the Privy Council:

That Bill C-125 be amended by deleting line 14 on page 1 and substituting the following therefor:

"exceeding in the whole, seven billion dollars,"

[*English*]

The Assistant Deputy Chairman: Hon. members have heard the amendment. Shall the amendment carry?

Some hon. Members: Carried.

Clause 2 as amended agreed to.

Clause 1 agreed to.

Title agreed to.

The Assistant Deputy Chairman: Shall the bill carry?

Some hon. Members: On division.

Bill reported.

Mr. Bussières moved that the bill as amended be concurred in.

Madam Speaker: Shall the motion carry?

Some hon. Members: On division.

Motion agreed to.

Hon. Pierre Bussières (Minister of State (Finance)) moved that the bill be read the third time and do pass.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: All those in favour please say yea.

Some hon. Members: Yea.

Madam Speaker: All those opposed please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five members having risen:

The House divided on the motion which was agreed to on the following division:

Supplementary Borrowing Authority

(Division No. 233)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dubois
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Savard
Schroder
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Yanakis—131.

NAYS

Messrs.

Althouse
Andre
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Benjamin
Blackburn
Blaikie
Blenkarn
Bradley
Cardiff
Carney (Miss)
Clark (Yellowhead)
Cook
Cooper
Corbett
Crombie
Crosby (Halifax West)
Crouse
Dantzer
Darling
Deans
de Jong
Dinsdale
Ellis
Elzinga
Epp
Fennell
Forrestall
Fraser
Fretz
Gamble
Gass
Gilchrist
Gurbin
Gustafson
Halliday
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Heap
Hees
Hnatyshyn
Howie
Huntington
Kempling
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence
Lewis
MacDonald (Miss)
Manly
Mayer
Mazankowski
McCain
McCuish
McGrath
McKinnon
McKnight
McMillan
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Ogle
Paproski
Parker
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Rose
Sargeant
Scott (Hamilton-Wentworth)
Shields
Siddon
Skelly
Stewart
Taylor
Thacker
Towers
Wenman
Wilson
Wise
Wright
Young—94.

Madam Speaker: I declare the motion carried.

Motion agreed to and bill read the third time and passed.

[*Translation*]

Madam Speaker: It being past ten o'clock, the House stands adjourned until tomorrow at 11 a.m., pursuant to the provisions of Standing Order 2(1).

At 10.26 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, July 23, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

SMALL BUSINESS

REDUCTION IN INTEREST RATES URGED—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, small businesses across Canada are being forced into bankruptcy because of high interest rates. I therefore move, seconded by the hon. member for Erie (Mr. Fretz):

That the government immediately introduce one part of its budget puffery, that is the plan that will allow a 4 per cent reduction in interest rates for our small businesses.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

POTATO INSPECTION CHARGE—DEMAND THAT INCREASE BE ROLLED BACK—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, I too rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. On Monday, July 19, the Minister of Agriculture (Mr. Whelan) announced an increase in the inspection charge for potato table stock exports from $6 a carload to eight cents per hundredweight, an increase of 1,200 per cent. Then on Tuesday, July 20, the President of the Treasury Board (Mr. Johnston) announced that the price restraint in the federal public sector will apply to all prices established under federal jurisdiction. Any increase higher than the 6 per cent ceiling which was not implemented before June 28 will be rolled back. Therefore I move, seconded by the hon. member for Erie (Mr. Fretz):

That this House demands that the President of the Treasury Board review this 1,200 per cent increase and apply the 6 per cent limit that is now government policy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MEDICAL CARE

TWENTIETH ANNIVERSARY OF INTRODUCTION IN SASKATCHEWAN—MOTION UNDER S.O. 43

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Twenty years ago today, July 23, 1962, the Saskatoon Agreement was signed between the Saskatchewan NDP government represented by the late Premier W. C. Lloyd, by Bill Davies, then minister of health, by Allan Blakeney, chief negotiator, and the College of Physicians and Surgeons of Saskatchewan represented by Dr. H. Dalgleish. With this agreement the first universal prepaid compulsory medicare program came into existence in North America.

Today, as the principles of medicare are under attack from many directions, I move, seconded by the hon. member for Regina West (Mr. Benjamin):

That this House dedicate itself in a new and firm resolution to protect this great social institution and pay tribute to Tommy Douglas, father of medicare, Lord Taylor, arbitrator of the dispute in 1962, and Bob Von Pilis who personally showed me and others the value of the long haul.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

BANKS AND BANKING

SUGGESTION INTEREST RATES BE ALLOWED TO FALL—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Bank of Canada rate drop of 57 basis points yesterday was measly. Over the past three weeks interest rates in the United States have dropped a full 3 per cent while interest rates in Canada have dropped barely one per cent. Our interest rates are now over 4 per cent above American rates. I therefore move, seconded by the hon. member for Annapolis Valley-Hants (Mr. Nowlan):

S.O. 43

That this House direct the Bank of Canada to cease interfering in the money markets and allow our interest rates to fall in accordance with American interest rates so our businesses can enjoy the same interest costs as competing American businesses.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1110)

* * *

HOUSE OF COMMONS

ATTENDANCE OF MINISTERS DURING QUESTION PERIOD—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, it is noted that the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. MacEachen) have met at least three times with the heavyweights from business and labour at the same time as question period was being conducted in the House. We recognize that these meetings are important, but it is the scheduling that we question. Given that there is quite frequently a lack of presence of ministers and of the Prime Minister in the House during question period, as evidenced here today, I move, seconded by the hon. member for Peace River (Mr. Cooper):

That meetings with business and labour leaders be held before a budget is brought in and, second, that those meetings not be held during question period as it is the time when backbenchers ask important questions of the Prime Minister and cabinet ministers, on behalf of their constituents.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PETRO-CANADA

INVESTMENT ABROAD—MOTION UNDER S.O. 43

Mr. Scott Fennell (Ontario): Madam Speaker, in view of the fact that Petro-Canada is providing funds for speculation in a foreign country with no guarantee of returns, when the economic situation in this country is in such dire straits, I move, seconded by the hon. member for Peace River (Mr. Cooper):

That the government be condemned for allowing this type of expenditure by a Crown corporation when there are presently 1.5 million Canadians unemployed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

SUGGESTED COMPOSITION OF COMMITTEE TO ADVISE PRIME MINISTER—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I, too, rise under the provisions of Standing Order 43. Since the Minister of Finance (Mr. MacEachen) has instituted a blue ribbon committee, a stable of $500,000 a year corporate executives from Bell, CPR and Power Corporation, to help force down wage increases, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That this House demand the establishment of a parallel committee composed of the victims of Liberal economic policies, to include an unemployed steel worker from Cape Breton who cannot keep up with his mortgage payments, a bankrupt businessman from Saskatchewan, a retired public servant from Alberta, a dispossessed dirt farmer from Ontario, a logger from B.C. whose unemployment insurance has run out, plus a delegate from the 100,000 manufacturing workers whose jobs have disappeared forever in the last six months in the province of Quebec, and that this committee be charged with the responsibility of telling the PM what it is really like out there, and be henceforth and forever more known as Canada's black and blue ribbon committee.

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

CONDEMNATION OF COMMITTEE DECISION—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I also rise under the provisions of Standing Order 43. In view of the fact that no more witnesses will be permitted to speak to Bill C-124 before the Miscellaneous Estimates Committee, effectively muzzling special interest groups, such as women's groups, which will suffer dramatically as a result of the bill, I move seconded by the hon. member for Beaches (Mr. Young):

That the government be condemned for making a mockery of the democratic process to which Canadian citizens are entitled and for railroading regressive legislation which directly impinges on the basic rights of workers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ENVIRONMENTAL AFFAIRS

DEMAND THAT MINISTER TABLE UNITED STATES REPORT—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That the Minister of the Environment be instructed by this House to table immediately all of the report he received some two weeks ago from the U.S. Environmental Protection Agency, which recommended the repopulation of the Love Canada chemical dump site, which would have grave consequences for the Niagara River and Lake Ontario, and that he be censured for hiding this serious document from the eyes of Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

NEW WATER MILL TECHNOLOGY—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I, too, rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that a new water-mill technology has been produced by a small firm in Dartmouth, Nova Scotia, called Nova Energy Limited, under contracts managed by the National Research Council, and whereas this technology, known as the vertical axis water turbine, eliminates the need for dams to produce hydroelectric power, and since the construction of dams has ruined entire river systems, caused the extermination of migratory fish species, changed the weather, and flooded good farm and forest lands, I move, seconded by the hon. member for Mission-Port Moody (Mr. Rose):

That this House express its unanimous support for the National Research Council and Nova Energy Limited in this environmental, economic and energy breakthrough, which could well make Canada a world leader in water-mill technology.

I am sure the Minister of Energy, Mines and Resources (Mr. Lalonde) would like to support this motion as well.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1115)

ORAL QUESTION PERIOD

[*English*]

TRANSPORT

INQUIRY RESPECTING DECISION ON ASSISTANCE FOR MAISLIN TRUCKING COMPANY

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I was told that both the Prime Minister and the Minister of Industry, Trade and Commerce were to be here today. In their absence, unfortunately, I will have to direct my question to the Acting Prime Minister. My question is a serious one. Has the government decided to aid Maislin Trucking? If so, is that assistance to be direct assistance, a loan guarantee, or a letter of comfort?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am thankful to the hon. member for his reference to an "unfortunate" situation. I am on the committee that is dealing with the Maislin case. No decision has yet been made.

REASONS FOR CONSIDERING ASSISTANCE

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my supplementary question is also directed to the Acting Prime Minister. The government is preaching restraint and wants Canadians to go on a crusade of frugality. Can the minister give a short, simple explanation of why any consideration is being given to the Maislin situation, in view of the fact that there are a multitude of service industries across the country that are in dire straits? What incentive is there for them and their managers to try to be efficient and stay above water when it appears the government's criteria are going to be inefficiency and bankruptcy?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I already mentioned that the interest of the government in helping Maislin would be essentially the maintenance of employment in Quebec in particular, and the maintenance of a service between Canada and the United States which, in my view, is rather important in terms of the economic relationship between the two countries. Again, no decisions have yet been made. When a decision is made, favourable or unfavourable, a full explanation will be provided.

INQUIRY RESPECTING POLITICAL PRESSURE

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, will the Acting Prime Minister, in his sometimes frank way, please come clean with the House of Commons and the people of Canada and admit that the real reason consideration is being given for this perversion of the ILAP program is political pressure from his political friends?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, a number of companies in Canada—I will not list

them—have been helped by the Government of Canada in recent months.

Mr. Nowlan: Services industries?

Mr. Pepin: In all sectors. Therefore I do not see why my friend should conclude, before the decision is made, that it was motivated by unacceptable considerations.

* * *

AVIATION INDUSTRY

EUROPEAN AIRBUS NEGOTIATIONS—REQUEST THAT SIMILAR ARRANGEMENTS BE MADE WITH BOEING CORPORATION

Hon. Jake Epp (Provencher): Madam Speaker, I wanted to direct my questions to the Prime Minister or the Minister of Industry, Trade and Commerce. In their absence I will direct them to the Acting Prime Minister. Winnipeg and the province of Manitoba have a long history of being involved in the aerospace industry. Despite the personal and corporate actions and decisions to build that industry, in the past Liberal government decisions have in fact seriously jeopardized those developments. I would ask the Acting Prime Minister, with regard to the government's involvement to the extent of $500 million in the Airbus, whether it is offering similar arrangements to Boeing in view of the fact that components for the Boeing 757 and 767 were to be made in Winnipeg as well.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the negotiations between Canada and Airbus Industrie do not mean that Canada is going to isolate itself from other negotiations with United States firms. This negotiation is part of a reassessment of Canada's position in the international air industry which is now going on. My hon. friend should not conclude that we are going to isolate ourselves from the advantages or relationships with the American aircraft industry.

With regard to Winnipeg, I think the record of the government is pretty good. A number of months ago Air Canada, for one, established a major computer facility in Winnipeg. That indicates the recognition of the government that Winnipeg is an important centre in the air industry.

• (1120)

Mr. Epp: Madam Speaker, I say to the Prime Minister, who has entered the Chamber, that every time Winnipeg has been promised a number of jobs, the number of jobs we have received has always been smaller than the number the government promised.

EFFECT OF AIRBUS TRANSPORTATION ON JOBS IN WINNIPEG

Hon. Jake Epp (Provencher): Madam Speaker, I would like to ask the Prime Minister whether the involvement with Airbus will in any way jeopardize jobs at Boeing in Winnipeg, where there are two plants. We have already lost 250 jobs. If the government gets involved in the Airbus deal, will the government ensure that the deal in no way will jeopardize jobs in the aerospace industry in Winnipeg?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the objective is indeed to create more jobs. The announcement by the Minister of Industry, Trade and Commerce in relation to the Airbus negotiations underlined the importance this deal has for the growth of the air industry in the province of Quebec. However, that again is not exclusive. I have indicated one of the things which has been done in Winnipeg by Air Canada in very recent times. The region of Winnipeg will be entitled to bid on all the contracts Canada has with the United States on the military side, for example, in this particular industry, so there is no thought of depriving Winnipeg of its advantages in terms of its capacity to produce in the air industry.

* * *

LABOUR CONDITIONS

GOVERNMENT POLICY ON PAYMENT OF SOCIAL SECURITY BENEFITS

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, my question is directed to the Prime Minister. A year ago there were 855,000 unemployed Canadians. Today there are over 1.3 million unemployed Canadians, attesting to the sacrifices the working people of Canada have made to the economic policies of this Liberal government. In view of the number of workers who will be on welfare over the next few months and years, is it government policy to lay the blame for economic policy failure on the workers of Canada?

In addition, is the Prime Minister deliberately transferring some of the responsibility of the federal government to the municipalities and provinces, which will have to make welfare payments to the 300,000 to 500,000 who will be on welfare over the next year?

Right Hon. P. E. Trudeau (Prime Minister): On the contrary, Madam Speaker. The Minister of Employment and Immigration has been negotiating with the provinces, and even the municipalities concerned, with respect to using some of the job-creation funds provided by the budget to create jobs for these people so that they do not have to go on welfare. The whole purpose of this budgetary measure has been to create jobs to keep people off the welfare rolls.

Mr. Miller: Madam Speaker, there have been many announcements of job-creation programs. There has been speculation that hundreds of thousands of jobs would be created, but in our ridings we have not seen the fruition of those economic policies of the government.

EMPLOYMENT

CREATION OF JOBS IN QUEBEC

Mr. Ted Miller (Nanaimo-Alberni): Madam Speker, I would like to ask the Prime Minister a supplementary question. In April, 60,000 more people in Quebec went on welfare, bringing the total in that province alone to over 300,000. I would like the Prime Minister to outline specifically how many jobs have been created in Quebec as a result of the job-creation policies of the Minister of Employment and Immigration. I would like the Prime Minister to indicate whether any of those job-creation programs are working.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is asking a statistical question when he asks how many jobs have been created. I would be happy to answer that on the order paper, but surely I do not have to recite in this House figures relating to the great many projects the federal government has facilitated in Quebec. A very recent example was the allocation of a contract to a Quebec company, Bombardier, for the building of subway cars for New York City. That will create thousands of jobs. That was brought about solely by the activities of the Minister of State for International Trade in that area.

Some hon. Members: Hear, hear!

* * *

UNEMPLOYMENT INSURANCE

REQUEST FOR EXTENSION OF BENEFITS

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I would like to give the Prime Minister some statistics from my riding. I think many hon. members could do the same with respect to theirs. Ten thousand people in my riding are out of work. A job-creation program called the employment bridging assistance program for forestry workers was promised. We were promised 10,000 jobs in the province of British Columbia. To date in my riding 34 jobs have been created for 10,000 unemployed workers.

• (1125)

Are the Prime Minister and the government prepared to change their economic policies in order to put people back to the meaningful, productive work that is needed in Canada? Failing that, would the Prime Minister consider the 700 people in Port Alberni alone who, in the next two months, are going to be out of unemployment insurance benefits and will have to go on welfare? Will he consider extending UIC benefits for the workers who, up until now, have sacrificed their jobs, and in some cases their homes?

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, the case referred to by the hon. member is a matter of concern to the Department of Employment and Immigration, and as for the agreement with British Columbia, the hon. member must be aware that an agreement has been signed with that province and that we have now reached the stage where we can start hiring workers. In fact, in the next few weeks we hope to be able to hire about 400 workers.

The Department of Employment and Immigration is, of course, looking into this situation where people are terminating their unemployment insurance benefits. The minister is aware of all aspects of the situation and hopes that the various job-creation programs announced in the June budget which will provide employment for workers terminating their unemployment insurance benefits, will remedy the situation.

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PARLIAMENTARY DELEGATION FROM THE REPUBLIC OF KOREA

Madam Speaker: I should like to draw the attention of the House to the presence in our gallery of a parliamentary delegation from the National Assembly of the Republic of Korea, which is led by the Hon. Lee Jong Chan.

Some hon. Members: Hear, hear!

* * *

AIRPORTS

STOPPAGE OF LIGHT AIRCRAFT TRAFFIC AT VANCOUVER ON JULY 1

Hon. John A. Fraser (Vancouver South): Madam Speaker, I have a question for the Minister of Transport. Has he yet received from his officials any explanation for the several hour stoppage of vfr light traffic at Vancouver airport on July 1? This included light planes, helicopters and seaplanes. All traffic was stopped. Has the minister received a report on that incident?

Hon. Jean-Luc Pepin (Minister of Transport): Not yet, Madam Speaker.

Mr. Fraser: I am sorry, Madam Speaker. I did not hear whether the minister said yes or no.

Mr. Pepin: I said not yet.

REQUEST INQUIRY BE HELD INTO REASONS FOR STOPPAGE

Hon. John A. Fraser (Vancouver South): I have a further question for the Minister of Transport, Madam Speaker. The current information in the Vancouver area is to the effect that this happened because air traffic controllers were not available for duty because the Department of Transport refused to pay overtime. I would ask the minister to check into this. Would he

also be prepared to tell the House within the next few days whether this incident has been repeated, and if there are difficulties with respect to payments which could cause severe difficulties in the airport area?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, it indicates how well controlled the department is, that it does not have the money to spend in a casual fashion on overtime. My department is very tightly held at this time. I understand however—

An hon. Member: What about the Airbus?

Mr. Pepin: It is an indication that there is control on government expenditures.

An hon. Member: What about the Airbus?

Mr. Pepin: My friends on the other side ask for greater control on government expenditures every day, and they should be delighted to witness a demonstration of that fact. Be that as it may, as a general proposition—and I am not familiar with the Vancouver situation—money has been found for overtime and the events which took place in Vancouver should not be repeated.

* * *

BANKS AND BANKING

INQUIRY RESPECTING INTRODUCTION OF TRUST COMPANIES LEGISLATION

Hon. Marcel Lambert (Edmonton West): Madam Speaker, my question is directed to the Minister of State for Finance responsible for financial institutions. He will recall that less than two years ago, when the finance committee was discussing the Bank Act, he talked a great deal about a new trust companies act that was just down the road. Despite a number of inquiries in the interval we have not seen a line with regard to the trust company proposals. I think it is high time that the minister offered a reply in that connection. What are the plans with regard to the trust companies? Are they still going to be in the limbo of never-never?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I wish to thank the hon. member for his question. Many people with an interest in the trust company sector share the hon. member's concern and would also like to know what action the government intends to take with respect to revising the statutes governing these financial institutions.

I am happy to inform the hon. member that within the next few days, I shall be making public three documents, including draft legislation, a working paper that will define the concepts underlying the draft legislation, and finally, a short summary of the first two documents, the purpose being to give the parties concerned a chance to discuss these documents between now and this fall, and to enable the government to hear their views before making a final decision on its policy for revising the legislation in question.

• (1130)

REQUEST FOR TABLING OF DOCUMENTS

Hon. Marcel Lambert (Edmonton West): Madam Speaker, I have a supplementary. Does the minister intend to lay these documents on the table of the House before the end of the month and before the summer recess , if we finish our work before the end of the month, and will we be receiving these documents or are they going to be distributed more or less at random?

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I hope the House will be sitting for a few days yet so that I will have an opportunity to table these documents in the House.

* * *

[*English*]

CANADA NON-PROFIT CORPORATIONS ACT

REQUEST THAT LEGISLATION BE RE-DRAFTED

Mr. Albert Cooper (Peace River): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs, and relates to Bill C-10. The minister will know that with the removal of Clauses 114 through 116 of the bill, all we have managed to do is end up making a mess. Therefore, will he consider withdrawing and redrafting this legislation, taking into account the concerns of churches and other religious organizations?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, if the hon. gentleman had allowed the bill to go to committee instead of filibustering it the last time it was before the House—

Some hon. Members: Oh, oh!

Mr. Ouellet: —indeed, appropriate amendments could have been entertained in committee to clarify the situation and allow the churches to be heard.

Mr. Clark: That is a falsehood.

Mr. Epp: You are about as low as they come.

Mr. Ouellet: Unfortunately, the hon. member took a course which prevented us from presenting appropriate amendments.

Mr. Cooper: Madam Speaker, I am sure the minister knows that one speaker hardly constitutes a filibuster, and I happened to be the first one.

Some hon. Members: Hear, hear!

MINISTER'S POSITION

Mr. Albert Cooper (Peace River): Madam Speaker, the minister knows he has already made commitments to universities to change the bill, and he has made commitments to change the bill concerning membership lists. Why will he not do the same thing for churches and religious organizations?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I already undertook to make changes when this bill is before the committee. If the hon. member wants to help the churches, he should allow this bill to go to committee as soon as possible.

* * *

LABOUR RELATIONS

MINISTERS' MEETING WITH CANADIAN LABOUR CONGRESS REPRESENTATIVES

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, my question is for the Prime Minister. Yesterday the Prime Minister and some cabinet colleagues met with more labour union leaders. Press reports seem to indicate that there are two positions, the government's position, and the one being advanced by the unions, namely, exchange controls, spending more money, and maybe increasing the deficit if it does not prove to be stimulative. Will the Prime Minister and his cabinet colleagues continue meeting with the CLC and others, or is there no possibility of reaching an agreement?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on the first part of the question the answer is yes. When we adjourned the meeting yesterday—it was an adjournment and not a breaking off—we did hope to continue discussions. We had, I think, a very important meeting yesterday because we discussed not only the economy but the economic processes quite thoroughly. The CTC recognized very explicitly that the cause of high interest rates in Canada was high interest rates in the United States. That was made very clear in the brief, and they said so very unequivocally. I know the Tory party is not very interested in what the CTC says, but I think the NDP might want to take note of that. Of course the remedy they propose is that we bring in exchange controls so that we can cut ourselves off from the U.S. in so far as the free flow of money is concerned. I think members of the House would know the great difficulties involved in embarking on exchange controls.

I must confess I found it somewhat paradoxical that the CTC would be advising exchange controls—

An hon. Member: CLC.

[*Translation*]

Mr. Trudeau: —the CLC would be in favour of exchange controls, while it is opposed to price and wage controls.

[*English*]

ENVIRONMENTAL AFFAIRS

INTERAGENCY REPORT ON LOVE CANAL HEALTH HAZARDS

Mr. Jim Fulton (Skeena): Madam Speaker, my question is for the Prime Minister. As he knows, or should know, there are increasing levels of dioxin, the most powerful poison known to modern science, leaking into the Great Lakes, particularly Lake Ontario which is the water supply for seven million Canadians and Americans. Right now the Government of Canada is hiding an interagency report in which nine out of the 11 scientists involved confirm that the Love Canal is not safe, thereby creating a serious health hazard for Canadians.

Will the Prime Minister personally look into the reason why the Government of Canada is hiding that report and has done nothing to date to inform Canadians of the position taken by those scientists, and will he endeavour to report back to the House next week on what he finds out about that report?

Mr. Jim Schroder (Parliamentary Secretary to Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, the Minister of the Environment and the Prime Minister view the pollution of the Niagara River and the Great Lakes as a top priority matter, and have voiced their concern to the U.S. in the strongest possible terms. Officials of the minister's department are now looking at this report and in due course we will report to the House.

REQUEST THAT PRIME MINISTER MAKE REPRESENTATIONS TO UNITED STATES PRESIDENT

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Prime Minister in the absence of the Secretary of State for External Affairs. Assemblyman Hinchey, Chairman of the New York State Environment and Conservation Committee, is in the Speaker's gallery today, and he informs me that the U.S. Environmental Protection Agency and the Reagan administration are clearly conspiring, along with Environment Canada, to cover up the health dangers of the Love Canal to both Canadians and Americans.

Will the Prime Minister send a diplomatic note to President Reagan informing him that continued inaction on the Love Canal is at the very least in contravention of the 1978 Great Lakes Water Quality Agreement?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if I understand correctly, the U.S. official who is in the gallery today is accusing Canada and the U.S. of conspiring to cover up. Perhaps I could have him meet with some of the officials of the Department of External Affairs or of the Department of the Environment, because that is a very grave accusation indeed.

Oral Questions

HOUSING

PRESENTATION OF CHEQUE TO HOME BUYER IN EDMONTON

Mr. Peter Elzinga (Pembina): Madam Speaker, my question is for the Minister of Public Works, who has been conducting a public relations campaign throughout Canada in regard to the Canadian ownership stimulation plan. He was in Edmonton on Wednesday and presented a cheque for $3,000 to an applicant. Can he indicate to the House what procedure was followed in the selection of this applicant, and did this applicant go through the routine procedure which all other applicants will have to follow when applying for this funding?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I thank the hon. member for the question. Indeed, I have had the opportunity this week of meeting with five provincial ministers of housing. In addition to speaking about the co-ordination of federal and provincial plans, I took the occasion to highlight the availability of this new plan to young Canadians looking to buy a house for the first time, or to anyone buying a new home, by asking for the opportunity of presenting an actual cheque where the authority has just recently been given to local CMHC offices. I can assure the hon. member that the applicants—there were three presentations, one in Ontario, one in Alberta, and one in British Columbia—applied as did any other applicant, but I would hasten to say that I have learned in the last few days that there have been over 30,000 requests to CMHC offices from coast to coast for this plan. We asked people at random who were close to the city I was visiting for their permission to present cheques to them. They were willing participants, and I indicated that all other people would receive the same treatment.

• (1140)

Mr. Elzinga: Madam Speaker, I appreciate the minister's assurance that this applicant followed the required routine procedure. But it is interesting to note that on Wednesday, when we contacted CMHC in Edmonton, officials there indicated they did not have any application forms, that they had not had any, and would not have any until today or next week at the very earliest. It is obvious that the minister's assurance is not worth very much because the routine procedure was not followed in this case.

PROVISION OF APPLICATION FORMS

Mr. Peter Elzinga (Pembina): Madam Speaker, can the minister assure the House that these application forms will be in CMHC offices across Canada so that all Canadians can apply for grants, not just his Liberal friends?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, of the 30,000 Canadians applying to CMHC offices across Canada, I hope they are all my friends.

Some hon. Members: Oh, oh!

Mr. Clark: Is that a criterion? What a blatant admission of patronage.

Mr. Cosgrove: I do not know what their political affiliation is and I would like to assure the hon. member that political affiliation had no bearing. My recollection is that those who received cheques were employed by some provincial agencies, and they are not Liberal governments. I am confident, by assisting offices and by giving publicity to the grant program, obviously more pressure will be on CMHC to respond as quickly as possible to those 30,000 Canadians. I can assure the hon. gentleman that my intention was to assist CMHC and the proper administration to have them respond as quickly as possible.

CANADA MORTGAGE AND HOUSING CORPORATION RENT INCREASES—REQUEST THAT GOVERNMENT APPLY SIX PER CENT GUIDELINE

Hon. James A. McGrath (St. John's East): Madam Speaker, could the minister responsible for housing advise the House what the position is with regard to CMHC rent increases? For example, according to today's Montreal *Gazette,* CMHC increased rents on 1,700 units in the city of Montreal as of July 1 by 19.2 per cent. Does the government intend to force CMHC to roll back these post-budget increases and force CMHC to hold the line within the 6-5 guideline?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I would draw the hon. members's attention to a news release of the President of the Treasury Board dated July 20, in which the position of the government and all agencies under federal jurisdiction is set out. I would assure the hon. member that any agency or department under my responsibility as minister will comply with government policy. I met with CMHC officials this morning and brought this to their attention. I received their assurance that the government policy will be complied with.

DISPOSITION OF VACANT UNITS

Hon. James A. McGrath (St. John's East): Madam Speaker, I would like to ask the minister responsible for housing a related question. The Mayor of Toronto is talking of changing the bylaws in that city to allow basement apartments. What does the minister intend to do about the 9,537 units currently held by CMHC, 5,700 of which are in his own province of Ontario? Does the minister intend to offer these to the public, or does he intend to have them stay vacant while Canada has an acute housing shortage?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, at any given time Canada Mortgage and Housing Corporation has approximately 20,000 units for disposition under the mortgage insurance fund. At any given time in any province, in any city, the corporation is faced with the practical decision of attempting to sell or rent during that interim period. I am not familiar with the particular case to which the

hon. member has referred, but I can say generally that is a judgment exercised by local officials in local areas. The objective is to recoup the funds from the sale of the property, and if the market is not advantageous then, in the interim, they rent those properties.

PLIGHT OF UNEMPLOYED HOME OWNERS IN MEETING MORTGAGE PAYMENTS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a question for the minister responsible for housing. It seems that many of the problems, in fact, perhaps the majority of them, that come to our attention these days are centred around housing. The minister has a study that shows in April of this year 22,000 home owners defaulted on mortgage payments. That is an increase of 32 per cent over April last year. The primary reason is not interest rates as much as it is unemployment.

Given that none of the programs the minister has in place in any way address themselves to the difficulties in which people find themselves when they are unemployed and cannot meet their commitment to their mortgage, and in the hope that unemployment is a temporary thing, is there any program which the minister can offer to those people to tide them over or help bridge this temporary problem with which they are faced, that will enable them to keep their family home and in some way enable them to make up their payments?

Hon. Paul J. Cosgrove (Minister of Public Works): Yes, Madam Speaker, I would draw the hon. member's attention to the change made in the budget of June 28 which addresses specifically the question of the ability of home owners on renewing their mortgages to meet increased payments as a result of increased interest rates on renewals. I would remind the hon. member that the change in the interest deferral plan is one that now permits any family renewing a mortgage, which is 30 per cent above the family income, to a grant of up to $3,000 to assist in that situation.

I would quarrel with the hon. member when he says in his introduction that none of the initiatives of the government through housing address the question of job-creation.

Mr. Deans: I did not say that.

Mr. Cosgrove: On the contrary, the $400 million newly instituted through this budget toward housing specifically addresses job-creation because that will result from the stimulus provided by these programs and will get housing going.

Mr. Deans: Madam Speaker, would it be possible for the House of Commons to have a hearing program established so that the minister might avail himself of it and improve his ability to hear? I did not say there were no programs to create jobs. I said there were no programs to help those people who are not at the point of renewing their mortgages but are unemployed as a result of government programs, government initiatives—the general economic conditions, if you will.

REQUEST THAT GOVERNMENT ASSIST UNEMPLOYED HOME OWNERS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, again let me address a question to the minister responsible for housing. What about the people not now at the stage of renewing their mortgage who are unemployed, who are out of unemployment insurance benefits, who have to go on welfare and cannot meet their housing payments and are losing their homes? Is there not some way, and could we not find and develop a program to assist those people during this period of economic downturn so they will not lose their homes and therefore will be able to provide decent shelter for themselves and their families?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I did, indeed, hear. I listened very carefully and understood the question of the hon. member. In fact I am encouraged about his concern for employment. I have said many, many times that I wished that he and his party had demonstrated that concern about employment when, in November, for example, $350 million was directed toward a job-employment program to create rental accommodation in this country—

Mr. Deans: What the hell has that got to do with the question, you nitwit?

Mr. Cosgrove: —to provide rental accommodation to people who are the neediest in this country, and to give 180,000 Canadians jobs.

Mr. Deans: You don't understand that people are losing their homes.

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EXTERNAL AFFAIRS

THE TRILATERAL COMMISSION—ROLE AND FUNCTION

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, my question is directed to the Secretary of State for External Affairs. The Trilateral Commission, to the best of my knowledge, is an organization consisting of representatives from North America, Europe and Japan. The Canadian membership includes some current parliamentarians, some ex-parliamentarians, other government officials, and corporate executives. Such an organization, by virtue of its secrecy, the selected nature of its membership and its potential influence on government, incurs suspicion as to its aims and motives. Could the minister inform the House of his assessment of the role of this international body, The Trilateral Commission.

• (1150)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, The Trilateral Commission is indeed a private association, but it is one dedicated to bringing together North America, including both Canada and the United States, Japan, and the European community. The

Government of Canada has sufficient confidence in its activities and in its intentions that we have made small grants to it over the years to facilitate its functioning. From time to time also members of the government have been prepared to consult with them. I would certainly want to dissipate any suggestion that there is anything unwholesome about the organization. I believe it to be public-spirited. Nevertheless it remains a private organization which establishes its own priorities and its own functioning.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF SECRETARY-GENERAL OF THE COMMONWEALTH

Madam Speaker: I ask the House to join with me in recognizing the distinguished presence in our gallery of the Secretary-General of the Commonwealth, Shridath S. Ramphal.

Some hon. Members: Hear, hear!

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INDIAN AFFAIRS

INQUIRY INTO WESTBANK RESERVE CASE—QUERY RESPECTING LEGAL CONSULTATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Minister of Justice will recall that the other day I asked him whether he or his department had been consulted regarding the decision of the Minister of Indian Affairs and Northern Development to reject the unanimous recommendation of a committee of the House that there be a public inquiry into the Westbank Indian Reserve question. He will recall that the minister rejected a public inquiry and opted instead for a secret, private inquiry. The Minister of Justice will have had the time to consult with his officials. Was he consulted, or were his legal officers consulted before that decision was taken?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I have looked into the question, and it was an administrative decision made by the Minister of Indian Affairs and Northern Development, so there was no need for him to consult with officials of the Department of Justice.

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CORPORATE AFFAIRS

INQUIRY INTO CONSOLIDATED COMPUTERS CASE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my supplementary question concerns another inquiry or an area in which the Department of Justice acted. The Department of Justice conducted an inquiry into the question of the Canadian people losing $125 million in the Consolidated Computers case. Will the Minister of Justice tell us whether that inquiry looked exclusively into the question of legal culpability?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I have given some written answers to the hon. member from Nova Scotia who was working on this file; I have written to him. We have looked into whether there was some criminal problem in this operation, and there was not. We had to ensure that we had the most objective answer possible, so we went outside to get counsel to look into the matter. He made a report on the matter, and I informed the hon. member who asked me the question about it. The Department of Justice has done its work.

Mr. Clark: Since the minister referred to an inquiry into a criminal matter, I take it they looked only into the question of legal culpability.

* * *

INDUSTRIAL AND LABOUR ADJUSTMENT PROGRAM

IDENTITY OF INDIVIDUAL ASSESSING APPLICATIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, may I ask the minister responsible for ILAP in the House, at least in so far as it relates to Windsor, whether Mr. John Macdonald Brown is involved in judging ILAP applications and, if so, is this the same John Macdonald Brown who was assigned to ensure that the Consolidated Computers question, on which Canada lost $125 million, would be conducted in an economically viable way? Is this the same man? Is this the person judging ILAP grants? If so, why?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, if I am not mistaken the individual in question is a member of the Enterprise Development Board. He is one of a number of private sector businessmen and officials who carry out the work of the Board.

Mr. Clark: This gentleman has a $125 million track record; that is what he has cost the people of Canada so far.

QUERY RESPECTING MANAGEMENT ABILITIES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, will the minister responsible for ILAP in Windsor tell us whether there has been any inquiry into the management capacity or other capacities of either Mr. Brown or others who were involved in the Consolidated Computers question or—

Mr. Peterson: Don't answer the question, Herb.

Mr. Fisher: You had your chance to stop it. Herb knew how to stop it.

Mr. Clark: —was the report which has been commissioned by the Department of Justice and is being kept secret from Parliament exclusively into legal culpability, and the question of the management ability of the people who lost Canada $125 million was not investigated at all?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the results of inquiries into the Consolidated Computers situation are being taken into account and worked on in the reorganization of various departments. In any event, as has been said before in the House, the situation is one which built up over a period of more than ten years. There was also a series of decisions over a period of ten years. It was a situation which my hon. friend ignored for over nine months, and which this government and I cleaned up.

Mr. Clark: That is a falsehood.

* * *

NATIONAL CAPITAL COMMISSION

REQUEST FOR APPLICATION OF RESTRAINT PROGRAM TO RENTAL POLICY

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Minister of Public Works. It concerns the National Capital Commission. Perhaps he knows that Local 70125 of the Public Service Alliance of Canada leases an office in the Fraser Building on Queen Street in Ottawa. Just recently they received notification of an increase in rent of 25 per cent, on top of an increase last year of 30 per cent. In light of the minister's answer to the hon. member for St. John's East, would the minister assure the House, so that these people may be assured, that the rental policy of the NCC with respect to commercial, residential and other properties will coincide with the 6 per cent and 5 per cent policy of the government?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I have already given that assurance on two occasions in the House. As I have indicated, the policy of the government was set out in a news release of the President of the Treasury Board dated July 20. Also I have indicated that I have advised all departments and agencies reporting to me, and for which I have responsibility in the House, that they are to comply with the government's policy in this regard.

* * *

DISARMAMENT

REQUEST FOR SUPPORT FOR WORLD CAMPAIGN

Mr. Douglas Roche (Edmonton South): Madam Speaker, my question is directed to the Secretary of State for External Affairs. The minister will know that about the only positive movement which came out of the Special Session on Disarmament of the United Nations was the launching of a world disarmament campaign to which several countries have pledged financial support, including Czechoslovakia, Sweden, and Mexico. Is it the intention of the Government of Canada to give financial support to such a campaign, launched as it is globally and with access to every country, not by increasing Canadian spending, but by redirecting some of the present and large domestic budget for disaramament education efforts so that Canada can give support to the world disarmament campaign?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I thank the hon. member for his question, especially for highlighting the importance of the world disarmament campaign toward which Canada contributed so much at the UNSSOD II session that just ended. In fact the discussion was based upon a Canadian paper. I can tell my hon. friend that I hope to have an announcement concerning his most precise question within a few days.

NEGOTIATIONS ON CRUISE MISSILE TESTING

Mr. Douglas Roche (Edmonton South): Madam Speaker, has the federal government yet made a final decision on granting permission for the testing of the Cruise missile in Canada? If the final decision has not yet been made, could the minister indicate to the House the time line for the process of continuing negotiations? Is it the intention of the government to lead those negotiations to a point where there will be a decision in favour of the testing of the American Cruise missile in Canada? The minister will know that that is a very controversial subject and that several surveys have been taken which show that the Canadian public is divided on the question.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, a decision on principle on this matter was reached by the Canadian government last year, that we would enter into negotiations with the United States with a view to having such testing, and also with a view to having a large agreement which covered all forms of weapons testing in Canada, between Canada and the United States. As the hon. member knows, because he was the one who raised the point, we said that we would not proceed with the negotiation of a subagreement concerning the Cruise missile specifically until after UNSSOD II was completed. In fact, not only have we not proceeded with that, the negotiations have not been completed on the over-all umbrella agreement. The negotiations are proceeding and I think it very likely, the issue of principle having been decided, that they will work out satisfactorily.

Tabling of Reports

• (1200)

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Thursday, July 22, 1982, and that he finds that they meet the requirements of the Standing Orders as to form.

* * *

[*English*]

PRIVILEGE

MR. FRASER—QUESTION OF MR. HUDECKI RESPECTING TRILATERAL COMMISSION

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question of privilege is very brief. The hon. member for Hamilton West (Mr. Hudecki) raised a question with regard to The Trilateral Commission. I know that there was no intention on the part of the hon. member to cast any aspersion on any member of the House, but I am a member of The Trilateral Commission, as is my Liberal colleague, the hon. member for Gloucester (Mr. Breau), and as was the present head of the Canadian Human Rights Commission, Gordon Fairweather.

I rise on this question of privilege to say that I would hope that my hon. friend, when asking the question of the hon. Secretary of State for External Affairs (Mr. MacGuigan), is not in any way imputing that any member of the House would belong to an international commission which was in any way a subversive or sinister organization working against the benefit of this country or the free countries in the world.

Madam Speaker: I also hope that such an imputation would not be made. I do not believe it was in that question. Otherwise, the hon. member would have considerable recourse against the hon. member if he had done such a thing.

ROUTINE PROCEEDINGS

[*English*]

FINANCE, TRADE AND ECONOMIC AFFAIRS

PRESENTATION OF SIXTEENTH REPORT OF STANDING COMMITTEE

Mr. John Evans (Ottawa Centre): Madam Speaker, I have the honour to present the sixteenth report of the Standing Committee on Finance, Trade and Economic Affairs. If the House gives its consent, I intend to move concurrence in this report later this day.

[*Editor's note: For above report, see today's Votes and Proceedings.*]

CONCURRENCE IN SIXTEENTH REPORT OF STANDING COMMITTEE

Mr. John Evans (Ottawa Centre): Madam Speaker, if the House gives its consent, I move, seconded by the hon. member for London West (Mr. Burghardt), that the sixteenth report of the Standing Committee on Finance, Trade and Economic Affairs, presented earlier this day, be concurred in.

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

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

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[*Translation*]

STANDING ORDERS AND PROCEDURE

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. Thomas H. Lefebvre (Pontiac-Gatineau-Labelle) moved that the first report of the Special Committee on Standing Orders and Procedure, tabled in the House on July 6, 1982, be concurred in.

Motion agreed to.

CONCURRENCE IN SECOND REPORT OF SPECIAL COMMITTEE

Mr. Thomas H. Lefebvre (Pontiac-Gatineau-Labelle) moved that the second report of the Special Committee on Standing Orders and Procedure, tabled in the House on July 6, 1982, be concurred in.

Motion agreed to.

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[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,740, 4,354, 4,357, 4,358 and 4,359.

[*Text*]

CAST SHIPPING GROUP

Question No. 3,740—**Mr. Crosby:**

1. Does the Canadian National Railway extend credit to the CAST shipping group in respect of containers and other cargo transported to and from the Port of Montreal or other ports and, if so, what are the terms of the credit?

2. Are the terms extended to the group by the CNR different from the terms of credit extended to other marine transporters and, if so, what are the differences?

3. Is the group indebted to the CNR in respect to the transport of containers and other cargo and, if so, to what extent?

4. Is the group indebted to the CNR or any related company in respect of any service or other matter not involving the transportation of containers or other cargo and, if so, what are the details?

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

1. Yes. As of the date of the question, the terms of credit were 30 days.

2. The terms of credit referred to in part 1 were the same as those extended to other marine transporters of container traffic.

3. CAST indebtedness to the CNR for transportation services, at February 5, 1982, was $4,677,066.

4. In connection with CNR preference shareholdings in CAST, a dividend in the amount of $2,478,000 was due, but unpaid.

DND—PURCHASE OF SAILING DINGHIES

Question No. 4,354—**Mr. McKinnon:**

1. Did the Department of National Defence place a $284,823 contract with Skene Industries Ltd. for dinghy sailing boats and, if so, how many of the boats does the department now have and how many is the department purchasing for $284,823?

2. Did the department place a $11,600 contract with Queen's University for an "overview" of Canada's northern security and, if so (a) who is conducting the study (b) on what date will the study begin and on what date will it be completed (c) will the study be available to MPs upon completion?

Mr. George Henderson (Parliamentary Secretary to Minister of National Defence): 1. Yes. The Department of Supply and Services on behalf of the Department of National Defence awarded a $284,823 contract to Skene Industries Ltd. for the purchase of 75 sailing dinghies. The Department of National Defence currently holds 229 sailing dinghies.

2. Yes. The Department of Supply and Services on behalf of the Department of National Defence placed an $11,600 contract with Queen's University for an "overview" of Canada's northern security.

(a) The principal investigator of this study is professor Nils Orvik of the Centre of International Relations.

(b) The study was started in February, 1982, and will be completed on June 30, 1982.

(c) The study will be available to Members of Parliament who express an interest in receiving it.

DND—CONTRACT WITH BARRODALE COMPUTING SERVICES LTD.

Question No. 4,357—**Mr. McKinnon:**

Did the Department of National Defence award a $5,250 contract to Barrodale Computing Services Limited to investigate L1 norm linear prediction methods for discovering sub quantum jumps in squid gradiometer data and, if so, for what reason?

Mr. George Henderson (Parliamentary Secretary to Minister of National Defence): Yes. The Department of Supply and Services on behalf of the Department of National Defence awarded a $5,250 contract to Barrodale Computing Services Ltd. This contract is for research leading to the development of improved magnetic sensors for Canadian Forces anti-submarine aircraft.

DND—CONTRACT WITH HUMANOID SYSTEMS

Question No. 4,358—**Mr. McKinnon:**

Did the Department of National Defence award a $12,100 contract to Humanoid Systems for the development and delivery of one humanoid for testing purposes and, if so, for what reason?

Mr. George Henderson (Parliamentary Secretary to Minister of National Defence): Yes. The Department of Supply and Services on behalf of the Department of National Defence awarded a $12,100 contract to Humanoid Systems for the development and delivery of an anthropomorphic dummy (humanoid). The dummy is to be used in the research and development, testing and evaluation of personal protective equipment as a part of the chemical defence program.

DND—CONTRACT WITH CANADAIR LTD.

Question No. 4,359—**Mr. McKinnon:**

Did the Department of National Defence award a $400,000 contract to Canadair Ltd. for "CF-5 aircraft technical investigations" and, if so (a) what kind of technical investigations will be conducted on the aircraft (b) for what purpose are the technical investigations being conducted (c) how many CF-5s does the department have (i) in storage (ii) in operational use and how old are the aircraft?

Mr. George Henderson (Parliamentary Secretary to Minister of National Defence): Yes. The Department of Supply and Services on behalf of the Department of National Defence awarded a $400,000 contract to Canadair Ltd. for CF-5 technical investigations over a three-year period to March 31, 1985.

(a) and (b) Technical investigations are conducted whenever design and/or development modifications are considered important for greater efficiency of the aircraft and for flight safety. Current technical investigations concern modification of lubrication fittings on the nose landing gear and modification of the aircraft landing gear control units for field testing. Future investigation will be conducted towards development of a technical order for aircraft battle damage repair. The contract also provides for consultant support to accident investigation.

(c) (i) 15. (ii) 72; ten more aircraft are used for training and test purposes. The CF-5 entered service in 1968.

[*English*]

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

[*Translation*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

SMALL BUSINESSES LOANS ACT (NO. 3)

MEASURE TO AMEND

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)) moved that Bill C-122, an act to amend the Small Businesses Loans Act (No. 3), be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Madam Speaker, it is a privilege to start the debate on second reading of Bill C-122, whose purpose is to provide a nine-month extension for the Small Businesses Loans Act. Before going any further, I would like to mention that I had a number of conversations on the subject with my colleague, the member for Cambridge (Mr. Speyer) and also with my colleagues in the New Democratic Party, namely the member for Kamloops-Shuswap (Mr. Riis) and the member for Winnipeg North (Mr. Orlikow). I know that the hon. member for Mississauga South (Mr. Blenkarn), who in the past has always shown an interest in small businesses, is also interested in this bill, as he indicated yesterday when he phoned my office to inquire about some details. My colleagues in the Progressive Conservative Party and the New Democratic Party informed me that they agreed with the principle and the purpose of the bill, which is to provide a nine-month extension for the Small Businesses Loans Act. I hope that today, and my colleagues realize this, we shall be able to dispose of all stages of this bill, namely, second reading, Committee of the Whole and third reading, because the act has ceased to exist since June 30 of this year. This means, Mr. Speaker, that the chartered banks and other financial institutions, which during the 21 years that the legislation has been in existence have been accustomed to making loans guaranteed 80 to 100 per cent by the Government of Canada, have agreed for the past weeks to continue operating under the provisions of the former act which expired on June 30, 1982. I personally wrote to the financial institutions and chartered banks, requesting them to extend their operations, mentioning that the government intended to extend the act until the end of March 1983. If the banks and other financial institutions are to go on offering government guaranteed loans to small businesses, it is essential that this bill be passed, and I hope that with the collaboration of my colleagues in the Progressive Conservative Party and the New Democratic Party, we shall be able to pass this bill today.

Mr. Speaker, as the House is aware, the government has been regularly reviewing the Small Businesses Loans Act, either to provide a three-year extension or to change the maximum amount of loans admitted under the Small Businesses Loans Act. Hon. members will probably wonder, as did my colleague, the member for Mississauga South, yesterday, why only a nine-month extension? Why not three years, as usual? Mr. Speaker, there are two reasons for this. First of all, we want to administer the Small Businesses Loans Act according to the same schedule we use for the legislation on loans to fishermen and farmers. These two acts, Mr. Speaker, expire or run according to the fiscal year, that is, from April 1 to March 31, and I would like the Small Businesses Loans Act to be administered according to the same calendar, instead of from January to December. My second reason is that, as the House is aware, about two months ago I made public a study on small business financing, which contains a chapter on the Small Businesses Loans Act. I am now setting up an advisory committee, consisting of Canadian businessmen and women, to analyse this study and make recommendations by the end of this year on any additional changes to be made in the Small Businesses Loans Act and in the government's general policy on the financing of small businesses.

• (1210)

That is why I am asking the House today to approve this nine-month extension. I am not now in a position to propose more substantial changes, since I first want to see the recommendations the advisory committee on small businesses will be making between now and the end of this year. Bill C-122 is very straightforward Mr. Speaker, and, in fact, it contains only one paragraph. However, it is a very important piece of legislation, because it amends an act that has far-reaching consequences. Since its first passage in 1961, the impact of the Small Businesses Loans Act has been very substantial and very favourable. In 21 years, nearly 100,000 loans totalling $2.7 billion were authorized under the act. When we realize, Mr. Speaker, that the maximum loan authorized is $100,000, a maximum that has been in effect for only two years, then we can imagine the vast number of businesses that have been assisted under this program.

The main characteristic of the program consists in helping small businesses obtain loans of up to $100,000, with the support of substantial government guarantees. If a business has a gross turnover of $1.5 million or less, it is eligible for

improvement or expansion loans with an 80 to 90 per cent guarantee by the Canadian government. For instance, the federal government will guarantee 80 per cent of the value of a loan that will be used to finance the purchase of fixed or movable equipment, including installation costs. If the loan is to be used for the purchase, renovation or construction of new premises or the purchase of land, this guarantee may be as high as 90 per cent and, of course, the loans must be paid back within ten years.

The interest rate applied to guaranteed loans under the Small Businesses Loans Act is also very competitive, which is why considerable use is made by small businesses of this mechanism. In fact, it is one of the attractive aspects of the act, since interest on the loans is 1 per cent above the prime rate, and unfortunately, Mr. Speaker, it is very often, if not always, the case that small businesses have trouble getting loans on such favourable terms. Very often, chartered banks or financial institutions charge 2 or 3 per cent above the prime rate on loans to small businesses. Since the act has been in existence for 21 years, I am sure my colleagues are aware of the basic components of the Small Businesses Loans Act, namely, who is eligible, on what terms, what the requirements are for the guarantee, and so forth. There are some aspects of this legislation, however, which I would like to recall for hon. members, because we tend to forget them too easily.

First of all I would like to mention that most Canadian businessmen and women—and I give them credit for it—in spite of the very strong government guarantees which, as I said before, over a period of 20 years have reached up to $2.7 billion, have dutifully met their loan commitments under this act. Requests for payment or request to the government to use the guarantee provided for these loans have represented only .8 per cent of total loans since the act was passed 21 years ago. In other words, the direct cost of application of the legislation has been extremely reasonable.

The second point that I would like to make concerning the Small Businesses Loans Act is that this legislation is a perfect example of government efficiency. Indeed, the administration of the act requires a staff of only six employees, including the support staff and the manager. If we consider, Mr. Speaker, that, last year, these six people approved and administered 12,500 loans totalling $502 million, I believe that it is easy to conclude that this represents a very substantial and efficient performance. My hon. friends on both sides of the House can play a major role by ensuring that this program, which is very popular among small businesses as well as being very important, receives as much publicity as possible. To assist them in this regard, and most Members of Parliament have already used this procedure, I am glad to make available to them and to send on request brochures and pamphlets that explain how to use the program, and I know that most members have made an effort to use this material to inform the business community in their constituencies about this program which gives them relatively easy access to capital because of the government guarantee.

I would also like to say that it is important to pass this legislation immediately because, in addition to the 4 per cent reduction of interest rates announced by the Minister of Finance (Mr. MacEachen) in his budget of June 28, chartered banks, financial institutions, credit unions and Caisses populaires will be able to use the loan guarantee mechanism up to an amount of $100,000 under the Small Businesses Loans Act on the loans they provide and to which the 4 per cent reduction in interest rates will apply. I therefore believe that a combination of these two programs will allow more businesses to go ahead with their plans to invest, modernize their businesses, purchase new equipment, and so on, and I am convinced that all of this will lead to the economic recovery which we all wish for.

I know that by giving approval to this bill, my colleagues will support a very popular piece of legislation which will extend the application of the act, and I can assure all hon. members that the small business sector will continue to make a wider use of this legislation and to benefit from its provisions. I therefore believe that today we have an opportunity, which happens perhaps too rarely in the House of Commons, for all parties to come to an agreement and legislate quickly and efficiently to assist the business community, which is truly the backbone of the Canadian economy. This is why I hope, Mr. Speaker, that the House will approve this bill quickly, and I would like to thank in advance my colleagues of the Progressive Conservative Party and the New Democratic Party for their co-operation in this regard.

• (1220)

[*English*]

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I was wondering if the minister would accept a question before I proceed with my remarks.

Mr. Lapointe (Charlevoix): Yes, Mr. Speaker.

Mr. Blenkarn: The minister mentioned the figure of $2.7 billion in loans under this act. The figure in the December 31, 1981 report shows a total for the whole history of the act of $1.961 billion. Have there been $700 million in loans under this act since the beginning of this year?

Mr. Lapointe (Charlevoix): Mr. Speaker, I do not have in front of me the annual report of the administration of the Small Businesses Loans Act. The hon. member speaks of $1.961 billion. Unfortunately I do not have the figures for the first four months of this year. The figure provided to me by my officials is the one I mentioned in my speech, $2.7 billion. I will be glad to clarify that during the course of the day.

Mr. Blenkarn: I have a further question for the minister. The minister will appreciate that there has been a mammoth increase in the use of the act, if the minister's figures are

anywhere near correct, since the first of the year. Indeed, it is nearly three times more than in previous years. Second, I would point out to the minister that the act has only been effectively used since 1978. Prior to that it was used very little. Can the minister explain why all of a sudden there is such a huge interest in the act?

Mr. Lapointe (Charlevoix): Mr. Speaker, the main reason for the wider use of the act is that prior to 1978 the recommendation in the act was that the interest rate to be applied by financial institutions should be of one below prime. There was not a great enthusiasm on the part of the financial community to apply this act because of that provision.

Following consultation with representative groups of small businesses and financial institutions in 1978, the decision was made to raise the interest rate to one above prime. Since then the financial institutions have been more aggressive in promoting this program. Looking at it in retrospect, considering the utilization of the act, the small business community has profited from it over the last few years.

Mr. Blenkarn: Mr. Speaker, this is the third amendment to the Small Businesses Loans Act in this session of Parliament. We started off with Bill C-17 which was cleaned up on June 6, 1980, followed by Bill C-84 which was cleaned up on December 16, 1981, and now we have Bill C-122 before us. Three times during this session of Parliament we have dealt with the Small Businesses Loans Act.

One begins to wonder what is wrong with a ministry which cannot get its act together. Why should the House of Commons in one session of Parliament have to deal with the Small Businesses Loans Act three times? Why could Parliament not do the job once and have it done and over with?

Bill C-122 implies that we must again deal with the Small Businesses Loans Act in this Parliament by March 31, 1983, less than eight months from now. The minister of small business is supposed to have everything in hand. It seems rather strange that he has to come to this House three times to explain that he wants to extend the act for.

The minister has given an explanation of that. Frankly, his explanation does not wash. The minister says it should be brought in line with the fiscal year end. That is no problem. He could have brought it in for the fiscal year end March 31, 1985, 1987 or whenever he wanted it. In other words, there is no problem getting it on a fiscal year end system.

The minister does not need to have the act expire at the end of this fiscal year. It could expire at the end of the fiscal year umpteen years from now. That argument is pretty shallow. The minister knows better than to produce such a shallow argument.

We come back to his concept of a blue ribbon committee. I do not know whether it will be called a little blue ribbon committee or what kind of blue ribbon committee it will be. It is another illustration by a government that refuses to trust Parliament. The minister knows that there are many members in this House who in their career prior to coming here were engaged in small business. A number of members are still heavily involved in small business. While they are not fully employed in those businesses, they certainly have an interest in them.

Throughout the communities in each of our constituencies there are a great number of small businesses. If there is one matter that Members of Parliament know more about than anything else, it is small business, both personal and in their dealings with constituents. However, we have to recruit a paid, presumably, little blue ribbon committee to advise the minister. Therefore, we cannot extend this bill beyond March 31. After all, we have to wait for this committee to report.

I say to the minister that is a pretty shabby answer. If the minister really had wanted to get Parliament and the small business community on his side, he would have taken his financing report concerning small business and directed a reference to a special task force of this House to inquire into what the Government of Canada can do to expedite small business financing. Instead, we wind up with one little bill after another which is really an extension of the same bill with some little alteration. We wind up with a little blue ribbon committee rather than the opportunity to have Parliament get down to brass tacks and see what can be done with regard to small business financing.

There is really no excuse for this. The government has an obligation to use the resources of Parliament. Patronage-oriented committees to advise the minister so that he can stay far away from Members of Parliament and bring in to the House a *fait accompli* to be rubber-stamped is the wrong way to go.

If the minister wanted to reorganize small business financing, he could have arranged with his colleague the President of the Privy Council (Mr. Pinard) to direct the appointment of a special task force to inquire into proposals with respect to small business financing and make recommendations. There is expertise in this House in terms of small business financing. That was an opportunity for this minister to show that Parliament can be trusted.

As I pointed out to the minister in my questions before commencing my remarks, there has been a great use of the Small Businesses Loans Act, starting in 1978 and continuing on through. There has been an exponential growth in the use of this act by small business. One begins to wonder about that because in some senses this bill should not be called the Small Businesses Loans Act. It should be called the small business guarantee act for bankers, because that is what it does.

• (1230)

I noticed the Minister of Transport (Mr. Pepin) smiling when he heard the explanation of the minister as to why the sudden explosion in the use of the Small Businesses Loans Act because of the fact the banks can now charge 1 per cent above prime and get a government guarantee. It is good to get 1 per cent over prime and still get government backing for a loan. That is a pretty good deal for a bank.

I think we should all be concerned about to what extent the Government of Canada will give the credit of the people of

Canada to a bank to allow it to charge 1 per cent above prime and somehow say that this is small businesses loans legislation and not what it really is, "bankers' guarantee legislation." In that sense these bills are really hokum because they claim to do something they really do not do at all. Loans are not being made by the government to small businesses in this situation. This is an arrangement whereby the Government of Canada is allowed to guarantee bank loans to small businesses up to $100,000. When we look at it in that sense, we begin to ask ourselves why the government did not trust Parliament and have a task force study the issue. There is really no answer to that. The government does not have its act together concerning small business at all.

The minister mentioned the provisions in the budget which provide for reducing interest rates on certain small business loans by 4 per cent, but that is not before the House. What I would like to be told by the minister or some government spokesman is why those budgetary provisions for relatively low interest abatement for small business are not before the house. This House is likely to adjourn, and some people say the House will not be reconstituted, perhaps, until some time approaching Thanksgiving. We have a promise in the budget respecting interest abatement or interest rebates for small business, but those rebates cannot be made until legislation is passed. Yet we are spending this afternoon debating a bankers' guarantee bill and not really doing anything for small business other than extending this guarantee bill. Why are we extending it only until March 31? The minister gave us a hokum explanation.

There has been very little lost under the Small Businesses Loans Act. Indeed, the lost ratio is less than the lost ratio the banks have suffered on their regular loan portfolios. One begins to wonder, then, why there is a government guarantee on those loans. Why do we need government guarantees when the loan loss performance is better than the regular loan loss performance of banks on regular, ordinary, every day loans in their general portfolios? I would have thought the minister or some representative of the government would be able to give us that rationale this afternoon. It is the kind of rationale a task force of this House would want. It is the kind of thing I would have thought would come from the minister. We have had an inquiry into bank profits. We are likely to be tabling a report in a very short time, and that report will indicate the loan losses by our chartered banks. The loan losses under this legislation are smaller than the regular loan losses determined by that committee.

The best thing we have ever had for small business was the proposal developed by my party under the leadership of the hon. member for St. John's West (Mr. Crosbie) when he was minister of finance. He prepared and organized something called a Small Business Development Bond. Hon. members will recall that the government accepted the idea in April of 1980. It fooled around with the idea. It said it would never allow it to be implemented. We on this side of the House conducted a bit of a filibuster and forced the minister finally to get some clout in cabinet and to have that Small Business Development Bond program instituted. It ran until December 31, 1981. During the period under that proposal small businesses were able to borrow money at roughly half prime plus 2 per cent. The cash flow costs of loans under that program were 9 per cent or 10 per cent. Small businesses in the country borrowed capital funds amounting to over $2 billion over a nine-month period.

That program worked well. It was a dramatic help to small business. Unfortunately, that program went by the boards. The government's program of 4 per cent interest abatement is just so much air because the government has not enough intestinal honesty or fairness to introduce a bill which indicates where that type of program is going. Nothing will happen. No banks will make any loans. No banks made any loans under the Small Business Development Bond until we as a party on this side of the House forced the matter into the Income Tax Act in specific detail. No bank will lend under the government's 4 per cent-off interest proposal until the details of the proposal are forced into law in an accurate way so that they can be understood.

There seems to be a pattern with this government with respect to small business. The government produces a bill and says, "Yes, we passed another bill for small business, the Small Businesses Loans Act extension; aren't we wonderful fellows?" The minister can put out press releases on this every six, eight, nine or ten months and he can put out press releases on measures taken in the budget, but he has never done anything. This bill is nothing new and really does nothing. It is hokum. We are prepared to let it go through this afternoon, but at the same time we expect some explanation from the government. We expect an explanation from the minister as to where we are going better than the explanation he has given us so far.

Mr. Deputy Speaker: The hon. member for Burlington (Mr. Kempling).

Mr. Kempling: Mr. Speaker—

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

Mr. Deans: Mr. Speaker, I also rise on a point of order, if I may.

Mr. Berger: Mr. Speaker, I had not seen the hon. member sit down. I had not expected him to sit down so quickly. I wonder if he might entertain a question.

Mr. Blenkarn: Yes.

Mr. Deans: Mr. Speaker, I wonder if I might prevail upon my colleague and friend, the hon. member for Burlington (Mr. Kempling). I was sitting behind my normal seat. I have an appointment at two o'clock which will keep me out of the House, and I wonder if the hon. member might consider allowing me the opportunity to speak for 15 minutes before one o'clock. I ask for his good grace in this regard. I recognize he does not have to.

• (1240)

Mr. Deputy Speaker: The hon. member for Burlington concurs. The hon. member for Montreal-Laurier (Mr. Berger) also rises to ask a question.

Mr. Berger: Mr. Speaker, I should like to ask a question pertaining to the comments made by the hon. member for Mississauga South (Mr. Blenkarn). He asked why the government gave a guarantee when loan loss experience is less than regular loan loss. I wonder if he was not comparing apples and oranges. Was he talking about loans of the same size? I wonder if the regular loan loss experience figures that he has might pertain to loans of several hundred thousand dollars, whereas under this bill we are talking of loans of up to $100,000.

Mr. Deputy Speaker: The hon. member will have an opportunity to make a speech.

Mr. Blenkarn: Mr. Speaker, I was comparing the loan losses that have taken place under this act with average loan losses on every loan the bank has, including these. These loan losses are less than the average loan losses of the bank. Whether those loans are $1 million or $10 billion or foreign loans does not matter. The loan losses here are less than the loan losses that banks generally have. That has been the experience over the term of the act.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I want to thank my colleague the hon. member for Burlington (Mr. Kempling) for allowing me this opportunity to speak. I have a commitment that requires me to leave. I will be back, of course, but I wanted to say a word or two on this bill on behalf of my colleagues. I do not intend to take too long.

The hon. member for Mississauga South (Mr. Blenkarn) went into the detail of a number of different pieces of legislation that may in one way or another assist small business. Without any disrespect for what he was saying, I thought that in terms of the over-all programs of the government as they apply to small business, we tend to deal with things in a very piecemeal fashion. There are numerous temporary measures available but these do not instil confidence and are not as well used, in normal circumstances, as they should be. They do not provide the service and the benefit that they are intended to provide. This is mainly because the people who take advantage of the reduced interest rates available through the Small Businesses Loans Act or the financial institutions that make the money available are never absolutely sure whether the legislation will be changed or terminated. It is therefore a little difficult for the lender or borrower to take advantage of the legislation in planning the expansion of business.

Someone may think that they would like to expand their business but are not yet to ready to proceed because there is still planning to be done, such as analyses of markets, a review of available machinery, possible change of location and the time it takes to formulate and execute an over-all plan. All of this may take longer than is allowed by the termination date in the bill. They are therefore unable to do much financial planning although that may well be the key element of any expansion. They may decide that business opportunities justify an increase in capacity but they are not yet sure how to make the changes and whether in the short run that increase would be sufficient to pay the cost of the borrowing. If their calculations are made on the basis of the money available under the Small Businesses Loans Act, that means they must go ahead with their plans before the end of March next year. In some cases they may not be able to do this.

I wonder why the minister did not simply extend the bill without a termination date. I heard his explanation that a committee was being set up, but that committee need not interfere with the termination date. The bill could have been extended for an indeterminate period of time. People could then plan and it would give some stability to their planning to know that the money is likely to be available if, as and when they are ready to take advantage of it. This would be of more benefit to them and perhaps the legislation would then be used more widely.

I am always concerned that we may expect people to rush into things. With the present termination date the small business person may feel it necessary to make decisions more quickly than his business justifies. The sensible decision may well be not to expand, if they are not sure that the moneys will be available. That kind of decision will cost us job opportunities and economic development.

I suggest to the minister that he give serious thought to going ahead with the committee to study the problems of small business—although I think these are self-evident—and that he extend the terms of the act without including a termination date. This would allow the business community to feel secure in the knowledge that it would be able to avail itself of the capital that is required when it has had an opportunity to review plans.

We support the change, Mr. Speaker. We hope that it will provide benefits. There would have been no benefit if we had not provided for an extension because the bill had already run out.

I have a varied background, Mr. Speaker, and over the years I have owned two small businesses, either in partnership or outright. Both of them made money. I sold one and gave one away. The problem that very small businesses have at the moment is not that of expansion but of being able to use their productive capacity. The bill will not help in that regard.

The problem with the majority of small businesses is that they are unable to find a market for their product. There is an ever diminishing marketplace for a number of reasons, partly because of the general economic downturn which has resulted in fairly substantial numbers of people becoming unemployed, and partly because of very high interest rates at the consumer level, which range upwards of 22 per cent. If someone is buying on credit they may pay as much as 27 or 28 per cent interest. The difficulty facing the small business person is that the consumer marketplace is small. The cost of the product manufactured or sold increases, the cost of carrying the inventory is going up as a result of interest rates, and the

number of people available to purchase the product is going down. Fewer people feel confident enough to spend the money that they have or to assume the additional liability of a major purchase.

• (1250)

I suggest to the minister that, notwithstanding the best intentions on the bill or the fact that I think it has general support in the House, it does not really begin to address the major problems of small business. I am sure that in the ridings of every member of this House—I know it is true in those of the New Democratic Party—every day there are announcements of businesses that are going bankrupt or simply closing their doors, and this does not help. Other than in a few isolated instances it is very difficult to find a great deal of initiative being shown by people in the small business sector towards expansion of their business. After all, who is going to expand their business if their customers are not in a position to buy? I suggest to the minister responsible for small business that he devote not only time to finding ways to help those who require financial assistance to expand, but that he put some conscious effort into finding ways to stimulate the consumer marketplace.

Look at what has happened to the country since we last dealt with this bill. The level of unemployment has gone from 800,000 or 900,000 to in excess of 1.5 million, almost double. Of course, that has impacted most heavily on the small business community. Tens of thousands of people are not eligible for unemployment insurance because they have been unemployed for longer than the act will allow payment to be made. They have had an income reduction so dramatic that they are unable to make purchases, and that impacts primarily on the small business community. To turn a blind eye to that problem is to turn a blind eye to the most serious of all of the problems confronting small business.

I am dismayed when I look at the government's over-all strategy—it is no secret that I disagree with the strategy—because the government has determined, for whatever reason, that it is appropriate to reduce the purchasing power of Canadians even further and restrict their incomes even more. If a person's wage level today is such that he is unable to purchase the things being manufactured, and therefore more and more people are laid off and more and more small businesses are unable to continue in operation, if that is the situation today—and I think it is without question—how will restricting their incomes even further improve things? If you restrict their incomes by legislation or otherwise so that they will have less, how will that improve the situation?

I say to you, Mr. Speaker, and through you to the minister, that I really do think we in this House are dealing more with the symptoms that we are with the results. We are not dealing with the major issue, but we will support the bill because if it can be of some assistance then, of course, we should. But we in this House have to find a way to deal with the real problems of small business.

I say, Mr. Speaker, that the real problems are directly the result of the government's over-all economic policy. It is not a matter of whether or not we should have a Small Businesses Loans Act or a small business development bond. We should have those things, but by themselves they are cosmetic. We must confront the fundamental problem and we will not do that by going home for the summer, much though I think everyone here deserves to do that. But we will not be able to confront the problem by being away until October. I am not preaching for another session, believe me, but I am saying that when I look at this legislation and consider the impact it will have, and when I look at the over-all government economic policy and I consider that it will in itself destroy much of what this is intended to help solve, then I have to think the government is wrongheaded and does not understand. Or, if it does understand, then for some reason which escapes me it has chosen to disregard the current economic difficulties of this country which are—well, I was going to say almost the government's sole responsibility, but I think that is unfair. Certainly there is an impact from what happens outside the country, but the problems are such that, at least in part, it is within the ability of the government to find a solution.

The government has a number of options open to it which could help stimulate the consumer end of the marketplace. By so doing it would make it possible for small business people to generate the revenue necessary to continue to provide the goods and services they can and should be providing.

So while it is clear we support this bill, we do so only because it is one of a number of measures which may be of some marginal assistance. But the over-all problem cannot be solved in this piecemeal way, with a cosmetic effort. The over-all problem rests squarely in the lap of the Minister of Finance (Mr. MacEachen), and I suggest to the minister responsible for small business that it is to the Minister of Finance that he must make his earnest plea. This country and its businesses cannot survive unless we are prepared to change the economic direction the country is taking.

Mr. Deputy Speaker: There was a suggestion by the minister that the motion be amended to refer the bill to a Committee of the Whole House. Is there unanimous consent?

Mr. Blenkarn: Agreed, after we have finished our speakers.

Mr. Deputy Speaker: Fine. I just thought this would be a convenient time to put the motion, and the debate can continue on the motion to refer the bill to the Committee of the Whole rather than on the present motion before us.

Therefore, the motion is amended as follows: Mr. Lapointe (Charlevoix), seconded by Mr. Pepin, moves that Bill C-122, an act to amend the Small Businesses Loans Act, be now read a second time and referred to a Committee of the Whole.

Some hon. Members: Agreed.

Mr. Deputy Speaker: Order, please. It being one o'clock, I do now leave the chair until 2 p. m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2:00 p.m.

Mr. Bill Kempling (Burlington): Mr. Speaker, I am pleased to say a few words on Bill C-122 which will amend the Small Businesses Loans Act. It does so by extending the termination date for loans to be guaranteed from June 30, 1982 to March 31, 1983. The fact that this bill was brought in today, July 23, approximately 23 days after the guarantee of the government for loans has expired, is an indication, at least to me, that the government really does not have too much concern for the small business community. I say that with no reflection on the minister. I believe the minister is an honest person and that he tries to do the very best he can for the small business community under the conditions under which he has to labour.

Let me return to comments made by some other members regarding the rate that small-business men have to pay for the loans they get under the Small Businesses Loans Act. Initially the rate was set by statute. The rate set was below the lowest rate which the banks had for their best accounts. Consequently, hardly anyone could get a loan under the Small Businesses Loans Act. In fact, the whole thing used to be quite a joke. We used to ask the minister of finance, who was John Tunrer at the time, "What are we going to do about the Small Businesses Loans Act?" Small businessmen used to go into their banks only to be told that they, the banks, had never heard of the Small Businesses Loans Act. If they were not told that, the bank officials would say that they had to get a hold of head office because they did not know anything about the act at the branch.

The minister of finance would tell us that he was having lunch with the chairman of the Canadian Bankers' Association and that he would mention the problem. I can just imagine the difficulty of small business people getting loans under the Small Businesses Loans Act being discussed between the shrimp cocktail and the double martini. That was just a lot of nonsense. We would ask the minister again and we would hear him ask for the name of the bank and the branch and that he would look into it. At that point we began to flood him with names of branches that were befuddling their customers.

Finally, the criteria for establishing the interest rate were changed and the act was amended. It was decided to take a selection of government bonds and to have the rate equal to the average yield of those bonds. It was rather a complicated formula, but the bottom fell out of the bond market and the rate was lower than ever. The banks complained that it was their money that was being lent and there was no way they would be lending at 1 per cent or 2 per cent below what they gave to their best accounts. The situation fuddled-duddled on for a number of years. Finally, the act was amended and we saw a sudden upsurge of loans under the Small Businesses Loans Act in 1978. That is just a little of the background to the Small Businesses Loans Act, but that game playing has gone on for at least ten or 12 years. In those days the only people who got a loan under the Small Businesses Loans Act were the best customers of the bank.

I recall visiting with a small retailer who was well financed, long established and did not need money under the Small Businesses Loans Act. He told me that he had just got a loan under the act. He was very happy, but he was surprised to get it. At the time bank managers were giving out these loans as a kind of prize. The minister of finance had leaned on the banks and they decided they would give out a certain percentage of loans across the country, which goes to show a lot of game playing was going on.

I want to address myself to some other aspects of the Small Businesses Loans Act and perhaps I can make some suggestions to the minister. It is in the small business community that the beginnings of a recovery in our economy will take place. If our economy is going to recover, that is where it will start. Recovery does not commence with megaprojects. I was really astounded to hear the Minister of Industry, Trade and Commerce (Mr. Gray) say that the government was looking into a $500 million investment in Airbus with some European manufacturers. The recovery will begin with the small business sector of the country.

• (1410)

It is stability of the economy that we require. If we look at it broadly, we will see that usually when the economy turns down most small-business men retain their staff because the most important thing they have is people. Of all the products they have, people are the most important. They have to compete with large enterprises for people. In order to keep their enterprises going they retain people, whether the economy goes up or down. This imparts tremendous stability on the economy of the country.

The government must recognize that there is no shortage of entrepreneurship, innovative ability or inventiveness in the country, but there is a shortage of venture capital to get things going. The Small Businesses Loans Act is too restrictive in terms of capital expenditures.

I have spoken on this matter many times before. I have suggested to the government that at least the Small Businesses Loans Act could be expanded. On March 31, or hopefully before that date, when this matter comes up again, I hope we can broaden it somewhat. For instance, I would like to see the act expanded to allow small-business men to purchase technology or patents which are already in operation. There is a lot of patent technology available for small-business men to purchase and produce in this country. Also I would like to see it arranged that a small business loan could be acquired for the registering of a patent. It is most important that some means or mechanism be found to allow them to do this.

The minister said that he was setting up a committee to study the financing of small businesses. He does not have to do that because there are enough people, as the hon. member for Mississauga South (Mr. Blenkarn) said in this Parliament, such as John Bulloch's progressive organization, the Canadian Federation of Independent Business and other small business organizations in the country, who have studied the matter to

death. They know how to finance small business; they know what is required.

The difficulty is that the only place where small-business men can go for any kind of term financing today is the banks. They used to be able to go to professional people who had funds available to invest, but that was before the days of the capital gains tax. Now that we have a capital gains tax some of the funds are siphoned off. Today, with the government paying 19.5 per cent on Canada Savings Bonds and such, what is the percentage in taking a flyer on a small business venture or new idea? Investors can put their money into Canada Savings Bonds at 19.5 per cent. There is no risk; they can just sit back and clip coupons. Why take a chance unless there is opportunity for unusual gain?

We must find a mechanism to get money into the small business sector. We should allow innovative individuals and inventors to use the Small Businesses Loans Act to finance some of their research and development, to acquire a patent which is already in place, or to register a patent on their inventions.

Let us take a look at what is imported into the country. It is absolutely amazing. We do not have to start a buy-Canada project or to wave the flag. We should just make facilities available through adjustments in taxation, and we will be amazed at what will happen. Today the Canadian dollar is selling at quite a discount. It is a disaster to some people who are importing; it is an advantage to some people who are exporting. But there is a strategy which can be used. There are various products shipped into the country which can be had on a licensing arrangement. The easiest thing in the world is to go to someone with a product who wants to ship it into Canada. When he looks at the tariffs, the freight rates, the discount on the Canadian dollar and the laid down cost of the product in our market, he suddenly realizes that there will not be a very great sale for the product, but he wants to move into the market perhaps to take advantage of some of the worldwide advertising which would be involved.

I know this method works because I have done it myself. We should go to companies and say that we would like to make their products available in Canada under licence. We could give them the reasons and show them the numbers. But we are not doing this because the required venture capital is just not available.

I am suspicious of committees. The minister floated out the idea that the committee would be studying the financing of small businesses, their problems and so forth. I will be very surprised if anything comes of it. I think it is just a typical bureaucratic manœuvre—here is a problem, everyone is pressing on it, let us put it out to a study group. We will never hear about it again. If we hear something positive from it, I will be the first one to congratulate the minister publicly. I can almost wager that nothing will really happen; it will just be another report.

Mr. Irwin: You have been in opposition for too long.

Mr. Kempling: The hon. member for Sault Ste. Marie (Mr. Irwin) says that I have been in opposition too long. I have made more positive suggestions on legislation in the House of Commons than he has in the time he has been here. If he wants to look at them, they are on the record.

Mr. Pepin: Including metric.

Mr. Irwin: You are too busy talking. You do not listen.

Mr. Kempling: I knew this would happen sooner or later.

Mr. Cullen: You can handle it.

Mr. Kempling: I have broad shoulders and can handle it. I am not too concerned about it. The thing I might say about metric is that I was honest in what I said. I have never seen a more dishonest approach taken to this subject matter than the tactics which were used by the government on its introduction of metric. I do not want to talk about metric now because another bill is before the House. On another occasion I intend to lay out the comments of the Minister of Transport and of all his colleagues who misled this Parliament.

Mr. Irwin: Resign.

Mr. Kempling: Just a moment. I will not say that he was dishonest, but I will say that perhaps the thrust of the government of the day was as the minister stated and it was not the intention to make it compulsory. I think that was an honest statement. He went out and said that in all honesty, but down the line the entire game plan changed. Thus, my comments on metric were made in that atmosphere. I do not deny them; I said them. They are on the record. But I have never seen such dishonesty in the representation of those comments as I have seen in some of the letters to the editor which have been quoted broadly across the country. I realize they are using me as a sucker.

• (1420)

Having said that, I want to return to the subject or else you will call me back to it, Mr. Speaker. In 1979 I believe we had the beginnings of a solution to the problems of financing small businesses through the Small Business Development Bond. I would hope that the minister would look into that device again and urge the Minister of Finance (Mr. MacEachen) to introduce something similar to it once again. This is necessary because we need a source of investment capital beyond the banks. It makes no sense simply to tell small-business men to go to the bank and pay their rates. They need another source of funds either through a Small Business Development Bond or some other instrument, as has been suggested by many small business people, so that they can acquire funds through various sources where the interest on those funds is tax free. Small businesses need a device for obtaining funds at a lower rate than is available at banks.

The money is available. It is common knowledge that there is more money on deposit in the chartered banks of this country on a per capita basis than in any other country in the

western world. Canadians are very good at saving their money. In times of high inflation as exists today, people are squirreling money away in large amounts. We must find a mechanism to encourage people to withdraw their savings so they can be put to use to employ people and develop services which are so vitally needed in this country.

This country will survive despite our present economic conditions and despite the mismanagement of the government opposite. Our country is too strong to fail. We still have talented people although they have been somewhat disheartened by the conditions we are in. There is no shortage, however, of people with novel ideas and those who are adventurous. I am dismayed, though, at the number of people who say that they would give up on Canada and move to the United States. I urge them to stay and fight the battle because I believe our future is unparalleled.

The engine for the recovery of the economy of Canada is the small business sector. I have talked to small business entrepreneurs and they do not want the government in their pockets or on their backs. They do not want a large bureaucracy which requires the completion of so many forms. I have told the story many times of when I sat in my business office, where I had two large stacks of paper on my desk. One stack consisted of a pile of forms from Statistics Canada. I had to decide whether I would work on that pile or go through the other papers which could possibly yield a profit on which I would pay a tax. I had to make a decision since the pile of paper from Statistics Canada was growing. Since I am a very practical person I went to the local stationery store and ordered a rubber stamp which said "Not Applicable". With the red stamp pad which I purchased I stamped the words "Not Applicable" on that stack of Statistics Canada forms. I opened a file and put my copies in it and sent the originals back to Statistics Canada without even putting a stamp on the envelope.

In due course I received a computerized letter from Statistics Canada which said "We are in receipt of form No."—whatever the number was—"which we understand is"—and they had written in the word "Not Applicable". It was signed with a scribbled signature. We simply put that letter in the file. When the next form came in I again stamped it "Not Applicable" and returned a copy of the letter. Through this process we managed to cut down our Statistics Canada paper over a 14-month period.

I am not suggesting that this is the solution to the problem. I merely give that as an example of what happened and still occurs today. If the minister wishes to form a committee to look for practical solutions, I would suggest that he set up a committee comprised of someone from the Department of National Revenue, an official from Statistics Canada, someone from the Department of Finance as well as representatives from some large accounting firms so that they can devise a simplified accounting system for the small retailer and small-business man. This system would easily allow the small entrepreneur to make use of the statistics that he desires and when he makes his annual return he can supply a form which has the statistics that Statistics Canada require. This would be a step in the right direction and would help small entrepreneurs in the operation of their businesses.

In 1979 my colleague for Capilano (Mr. Huntington) was the minister of state for small business. I will not cast judgment on the present Minister of State for Small Businesses and Tourism (Mr. Lapointe) yet since he has some time to go in his job. As I say, I believe he is honest and trying to do a good job in difficult circumstances. The hon. member for Capilano who was the minister in 1979 had a clear understanding of the concept of how to run the small business ministry. I was most heartened to see his approach to small business and encouraged by his receptiveness and understanding of the ideas received from the small business community. In the short time he was in office he set it on a good, straight course.

When the hon. member for Capilano took office he found the affairs of that ministry appalling. The government had been masquerading under the title of small business ministry because it consisted of a minister, a speech writer, a public relations person, a couple of researchers and a secretary. That was the extent of the small business ministry. Obviously, when we would ask questions we would get "nothing" answers from the minister because his department was just window dressing with little substance.

In summary, there is no shortage of entrepreneurs and inventors and innovative people with ideas in this country. However, I am sorry to say that many of them are leaving to go to the United States. I have interviewed a number of these people during the years I have been in Parliament and have listened to the difficulties they have had in trying to obtain money.

For example, I spoke to an entrepreneur in 1978. He came to my office to tell me that he had a very fine mechanical elevating device used in building maintenance. He could not seem to convince anyone in the banking system to advance money to him to begin his venture, so he decided to take his model to a trade show in the United States. He found many interested people there and signed four of them as distributors while taking an order for about 15 of these devices. He returned to his local banker and said, "I have these orders. They are worth a few hundred thousand dollars". The banker said, "They are no good to us as collateral until they are accounts receivable". He would not give him any bridge financing or any funds to build the devices.

This entrepreneur then went back to his distributors in the United States to tell them what happened. Those distributors said, "Come to New York state, we will arrange to have a plant built for you". Therefore, he took this device from Canada to the United States. It is now being produced in the United States and is imported into Canada. This story happens time and time again. I am not blaming the government but I am saying that the engine is there, the ingenuity is there, the businesses are there and the ideas are there. There must be some mechanism to finance those businesses so they can begin to produce and hire people to develop and sell products.

• (1430)

I want to say a final word on research and development because I myself have engaged in a number of R and D projects over the years. What turns off research and development projects is not the lack of ideas, as there are many kinds of ideas, not the lack of engineering ability or anything of that type, but the lack of cash. One day one's comptroller or accountant says, "We have to pay bills and we have a payroll to meet. Now we will have to make a decision. Either you stop that gimmick that you are developing and let us use the money to pay our bills and our payroll, or we cannot continue." That is what really happens. If one knows where to look, one can see all sorts of partially completed ideas which are very good and would have a market, but they are stalled for lack of cash.

I have put this idea forward on a number of occasions and I will state it briefly again. We should allow the small business community, those who have the capacity in the field of manufacturing, to undertake research and development projects and allow them to accumulate funds which they can deduct from their tax payment. We can devise the mechanisms for it, but that money should be specifically set aside for research and development projects. When there is sufficient money, they should be able to draw on that money, just as one can with a registered retirement savings plan. There should be the same concept for research and development. If one has a pretty good idea as to what it will cost to develop somehing, one should be able to draw down the money and get the project under way, knowing that one has the cash to complete it. One should not be able to use that cash for anything other than that research and development project. There should be a linkage mechanism with the Small Businesses Loans Act so that one if one finds oneself in the position where the project is almost complete but a little more money is needed to complete it, one can complete that project and get it out into the marketplace.

That is the sort of thing which must be done and a whole bunch of government grants would not be necessary. All that is needed is to put an administrative mechanism into place to allow that to happen. Whether or not the government holds the R and D money is really beside the point; the administrative details can be worked out. But I tell hon. members that we must have some means whereby the cash is available to complete these projects; otherwise the promoters will leave Canada and go to the United States, Great Britain and to other countries. We will lose those projects and end up importing many of those great ideas back into the country.

I have spoken for about 30 minutes of the time allotted to me in this debate. I know we have agreed to pass this bill in all stages and that there are other hon. members in the House who wish to make a contribution. Therefore, I thank Your Honour for your kind attention to some of the thoughts I have put forward in a positive and not critical sense. I hope some of them have been considered and that they will be explored a little further. Like all my colleagues, I am always available to discuss them in more detail with the minister or members of his staff at any time.

[*Translation*]

Mr. Marcel Dionne (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, if we listen to the official opposition, there seems to be no end of problems in this country. I would like to say a few words about the need for amending the Small Businesses Loans Act, since Bill C-122, an act to amend the Small Businesses Loans Act, is extremely important at this time. First, I should like to say a few words on our past experience, which has in fact been quite good for small businesses, and on the financing situation, to which the member for Burlington (Mr. Kempling) was referring earlier when he said that there was a considerable problem in getting lenders to offer loans to small businesses. Well, Mr. Speaker, in 1981, although there were problems, it seems the number of lenders other than chartered banks rose from 762 to 1,286. I do not know whether that could qualify as a problem, but I think there has been a good deal of progress in this area, and since the government is guaranteeing these loans, I believe that lending institutions other than banks will become more and more numerous. I should also like to say a few words about the act's historical background, the amendments made since 1961 regarding eligibility and reasons for application, and certain results which came to light during the last financial year and which were very encouraging.

The Small Businesses Loans Act came into effect in January, 1961, and its initial purpose was to encourage private lenders to provide fixed-term loans for small businesses. The act, which provides the lender with a guarantee against all losses, was initially to be effective for three years and was subsequently renewed at regular intervals. The act now in effect actually expired on June 30 of this year, and as the minister pointed out this morning, the act was to be extended for nine months so that it would expire at the same time as the legislation on loans to farmers and fishermen.

Since 1961, many amendments have been made to the act, and I shall name a few of the more important ones. In 1974, the maximum amount of loans repayable by any borrower was raised from $25,000 to $50,000 to allow for the expansion of the small business sector, an increasingly encouraging factor which required broader credit margins. In 1977, the maximum permissible loan from any lender was raised to $75,000 and the business turnover figure was raised to $1,500,000. In January, 1978, the interest rate formula was amended to allow lenders to charge prime plus 1 per cent. In 1978, responsibility for administering the act was transferred from the Department of Finance to the Department of Industry, Trade and Commerce. In 1980, the amount of the loan offered by any lender was raised from $75,000 to $100,000. Mr. Speaker, further changes are expected, since an advisory committee has been formed to review all aspects of this legislation.

Under this legislation all Canadian chartered banks are deemed to be lending institutions. As a result of the amendments made in March, 1970, the scope of the act was enlarged

to include credit unions, Caisses populaires, trust companies, insurance companies and finance companies which are eligible and apply for designation by the minister. There have been many changes and those who were eligible were people in manufacturing, wholesale trade, retail trade, service businesses, communications, construction and other fields.

Naturally, there have been changes as well in the reasons why people submit applications, and loans may now be approved for purchasing real estate or movables, improving or modernizing facilities or premises, buying or building accommodation and even acquiring land. This has been a net improvement because the act has evolved with time and, as other members pointed out earlier, it will continue to evolve and to adjust to the needs of the very important small business sector. Particularly in Quebec, people are aware that small businesses play an extremely active role in our economic development and that they create hundreds of jobs. Mr. Speaker, during that short time period, under the Small Business Loans Act, 99,500 loans have been granted so far, for a total value of roughly $2 billion. In 1981 alone, 16,942 loans were approved for a total of $501,000. I have other figures which concern Quebec more particularly.

In 1981, 5,431 loans were approved as compared with 5,188 in 1980, an increase of 4.7 per cent. Even more encouraging is the fact that those loans amounted to $124 million in 1980 and about $147 million in 1981, up 18.8 per cent. This upward trend can be explained by the fact that many more lenders invaded the market to provide assistance to small businesses, particularly since the loans were fully guaranteed by the government, and I think that additional funds will be available for small businesses. As was stated before, I think that the extension of this act and the possibility of amending it further in the future deserve special consideration, particularly in 1982. Like all hon. members, I would be pleased if Bill C-122 were to be adopted as soon as possible so that it can benefit small businesses throughout Canada.

• (1440)

[*English*]

Mr. Scott Fennell (Ontario): Mr. Speaker, I apologize for not being here, but the previous speaker did end rather more quickly than I was told he would.

I am delighted to speak again on small business. My colleague for Mississsauga South (Mr. Blenkarn) mentioned earlier that we have discussed this act three times during this session. I was hoping there would be an improvement this time. I must admit that when I looked at the loans made under the Small Businesses Loans Act, the majority were under $20,000. Perhaps that is adequate.

Yesterday I was supposed to speak on the closure motion regarding the borrowing authority, the second borrowing authority this year. It is interesting that the numbers are so out of line one with the other when you consider that the small business people create employment in this country, yet we have to put so much into government to keep it going. Perhaps the numbers got switched around and it should have been $11 billion for small business and $1 billion for the government. We did get it down to $7 billion for the government, so that was an accomplishment.

I am amazed at this bill. It is now July 23 and the act ran out on June 30. What is going on in the minister's department that an act would be allowed to run out before new legislation is brought into the House? It does not make sense; there is some incompetence somewhere. Somebody in that department does not care about these matters. In the future when the minister wants an extension, he should bring in a bill ahead of the fact rather than after the fact.

The minister told us today that he had conceived a new small business proposal and that there would be a nine-month gestation period. I do not know what he is going to study. Small business has been thoroughly studied by two small business organizations. Many suggestions have been made in this House of Commons, particularly by my colleague who spoke ahead of me, with regard to an over-all global program for small business. I have spoken at least four times on small business.

The problem with the small business sector of our society is that we continually talk about debt financing. When you get into debt financing at interest rates that small business has had to endure recently, it does not allow small business to expand or to be created. If a person with some savings could get a 20 per cent return by investing in a small business, that would be all right. However, why risk putting money into a small business when you can get 20 per cent from the federal government?

We must address the matter of equity financing. The former parliamentary secretary to the Minister of Finance, the hon. member for Ottawa Centre (Mr. Evans), and I have had discussions in the past on equity financing. We both agree that there has to be equity financing. However, we have a different viewpoint as to how it should be approached. He had a good suggestion, that of bringing the FBDB into equity financing. I object to that because I am worried that it will create a new bureaucracy. Small business does not need any more red tape. However, it may be a beginning.

He suggested that it could be like the CDC where there is private as well as government participation. When it reaches a certain point, you could sell that small business development corporation and it would become a public vehicle held by a number of small investors.

We both acknowledge that we come from a different philosophical base. I would rather see this done with incentives through our tax system. I would like to see some of the incentives that were in the tax system put back in. The small-business man cannot do it with debt financing alone. The average person does not have enough money to set up a business that will sustain itself without outside financing. Where the small-business man really needs help is during the early days of formation when cash flows are not adequate to

service the debt. That is the critical period I have spoken about many times.

The minister mentioned today that these loans are principally for expansion, extension of a plant or new plant equipment. I understand why the loan is so small. Not many people are thinking of expansion; they are looking for survival. Today in small business it is a question of survival. An industry cannot be expanded if it is laying off employees and its sales are down. Our problem is that we have not provided proper incentives to people to start industries. Whenever people have had marvellous ideas they take them straight down to New York state, where they receive tax incentives, free plants and tax write-offs for a number of years. That is where our small industry people are going. With the dollar at the price it is today it should be now—today—that we have great incentive programs to get small business going. Small businesses could be doing well right now. With our cheap dollar we could be replacing imports with Canadian manufactured products. These products could replace imports which cannot be sold economically.

• (1450)

I think we have to move a little faster than the gestation period offered by the minister. I ask that he put together a task force of members of the House of Commons. There are many members here who have run their own businesses. I am not talking just about manufacturing businesses. We have storekeepers here and we have farmers who were small-business men. Farmers make up probably the largest single group of small-business men in the country. We have expertise right here and we are not using it. That is one of the weaknesses of this Parliament. Our committee system is far too partisan, and we are not allowed to have the input which would be of benefit to the country.

Let us look at the various programs across the country. There is the SBDC in Ontario. It has not been a great success, but it has been a beginning for venture capital. Why do we not integrate that program with the programs in the other provinces into one over-all global program which would really help this country start manufacturing products rather than exporting raw materials?

I am particularly pleased that we have this type of plan. I was not altogether in favour of the Chrysler and Massey guarantees, but I have to acknowledge that they were economically sensible. They kept people employed. Rather than paying out unemployment insurance benefits, we kept people busy. In the case of Chrysler, I have said many times that if anybody could turn that company around, Lee Iacocca could. He has, and I congratulate him. I give Victor Rice an immense amount of credit for his work with Massey-Ferguson. That man looks like an old man. I thought I had aged since coming to the House of Commons, but he has aged much more in a much shorter period of time. He put his entire body and soul into the survival of Massey-Ferguson and, because that is a very important old Canadian institution, I am glad we have helped it. I think it is very important to help a major Canadian multinational, but I do not believe we are doing enough to help the small-business men of this country produce products.

The minister said he has a very small staff supervising this program. With the expertise of the banks and all the book work done by the banks, how could he justify a large staff? Perhaps all this work could be done through the banks. The banks have great financial professionals to analyse and assess. Surely the minister has as much staff as he requires for the entire program to which he is referring and which is now in its gestation period.

We increased the amount involved in this legislation from $75,000 to $100,000 on one of the last occasions we dealt with this legislation. If we increased the amount to $250,000, that would be a more realistic amount. I acknowledge that the majority of loans under this legislation are under $20,000, but with a loss factor with respect to these loans of eight-tenths of 1 per cent, we could afford to do much more.

I am afraid the minister and many of his colleagues are dreaming of economic recovery. I believe in Canada. The matter is beyond dreams; it is a matter of doing something and getting the show on the road. We do not need any more studies of small business. There have been many case studies of small businesses in Canada. The University of Western Ontario has been doing such studies for some 25 years. We do not need studies, we need action, and we need a comprehensive plan together with tax incentives put forward by the Minister of Finance (Mr. MacEachen).

We have a serious problem in Canada. We must get savings out of people's socks and out of banks. Those savings are not producing jobs. Small business creates 66⅔ per cent of the jobs in this country, and we must provide tax incentives to encourage Canadians to invest in their own country and not in government bonds and government treasury bills.

Mr. Peter Elzinga (Pembina): Mr. Speaker, in speaking to Bill C-122, to amend the Small Businesses Loans Act, I think it is noteworthy that this legislation will simply extend the termination date for loans to be guaranteed under the Small Businesses Loans Act from June 30, 1982, to March 31, 1983. One has to question why this legislation has not already been passed. One must wonder about the planning of hon. members opposite. It is sloppy mismanagement not to have this legislation passed already when, in reality, the termination date has passed. I do not say this to be critical of the Minister of State for Small Businesses and Tourism (Mr. Lapointe) because I have travelled with the minister on occasion and I commend him for the work he is attempting to do for the small business sector. Unfortunately, he is not getting the support of his colleagues in the cabinet because very little has been done for the small business sector.

I spoke about and dealt with a number of specifics when the piece of legislation referred to by the hon. member for Ontario (Mr. Fennell) was before the House—that measure was to increase the amount to be made available to the small business sector—so rather than deal with a number of specifics as to how we can directly help the small business sector, what I

want to do is deal with the broader situation as it exists in Canada today, because this does have a direct impact on the small business sector.

The small business sector is the greatest employer of all sectors in Canada, other than government. It is sad when we have to look to government as the largest employer in this great country, because the fact is that the small business sector has brought this country to where it is today. It has developed what we have and many of the benefits we enjoy today.

Because of the disastrous economic planning of hon. members opposite, there is rage in Canada today. There is a deep feeling of rage. In many areas it is still latent rage, but when that rage reaches a certain state, I quite frankly fear for the lives of some of the ministers opposite, including the Prime Minister (Mr. Trudeau). I find that frightening, and I honestly hope it will never reach the stage in Canada where individuals would attempt to take out their rage in a destructive way. However, lack of sound economic policy by the present Liberal administration is causing great damage to the lifestyles of Canadians across this great land of ours.

Last Friday I had nine appointments in my constituency office. Of those nine, eight came to my office to express their concern about what is happening in this nation because they themselves were going bankrupt. One individual had a small paint business. Another had a small trucking firm. Another person had just lost his job because the electrical company for which he had been working had gone bankrupt. What are these people to do? How are they to survive? The government is asking individuals to exercise restraint to the tune of 6 per cent next year and 5 per cent the following year. I commend it for that, but the sad part is that it is not willing to exercise the same restraint. Last year, budgetary expenditures increased by 20 per cent and the year prior to that they also increased by 20 per cent. What kind of guidance is that to offer to the Canadian people—asking them to exercise restraint when the government does not do so itself?

• (1500)

I should like to refer to an article which appeared in *The Globe and Mail* on June 26, 1982, on the theme that recovery has no chance if the Prime Minister (Mr. Trudeau). I think that is appropriate at the moment when we are dealing with something that relates to the small business community. It indicates where Canada has been brought under the leadership of the Prime Minister and asks us all to consider where we are at the end of 14 years of rule. I say rule rather than government because this cabinet and the Prime Minister have not governed Canada; they have ruled Canada. They have not permitted participatory democracy. Even though our dollar has recently started to rise, it had reached its lowest level ever experienced in our history. The unemployment rate is in excess of 10 per cent.

I have always had a great deal of respect for the Minister of Transport (Mr. Pepin), Mr. Speaker, but I find it a little disconcerting to see him laughing when I am talking about individuals losing their livelihood—

Mr. Pepin: It has nothing to do with you. I was laughing at one of your colleagues.

Mr. Elzinga: According to federal estimates, our national debt will reach some $122.7 billion this fiscal year. The cost of servicing this will consume 22 per cent of all federal spending.

On November 12 the Minister of Finance (Mr. MacEachen) budgeted for a deficit of $10.5 billion, but in the June budget that deficit was announced as being close to $20 billion. Inflation is running at the rate of 11.8 per cent. The National Energy Program, coupled with the collapse of the many megaprojects, is pushing our goal of energy self-sufficiency out of sight. The National Energy Program and the Foreign Investment Review Agency have sent out clear signals to all foreign investment that it is not welcome in Canada. All we have to do is look at the cash flow difficulties we have experienced. Traditionally, on a yearly basis, we have had a cash outflow of $2 billion, but last year the outflow was in excess of $10 billion. Corporate bankruptcies have increased from under 4,000 in 1977 to a current annual rate of 12,000.

As the hon. member for Ontario (Mr. Fennell) said, the largest small business sector in the country is probably the farming sector. Last year farm failures had increased 66 per cent over the previous year. Bankruptcies are continuing at a record pace within the farming sector and in the small business sector. The Department of Consumer and Corporate Affairs reported that 215 farmers were forced out of business by June 30, which is 60 per cent more than in the first half of last year. In fact, there were only 261 farm bankruptices in Canada during all of last year, but if present trends continue, that figure could be surpassed next month. The total net income of the farming sector will be 17 per cent less than it was in 1981.

All this is due to Liberal economic policies such as the National Energy Program launched in October 1980. That program has resulted in Canadians paying 70 cents per gallon more for gasoline and in a potential loss of some 325,000 jobs.

On November 12 the Minister of Finance stumbled into his budget which resulted in the tripling of the number of bankruptcies in the country, in record high unemployment and a record low dollar. Will the budget brought down on June 28 put forest workers back to work? Is it going to help farmers keep their land? Is it going to put the automotive workers back to work? Will megaprojects come onstream again? Will it promote exploration off the east coast? None of these things will come about as a result of the budget brought down in June and nothing that has happened in this House in the last two years has been of benefit to Canadians at all. In fact, the planning has been disastrous.

The Fraser Institute in Vancouver produced a very interesting study of taxation levels. The average Canadian family with a cash income of $22,500 paid income taxes of $3,345 in 1980. Other taxes, ranging from oil and motor vehicle taxes to amusement and property taxes, accounted for an astounding 70 per cent of the average family's total tax bill. Since 1961 the tax bill of the average Canadian family increased by 515 per cent while total family income has only increased 344 per

cent. This information is contained in the report of the Fraser Institute in Vancouver.

The hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) who has a number of questions on the Order Paper, has given us a clear indication of why taxes have increased. We only have to look at the horror stories of government waste. Many of my colleagues have indicated this to the Chamber in the past, but I believe some incidents bear repetition.

Between March 1, 1980, and May 31, 1981, the government paid some $3.5 million for taxi fares. The largest single bill for any government department was, perhaps appropriately, for Transport Canada whose bill was $422,000. At the current Ottawa taxi rates this would be enough to go around the world 120 times.

Mr. Pepin: I am mystified.

Mr. Elzinga: The Canadian people believe the minister is mystified. All they have to do is to look at the economic management this government has offered them in the past two years. The minister or his department spends $422,000 on taxi fares.

Mr. Pepin: In comparison to what?

• (1510)

Mr. Elzinga: What we are doing is asking the minister why it is necessary to have that expense of some $422,000 for taxi fares.

I am sorry, if the minister would like to speak, I am more than happy to relinquish my time so he might ask a question.

Mr. Pepin: Keep on.

Mr. Munro (Esquimalt-Saanich): He is just a cynic; do not pay any attention to him.

Mr. Elzinga: Another typical example of government waste occurred between March, 1980, and June, 1981, when the government spent some $16.7 million on telegrams, cables and other wireless communications. The post office itself does not trust the mail as it spent some $260,000. In fiscal 1981-82 11 government departments spent a total of $10.4 million on hospitality; food, booze and entertainment. We would like to have an accounting of that because we feel this is a prime example of government waste and we would like to see it done away with, especially during the economic difficulties facing Canadians.

We hear so often from the other side, Mr. Speaker, that we in the opposition have not offered constructive proposals. Well, it is very easy for us as Conservatives to point back to what we did in that short period of time we were in government. I just might do that later on, but I would like to deal with the report put together by this party after we held hearings across Canada over the November 12 budget.

The report, aptly entitled "They didn't ask us", made a number of recommendations based on a nationwide gathering of thought and ideas as to what we should do as a government. These recommendations are the first step torwards assuring Canadians long-term economic development, and I would like to share them with the House today.

We indicated in the report that the first point would be to restore individual and investor confidence by establishing a climate for growth, development and expansion. We indicated we should withdraw totally the November 12 budget and replace it with an economic plan which would promote job creation and development through private investment. That is exactly the opposite of what this government has done. We indicated that we should get moving on major national projects to stimulate the economy, create jobs and meet urgent national and regional needs. Point four was that we should restore harmonious federal-provincial relationships and ensure adequate federal funding of provincial health, education and other important social programs. We also wish to reform the budget process to ensure that full public discussion of significant tax changes is ensured so that individuals and companies can assess their impact and plan for their implementation.

These recommendations, Mr. Speaker, deliberately did not provide detailed plans or remedies for our economic salvation. Before we can devise specific policies and programs there must be fundamental changes in attitudes and psychology. Co-operatively, we must work together as a government and individuals to discover and implement economic solutions. We would also recognize and create an entrepreneurial culture which would permit our economic strategies to work. We must restore public trust and economic confidence. Without them we will not be able to unleash the initiative of the Canadian people themselves which is needed, as one expert who appeared before the committee put it, "to reintroduce market forces and profitability". Without this change in attitudes and psychology, we ourselves will be defeated in dealing with our economic situation.

When we were in government for that very short period of time, Mr. Speaker, we changed more than the faces of government. We changed the economic philosophy, spirit and direction of the government. This philosophy was borne out by our intention to create new wealth through the private sector and through a series of measures to reduce the deficit and build on provincial and regional strength, rather than fighting with our provincial colleagues. We wanted to develop measures to develop human resources. We adopted a six-point national economic development strategy to provide a structure and foundation for the government's support of economic advancement. Measures undertaken within the perimeters of each of these points serve to highlight the differences between what we stood for as a government and what the governing party, the Liberals, stand for.

Rather than go into any detail I just wish to mention the six areas so that they are on record. The six cornerstones of our policy are: one, an economic partnership; two, a reliance on private enterprise; three, innovation, productivity and investment; four, building on provincial and regional strength; five,

economic infrastructures; and six, human resource development.

We had started to take steps in this area during the period of time we were in government, and it is interesting to note that even though we were in reality reducing government spending and the deficit, the Social Policy Planning Board of Canada indicated that our budget was the most socially progressive budget introduced in Canada in the past ten years. We were simply eliminating a great deal of government mismanagement. In addition to that, we were helping those who required help from their federal government. I am more than happy to go into specifics but I know there are a number of members who wish to participate in this debate, so I will just say that our policies reflected our deep belief in the worth of individual Canadians and their ability to develop themselves and also to develop a sound economic policy.

We in Canada enjoy many benefits, more than any other nation in the world. We have an abundance of natural resources, and on a much greater scale we have a great potential for human development, and we in this party wish to see that development occur. Even though I wish we could have served a great deal longer in government, I am thankful we had that period of time so that we could draw a comparison between what we did in government and what is being done now. All we have to do is to look at the record of the present administration to find that they have given us record government spending, record budget deficits, record high unemployment, taxation, inflation and interest rates, and that our dollar has reached a record low level. I ask members opposite: what are you doing to help the pensioner other than limiting the indexation of their pensions? In reality, you are going to reduce the income of those individuals who built this country, and some help that is. I ask the minister responsible for small business what policies he has advocated since he has had this portfolio other than gutting the Small Business Development Bond? I hope the blue ribbon committee set up by the Minister of Finance in his recent budget will come forward with some positive recommendations for this sector which needs help so badly.

We in this House, Mr. Speaker, so often find ourselves philosophically at opposite ends. I would like to share with the House my reasons for believing strongly in the individual initiative of Canadians, the so-called free-enterprise system. It cannot be denied that public opinion has been moulded into an anti-capitalist mentality. John Galbraith, who in my opinion is living proof that economics is an inexact science, has written a book called "Economics and the Public Purpose". He has researched the market arrangements of our economy and says it has given us inadequate housing, a terrible mass transit, poor health care and a host of other miseries. For the first time, to my knowledge, Mr. Galbraith comes out from behind the white cloak of liberalism and openly proclaims that the only answer to our problem is socialism.

• (1520)

Well, he deals in fairy tales, as do our Liberal friends opposite. This system of ours, the so-called free-enterprise system, is gradually shifting to a socialistic state under the leadership of our present Prime Minister. In the 1900s a majority of people lived below what we consider to be the poverty line; two thirds of them lived in substandard housing. Today, Mr. Speaker, the figure is less than 10 per cent. Ninety-five per cent of the people in Canada today have a daily minimum intake of nutrients essential to maintain health. Ninety-nine per cent of Canadian homes have gas or electric kitchen appliances. Ninety-six per cent of homes have TV sets. There are thousands of automobiles and trucks owned by our people, all of them on your street every day when you are in a hurry. Some people will point out that this is evidence of our materialism, but we have been the most generous of people. We have shared our wealth widely among our people, and we support with voluntary contributions various churches, libraries, symphonies, operas and non-private theatres.

If Mr. Galbraith is right, Mr. Speaker, and socialism is the answer, we do not have to theorize about it because we have a concrete example that we can look to for comparison. We can be just like that very great nation, Russia, rich in natural resources, with 250 million capable people and 60 uninterrupted years of socialism. As I say, we could be just like them; all it would require is a little bit of doing. To be like them we would have to cut our pay cheques by 75 per cent, move thousands of workers back to the farms, abandon two thirds of our steelmaking capacity, destroy thousands of TV sets, tear up miles of highway and railroad tracks, junk 19 out of 20 automobiles, knock down 70 per cent of our houses, and rip out 90 per cent of our telephones. Then all we would have to do is to find a capitalist country to sell us wheat on credit so that we would not starve.

That is why I believe in our free-enterprise system and that is why I think we who have the opportunity to serve in Parliament have to offer incentives rather than handouts to our small business sector.

Unless this government opposite comes to grips with the sad state of the economy which is affecting not only our small business sector but our pensioners and home owners, the rage which is evident in Canada is going to break out. As I indicated earlier in my remarks, that rage is going to explode. Quite frankly, it is evident when one enters the Parliament Buildings on a daily basis that the security people in the House of Commons are concerned about the explosion of that rage. One only has to see the Prime Minister entering and the increased number of security staff around him. I would hope that individuals like the Minister of Transport and the minister responsible for small business would react positively to the deep concerns evident right now throughout the population of Canada.

Mr. Jack Shield (Athabasca): Mr. Speaker, Bill C-122, an act to amend the Small Businesses Loans Act, really does not address the problems facing small business across Canada. All

we are really doing is extending from July 1, 1980, to March 31, 1983, the Small Businesses Loans Act. Instead of bringing legislation forward in this way we should be bringing it in to assist small-business men in a genuine way. The problems facing small business today are due to government economic mismanagement, and it is forcing many businesses and farms into bankruptcy.

I think all members know full well that a farm operation is a small business in the truest sense of the word. In 1981 a record 8,055 businesses were forced to close their doors forever. Business bankruptcies in 1981 were 22 per cent higher than in 1980, and 43 per cent higher than in 1979. That should tell everyone in this House that there is something serious going on in the business community across Canada.

We all know, Mr. Speaker, that the individual businessman, the small entrepreneur, the little storekeeper, the barber shop and so on, provide fully 55 per cent of all employment across the country. We become alarmed when General Motors, a very large corporation, has to lay off people. We become alarmed when a mining operation in the northern part of Canada closes down and lays off people. I say to you, Mr. Speaker, that the underpinning of our whole economic system is the small-business man and the farmer. Yet we can read the statistics supplied by StatsCan into the record time and time again and very little alarm is expressed. What kind of things do we hear? Well, there is a downturn in the economy. There is a problem facing the country. Well, maybe they were not good managers. Maybe they did not work hard enough. Mr. Speaker, I say to you that the small-business men with whom I am acquainted all put in a tremendous amount of effort, time and work in order to make their businesses go. You have to be impressed with the long hours those individuals spend in their businesses to try to make them successful. It might be a small corner grocery store employing four or five people, or it might be a small restaurant employing five or ten people. All of these operations contribute more to the over-all economy of the country than one of the large businesses that we hear is in the midst of a downturn and is laying off personnel. These small businesses are the ones that provide the jobs necessary for our young people to learn what it is like to work when they first start out working after school and on Saturdays. This also applies to the young lady and young man who leave school to go to work. Yet we are not alarmed at the present state of affairs. In 1981 a record 8,055 businesses were forced to close their doors forever. Business bankcruptcies were 22 per cent more numerous than in 1980, and 43 per cent more numerous than in 1979. These are alarming figures.

• (1530)

What do we do to assist the small-business man? What can we do to tell him that we really appreciate his having taken a gamble, putting his investment money into a business and employing five, six or seven people. We really reward the small entrepreneur. How do we do that? The Minister of Finance (Mr. MacEachen) brings in a budget that attacks the small remuneration or the perks, if you will, that a small-business man gets. For example, the small-business man, because of this budget, can no longer buy a car in the company name. He cannot put it in the name of this little grocery store, his restaurant or his hardware store because that car is now considered part of his wages. The government does not consider that a man or a woman may have to work 16 or 18 hours a day to make his business operation viable. The government does not stop to consider a team of a husband and wife who work 16 and 18 hours a day and employ three or more other people who have to remit to the government the necessary unemployment insurance deductions, the necessary pension deductions and the necessary income tax deductions. Small business people are collecting tax. They become collectors. But no, the government does not consider that. It does not consider that a businessman is now paying himself the minimum wage in order to survive because he has to pour everything back into his business. Instead, the government thinks that the small-business man might be getting away with driving a pickup truck, that he might use it to get his own mail or he might use it on a Sunday to take his wife and family on a little picnic. Because the businessman is doing that, the government has to watch what he does. The government considers that the businessman and the farmer are ripping off the country by having a tax loophole. The government fails to remember that the small-business man is drawing the minimum wage for himself and his family, on which the government taxes him. The pickup truck becomes imputed, and it is as though it is received as income. That is how we reward the initiative of the individual coming out of school who said that he wants to be independent, go into business and build something for himself. That is what this country was made of. This country was made by those who did not want to work for somebody else but who wanted to get out and do it for themselves.

The same could be said of the farmers. There are many young lads who say, "That is for me. I want to be productive. I want to grow food for the nation and for the world." But what do we do for them? We should bring in a bill that addresses the cost of fuel and fertilizer and recognizes the fact that if these people do not produce, we do not eat. The cost of farm fuels is creeping up to where it takes 40 per cent to 45 per cent of all productions costs. Do hon. members know that 40 per cent to 45 per cent of all farming costs are fuel related, either in tractor fuel, fertilizer, or pesticides? And we wonder why farmers are going bankrupt.

Let us take a look at and put some more statistics on the record. Let us go back to 1981. A record 8,055 businesses went bankrupt and closed their doors forever. That includes farms. In 1982, in the first five months alone there were 4,429 bankruptcies. Already in the first five months, there have been over half as many as for the whole of 1981. That is an increase of 36 per cent over the first five months of 1981. It is an increase of 55 per cent over the first five months of 1980. Those figures are alarming when we consider that over 55 per cent of all the jobs from Prince Edward Island to Vancouver Island to the Northwest Territories and the Yukon are created by small-business men. These are not rich businessmen but small, little fellows.

We are bringing in a bill that will help 5,000 businessmen because we are extending a loan guarantee that is controlled by the bank. The banks says they can give a loan of one per cent above prime on $100,000. The government will guarantee it. Five thousand businessmen will be helped. But that does not help them. They still have to pay above prime for the money they have to borrow, and they will float their inventory.

Why are we not bringing in legislation to extend the Small Business Development Bond which was introduced by the Conservative government, which is now reluctantly being carried forward by the present government to assist businesses going bankrupt? Why is the government not considering extending the Small Business Development Bond to an extent that would allow the small-business man to borrow at half prime plus one or two per cent? This was a tax measure, and all it did was to disallow the small-business man from claiming interest as an expense on his operation. Because the bank was lending money at half prime plus one or two per cent, depending upon the bank, that was brought in as a dividend from the small business and it was taxed at a different rate from that of the bank. We all know the problems the banks are facing today.

• (1540)

Surely it makes no difference to the government if this small business development bond is used for healthy and viable growth of a company. Why is it being used only for businesses on the verge of bankruptcy or with severe financial difficulties? What businessman would want to walk into a bank and say, "I would like a Small Business Development Bond application; I want to apply because I am having serious financial difficulties"? This is not what they want to do. We should have legislation before the House which makes the Small Business Development Bond available to healthy and viable companies, not a piece of legislation which means absolutely nothing. It would be an extension of a program which has been in operation for years and affects at the most 5,000 businesses across the country at any one time. Actually, in Toronto alone there would be 5,000 businesses. I just do not understand.

Mr. Berger: Mr. Speaker, I rise on a point of order. I know the hon. member would not want to mislead the Canadian public. He referred to a figure of 5,000 businesses which had benefited from the program in the past year. The number of loans approved during the past year was 16,942. It was substantially more than 5,000.

Mr. Shields: I said that in Toronto alone there would probably be 5,000 businesses.

Mr. Fennell: Or in Montreal.

Mr. Shields: In Montreal or in Calgary, wherever. Hon. members opposite must recognize that there are more than 16,900 businesses across the country. In the fishing industry alone—and we must consider freshwater and saltwater fishermen as small-business men—there are more than 16,000 businesses. Then we could include farmers and small grocery stores. The point I am trying to make is that there has been a minimal amount of help. Bill C-122 is offering a minimal amount of help.

We should be directing help through the small business development bond. I think the hon. member would probably agree that we are not using the resources we have in the Small Business Development Bond. In fact, the Minister of Finance attacked that bond, thus kicking small-business men. I received at least 14 to 18 telephone calls from small-business men in my constituency who had applications ready for approval under the Small Business Development Bond. When the minister brought in his budget last November, he totally wiped them out, he totally killed them. They could not keep up with interest rates when they went up to 20 per cent and so on. All of them did not go under, but perhaps half of them did.

They are not using their heads in this regard. They have allowed these kinds of things to happen. I should like to refer to small business bankruptcies in the primary industry, which includes farmers. In the first five months of 1980 there were 122 bankruptcies. In the first five months of 1981 there were 183, and in the first five months of 1982 there were 266. It seems to me that in the primary sector, which includes farming and food production, there is a crisis approaching that is not being addressed. We have heard talk about an energy crisis, a currency crisis and so on, but if we lose the primary sector, we do not eat. We cannot eat oil.

Now let me turn to the statistics in terms of small business bankruptcies in the manufacturing sector. In the first five months of 1980, 239 businesses went bankrupt. In the first five months of 1981, there were 240, only one more, and in 1982 they almost doubled to 418. These statistics are alarming.

In the construction industry, 586 small businesses went bankrupt in the first five months of 1980. In the first five months of 1981, they went down by one to 585, and in the first five months of 1982, there were 685 bankruptcies. I hope hon. members find these statistics alarming.

In the first five months of 1980, 195 small businesses in transportation, communications and utilities went bankrupt. In the first five months of 1981, 202 went bankrupt, and in the first five months of 1982 there were 305 small business bankruptcies. As I say, I find these statistics alarming. We are not addressing this problem in the House. Certainly it is not being addressed by the government in Bill C-122, to extend a program which affects 16,000 businesses across the country. It will not do anything for them.

Let me turn to small businesses connected with trade. In the first five months of 1980, 970 businesses went bankrupt; in the first five months of 1981, 1,059 went bankrupt; in the first five months of 1982, 1,374 went bankrupt. The graph is going up and up. What will happen when I stand here next year to talk about the first five months of 1983? We are in serious trouble.

If hon. members opposite accept the proposition that small businesses provide 55 per cent of all jobs across Canada, then they must accept the proposition that we are in serious difficulty. The government is not doing anything to assist small-business men to keep them viable and to keep over 50 per cent

of the work force employed. This is to our peril. I do not care what the government wants to do, but it cannot create a Crown corporation like Petro-Canada to look after all shoe repair shops, all groceries stores, all barber shops and all other small businesses in the country. We must keep small-business men healthy and viable. If we do not have a healthy business community within the community as a whole, we do not have a healthy country. Small-business men are the ones to whom the service clubs go. They are the ones who coach minor league hockey teams or peewee ball teams. Hon. members opposite should go out there to see who sponsors such teams. In essence, small-business men determine whether or not we have a healthy Canada.

• (1550)

I would like to turn to small businesses in finance, insurance and real estate. In the first five months of 1980, 107 small businesses in finance, insurance and real estate went bankrupt. In the first five months of 1981, 103 of these small businesses went bankrupt. In the first five months of 1982, 197 small businesses went bankrupt. I guarantee to all hon. members that in the first five months of 1983 in the finance, insurance and real estate field they will see that figure of 197 go up as high as 500.

It is a reflection of what is happening in our economy. The real estate and insurance markets are dropping because people are not buying homes. Nor will they be buying homes with the $3,000 grant such as the one the minister presented to someone in Edmonton. It is baffling how they picked that individual because the forms for the home owner grants are not available in any of the offices. The minister must have picked him out of the blue.

In the service industry there were 646 businesses that went bankrupt in the first five months of 1980. In the first five months of 1981, 892 service industry businesses went bankrupt, which was an increase. In the first five months of 1982, 1,184 businesses went bankrupt. Hon. members become alarmed when they see General Motors, Massey-Ferguson or Sherritt Gordon laying people off, but they fail to remember that 55 per cent of all the jobs in Canada are created by the small business sector.

What is the government doing to help those small businesses? Absolutely nothing. What can we do to help small business? The Canadian Federation of Independent Business has told the government that it is having too many problems dealing with government and its regulations in order to remain viable. That is why that federation approached the government. In personal interviews with 11,800 small and medium businesses which were conducted in the third quarter of 1980, one out of every ten identified government regulations, red tape and paperwork as the most important problem. This concern received the fourth highest response from those 11,800 small businesses. The three concerns which preceded that one were financing and supply, skilled labour and inflation. Financing, supply, skilled labour and inflation are perennial problems in any business.

It appears that these problems are becoming worse despite the efforts of the paper burden controller's office and the good intentions of both levels of government. It is considered a serious problem. Let us review some of the departments that small-business men indicated could greatly assist them. There is the federal sales, customs and excise tax. We can expect taxes to burden the small-business man and take up much of this time, but we should not expect this to happen to the point that it is creating—

Mr. Lapointe (Charlevoix): Mr. Speaker, I rise on a point of order. I am sorry to interrupt the hon. member but I would plead with him that at five minutes to one this afternoon we came to an agreement among all parties that we will deal with all stages of the bill before four o'clock. It is now five to four. I would ask the hon. member if he would be in agreement for us to proceed with the Committee of the Whole stage and then third reading.

Mr. Shields: Mr. Speaker, I do not know how these agreements are arrived at.

Mr. Smith: Through your House leader.

Mr. Shields: Our House leader is not here.

An hon. Member: He is so. So is your whip.

Mr. Shields: With the exception of our Quebec members, the vast majority of those polled said that federal paper work caused more problems in its burden and regulations than the paper work of provincial or municipal governments.

Outside Quebec, the percentage of respondents placing the blame on Ottawa ranged from a low of 62.6 per cent in Saskatchewan to a high of 87.1 per cent in Prince Edward Island. In Quebec, 74.6 per cent felt that the greatest burden was inflicted by the provincial government compared to 25.2 per cent citing the federal level.

While it is not surprising that Revenue Canada's requirements affect the most people, the extent of their impact is dramatic. Forty-six point seven per cent of respondents listed taxation measures as affecting them the most. Most small-business men said that taxation measures affected 46.7 per cent the most.

What are we trying to do to assist the small-business men? Absolutely nothing. We have virtually killed the Small Business Development Bond. it is now only available to those small businesses that are facing dire straits or are ready to go bankrupt. Do you want to hear about the type of paper work that a small-business man is faced with?

Mr. Benjamin: No.

Mr. Shields: They include federal sales, customs and excise tax, manpower training, apprenticeship programs, federal income taxes, unemployment insurance record in employment, federal employee deductions, income tax, UIC and CPP. What about Statistics Canada? If you were a small-business man you would know that the biggest problem and the prime

question that he asks is, "Why should I fill these forms out, because no one uses the information that is provided? If they do, I never know, as a small-business man, why they want me to fill out these forms."

The second biggest complaint of the small-business man about filling out government forms concerns the required information, because it is too complex, requiring the small-business man to spend hours and hours to fill out these forms for some bureaucratic department.

The third complaint is that the information required is too costly to provide. In other words, a small-business man spends hours and hours in his job but must take the time, or hire someone, to fill out the forms that a government bureaucracy requires. But one of the most serious problems of all, and I have been on the receiving end of this, is that when one sits down to fill out these forms, very private, pertinent information which should relate only to that company, one finds that it is Statistics Canada that wants it. What guarantee—

• (1600)

The Acting Speaker (Mr. Blaker): Order, please. I am sorry to interrupt the hon. member for Athabasca (Mr. Shields), but pursuant to Standing Order the Chair must now indicate that the time for private members' hour has arrived. However, I understand from various informal discussions that there may be a wish on the part of hon. members to put this bill through all stages. If that is the case, I think it requires only an indication that the House wishes the Chair not to see the clock in terms of private members' hour until such time as the bill is put through all stages.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): Is there unanimous consent that the bill be referred to Committee of the Whole?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Blaker in the chair.

The Assistant Deputy Chairman: Shall Clause 1 carry?

On Clause 1—

Mr. Elzinga: I have just one very brief question, and I regret very much that the minister responsible for this legislation has not given it enough priority to even stay in the House for the completion of third reading.

Mr. Deans: Wait a minute. That is not fair.

Mr. Elzinga: But perhaps another cabinet minister who is present could answer my question. It is a very simple one. Specifically, what legislation of a substantial nature has the Minister of State for Small Business introduced which is of benefit to the small business sector other than legislation increasing the amount available for borrowing from $75,000 to $100,000 and pushing forward the termination date of this particular legislation? Has he introduced anything else, or does his record speak for itself?

Mr. Berger: Speaking on behalf of the minister, Mr. Chairman, the small business investment grant was a measure included in last June's budget.

Mr. Elzinga: We have not got the legislation yet.

Mr. Berger: I wanted to correct a point raised earlier by the hon. member for Mississauga South. This grant can apply without any prior legislation under the two loans made under the Small Businesses Loans Act, under the act which we are presently passing, which adds to the urgency of extending this act. The small business investment grant is covered by Treasury Board Vote 5, which is already in effect and, as such, does not need specific legislation since it is a fiscal measure. The expenditure will also have to be approved in supplementary estimates and will need the approval of Treasury Board. But I understand that the Canadian Bankers' Association met with the department and is ready to start extending loans under that budgetary provision. If it is not ready, it will happen by the end of this month.

The Assistant Deputy Chairman: Shall the clause carry?

Some hon. Members: Agreed.

Clause 1 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

The Acting Speaker (Mr. Blaker): It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, public bills, notices of motions and private bills. Before going further, I should indicate that there may be an informal agreement to consider all stages of Bill S-29, but for the moment, I will proceed with the necessary details to get us into private members' hour. I will now recognize the Parliamentary Secretary to the President of the Privy Council (Mr. Smith).

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Blaker): Shall all orders preceding No. 76 stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): I understand that there is an informal consent to proceed with Bill S-29. Of course, the Chair is in the hands of hon. members, but I will recognize, for that purpose, the Parliamentary Secretary to the President of the Privy Council (Mr. Smith).

Mr. Smith: Mr. Speaker, I believe, if you seek the consent of the House with regard to Bill S-29, you will find there is an understanding that we deal immediately with all stages of this bill, without debate, and then we will proceed immediately to the private members' bill standing in the name of the hon. member for Prince Edward-Hastings (Mr. Ellis).

* * *

THE RAILWAY ACT

AMENDMENT RESPECTING DEPOSITING OF INSTRUMENTS AFFECTING ROLLING STOCK

Mr. Al MacBain (Niagara Falls) moved that Bill S-29, an act to amend the Railway Act, be now read a second time and referred to Committee of the Whole.

Motion agreed to, bill read the second time, considered in committee reported, read the third time and passed.

The Acting Speaker (Mr. Blaker): May I bring it to the attention of hon. members that, pursuant to a ruling made in either June or July of 1977, when matters proceed with the unanimous consent of the House and invade the time of the private members' hour, the private members' hour is nonetheless reduced by the amount of time of that invasion. Accordingly, the House will adjourn at five o'clock.

* * *

REPRESENTATION ACT, 1980

MEASURE TO STABILIZE REPRESENTATION IN HOUSE OF COMMONS

Mr. J. R. Ellis (Prince Edward-Hastings) moved that Bill C-276, an act to stabilize the representation in the House of Commons, be now read a second time and referred to the Standing Committee on Privileges and Elections.

He said: Mr. Speaker, the time taken away from the private members' hour this afternoon does not really cause me much concern. I will be quite brief.

• (1610)

Because of a problem in my personal timing, this bill is delayed in coming before the House more than it perhaps might have been. I would have preferred to have had this bill brought forward some months ago prior to a bill of a similar nature, Bill C-223, in the name of my friend and colleague for Red Deer (Mr. Towers). However, as I said, it was a timing problem on my part that held it up. As a consequence, I will be very brief.

The subject matter of this bill has been before the Standing Committee on Privileges and Elections. I would have hoped that even at this late date I might convince the deputy to the House leader that this subject matter might still go the Standing Committee on Privileges and Elections.

The basic contention of the bill is that there is absolutely no reason for increasing the number of members in this House of Commons. I am going to take a moment to read into the record part of the explanation for my bill that will give some background and substantiation for that statement.

I want to point out particularly that in the bill which I mentioned a moment ago in the name of my colleague for Red Deer there is one similarity. We have both asked that the basic benchmark for determining the number of members in the House of Commons that was set some years ago, 75 members of the Province of Quebec, to be increased by four at each subsequent decennial census, not be decreased but held at 75.

The step I have taken beyond that, which is slightly different, is that the 1981 census be ignored in its entirety. Hon. members will know that the results of the 1971 census were not brought into being until 1979 so that the boundaries were not changed until eight years after the census was taken. Given the timing of the census and the timing of the next election, it is possible that new boundaries could be struck prior to the next election. That would have meant there would have been one extremely short Parliament and one long Parliament with these boundaries we now have.

I refer briefly to an excellent column which appeared this week written by Douglas Fisher, the well-known columnist and some time ago member of the New Democratic Party who sat in this House. He points out the relevance of the possible date of the next election and that the redistribution process cannot be completed before December 1984. That is the redistribution process that would follow from the 1981 census.

We would expect that the next election will likely be held in 1984, given the last election in 1980 and the tradition of having elections approximately every four years. However, we need only go back two elections to realize that the Parliament elected in 1974 lasted until 1979. If this Parliament were to sit that long, we could be faced with a redistribution prior to the next election. That is totally unnecessary.

If that were to happen, we would be faced with the accomplished fact of an increase in the number of members in this House. I do not see that. In his speech on his private members' bill and during his appearances before the Standing Committee on Privileges and Elections, my colleague from Red Deer made a number of arguments for holding the House at the present figure or perhaps allowing it to increase by eight or ten seats.

I know that my friend opposite, the hon. member for Mississauga North (Mr. Fisher) will speak following me. I am sure he will put on record, as will my colleague from the Brampton area, the fact that they represent ridings that extend far and beyond the 25 per cent over the base that is allowed. They represent ridings that are double the population and more close to the norm that was set as a result of the 1971 census and the procedure that is followed. I hope that my colleague from Mississauga North will tell the House that while handling a constituency of that size is extremely difficult, if given the tools and the staff he would not have a great deal of difficulty.

After all, our colleagues in the United States House of Representatives handle in the order of 400,000 constituents. There are only two senators per state and in those states the size of New York and California, senators deal with constituencies that number in the millions. Therefore, there should be no difficulty in handling a few more thousand.

When the boundaries commission sat in the 1970s, I was quite critical. I felt they missed some of the human side of the boundaries they established. When I appeared before the commission, I asked for a change. I achieved a partial change, but the line they drew on the north side of my constituency goes right through an area that has an affinity with another area. One township north of that line could have been drawn in. There are not more than 200 people living in the entire area of three townships. It is obvious that the lines could have been drawn much better at that time. It would have given me quite a few more constituents. That would not have been a tremendous problem. Instead of the approximately 75,000 I now have, there would have been 85,000 or 95,000. In a typical urban rural riding in eastern Ontario, that does not seem to be a real problem. From the point of view of having a number of constituents, I can see no justification for having this House increase its membership.

There is another point I want to make along this line while I am speaking on this aspect of the bill. Some years ago I was mayor of the city of Belleville. As mayor, I was continually thrown into meetings with my county colleagues. The two counties which I am now proud to represent were Prince Edward and Hastings. As a result, I was always outnumbered. However, if my cause had any justification to it at all, I had absolutely no difficulty in putting my point across.

• (1620)

One of the arguments made by Mr. Fisher, or alluded to—I should not say it is an argument made by him because he does not put a lot of weight behind it—is that because there are only 75,000 people in my constituency, and the constituency of my friend, the hon. member for Mississauga North, has over 150,000, his votes carry only half the weight of mine. I disagree with that argument. Frankly, it seems to me that if my colleague across the way can make his point and get his arguments through the House of Commons, his people are equally well represented, and there is no less weight behind the votes his constituents cast than behind the votes cast by people in the less-populated Prince Edward-Hastings constituency.

I argue very strenuously that this House should not be enlarged. I would not have a problem if the House were enlarged by eight or ten seats. If the evidence given before the Standing Committee on Privileges and Elections this year by the deputy to the President of the Privy Council (Mr. Pinard) is accurate, then by freezing the representation of Quebec at 75 seats, the House would increase in size by eight or ten seats. I do see that as a problem, but if the size of the House were to grow any larger than that, I feel that would be quite unnecessary.

Surprisingly, this matter has been the subject of letters to the editor in the city of Belleville. It is not a subject matter I thought would have caught the attention of very many people, yet Mr. Sidney Sillitoe, who was a friend for many years, without any discussion with me but, rather, in discussions with others in the city of Belleville, realized that the House would be enlarged because of the decennial census. In letters to the editor people were complaining that this should not happen. So it is that a subject which we would normally have thought would have occupied the minds only of those people within the House of Commons to varying degrees is one which has caught the interest of people within my constituency. If it is there, I am sure it is also in other places.

I want to close by saying once again that I can see absolutely no justification for having the size of this House increased, and I strongly urge members of the government opposite to refer the subject matter of this particular bill to the Standing Committee on Privileges and Elections to allow the committee to deal with it, albeit much later this year.

Mr. Watson: Mr. Speaker, I rise on a point of order. I would like to make a suggestion to the hon. member for Prince Edward-Hastings (Mr. Ellis). I want to assure the hon. member that I agree wholeheartedly with the thrust of this bill. As a matter of fact, I voted against the legislation which is now forcing our numbers upwards after each census. However, considering that a bill similar to the hon. member's bill was referred to committee and was considered in committee, and considering that we have one member on our side, the hon. member for Mississauga North (Mr. Fisher), who wishes to make a speech on the subject this afternoon, I wonder if the hon. member for Prince Edward-Hastings would agree, after the hon. member on this side has completed his remarks, to withdraw his bill. That would be one way of finishing off a little earlier this afternoon.

Mr. Ellis: Mr. Speaker, I thank the hon. member for Châteauguay (Mr. Watson) for his suggestion, but I think his suggestion might complicate things. After my colleague, the hon. member for Mississauga North (Mr. Fisher) has spoken, there will be some 20 or 25 minutes' debate remaining on the bill, and I think we should let it run its normal course.

Mr. Doug Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I extend my thanks to my colleague, the hon. member for Prince Edward-Hastings (Mr. Ellis), for giving me an opportunity to talk about a very important issue to me personally. I am rising now not to make an official speech but to give my personal opinion based on my own experiences in Mississauga North.

I represent the second most populated riding in Canada. The most populated one, York-Scarborough, is held by a minister, so I suppose I hold the record as an ordinary member.

In 1980, there were 93,000 voters registered in my riding. That is the firmest evidence I have of its size. They were registered voters and, of course, on top of that there are all the children, all the non-citizens and all the people who were missed on the list. The estimate in the newspaper the other day indicated that there are approximately 190,000 people in my

riding. On top of that, just to let hon. members know some more details, my constituency is an area of very rapid population expansion. Recently, the city of Mississauga approved three new subdivisions, which will bring a total of 25,000 new homes into my area. Those homes will be added before we have an opportunity to redistribute the riding. Assuming that there will be two or three people living in each of them, I will have a gigantic riding by the time redistribution gets around to me.

I do not care whether we add more members to this House of Commons or whether we do some kind of shuffling, but certainly people in my area are mistreated by this system, and I hope to put that argument forward and to prove my case. It is that opportunity I appreciate today.

There are three electoral problems facing my riding. The first is that the general political workload involved is very, very heavy. I personally have no problem with that. In fact, the opportunities to go to spring festivals, parades, community centres and all sorts of community events help me to break down the anonymity of my riding. The political work is my work. I chose Mississauga to run in, and I am happy to represent the area. I am delighted all that work is there.

There are two radio stations, a very effective cable television station and four neighbourhood newspapers, all of which help me to break down the size of my constituency. We have ongoing neighbourhood and volunteer groups which help me to become known to people and to work on their problems. The political work is my responsibility, but I remind hon. members that on other occasions and in other precedents the workload facing hon. members has been considered a reasonable justification for giving members additional resources. I will come back to that point.

The second problem facing the people in my area is that their individual problems are difficult to communicate to their Member of Parliament. Because my area contains so many people and because of its size it is hard for the people to get in touch with me. When the people do get in touch with me, they have a difficult time making their cases, simply because of the workload. I do not know what happens in the offices of other hon. members, but my office has kept track and has found that in busy periods during the winter it is very common for us to receive 50 telephone calls a day dealing with personal problems. When people telephone me and say, "Doug, you are doing a lousy job", I feel that is an opinion, so I do not include that in that count. However, people telephone me and say, "Doug, I want to get my grandmother into the country. She lives in India and is having a difficult time because of our demands with respect to immigration." That is a problem which requires a great deal of work in order to serve the constituent properly. I take that very personally. I do not think that is a partisan issue. I do not think that is an opinion. That is an obligation on me as a Member of Parliament, and I cannot always carry out my responsibilities fully, simply because of the demands that are made. In my office I maintain two full-time people. We have three telephone lines coming in. Another person works half the week in my office. All of this is paid for out of the budget of the House of Commons, although my riding association makes a contribution because the House of Commons budget cannot cover it all. We keep the office open from nine o'clock until five o'clock every day and there is a telephone answering machine for the evenings and the weekend.

• (1630)

Because we are talking about large ridings we should realize the cost involved. One cannot hope to keep up the work with the resources now available, which are based on the experience of smaller areas.

Finally, we have the important question of representing the voice of our people in government. According to the chief returning officer, the average riding had about 55,000 registered voters in the last election. My riding had 93,000 people. They have a diluted voice in Ottawa, and I am sorry about that. But the one-man one-vote principle has been tested over and over again and is diluted in these circumstances. We heard that effectiveness and hard work by the MP would offset this imbalance. The hon. member for Prince Edward-Hastings made that point, and of course he is right. A good, strong, clear voice will carry a long way. But he overlooked the fact that in politics ultimately it is numbers that count. Two votes are more than one, and in politics the number of votes decides issues. That is an important principle, which is being diluted by the fact that my riding has one member for 93,000 voters while the average riding has one member for 55,000 voters. That represents a dilution of impact in my area.

We have acknowledged the one-man one-vote principle in our processes and we try to come as close as we can to it. The decade-long cycle is too cumbersome and too slow, however. In trying to be absolutely fair and prevent abuse, we create unfairness through delay. I think the ratios could be corrected in one way or another if we acted more quickly.

Let me give an example of this, Mr. Speaker. There was a general census in 1971 which led to the decision on redistributing the electoral boundaries in 1975. Those new boundaries were to come into effect in the next general election. As we all know, however, in 1978 in York-Scarborough a byelection was fought on the basis of the old boundaries. Today, that same area is represented by three Members of Parliament. The process is too slow and cumbersome, Mr. Speaker. In 1978 the voters from what is today Don Valley East, York Centre and York Scarborough all voted in that one byelection.

In 1971, Mississauga was one riding. It was fought and won by my Liberal predecessor, the hon. Tony Abbott in 1974. In 1979 it was split in two, and in 1980 when I fought the election the area was big enough for three ridings. Yet 1979 and 1980 is when the new boundaries came into effect. There is too great a gap between the census and the enactment of the new boundaries, Mr. Speaker. I am concerned that this cycle will be repeated over and over again.

We have had the 1981 census, and the estimates are that it will be 1985 before the new boundaries are applicable. If the normal electoral cycle is followed, that means that the new

boundaries will not come into effect until the late 1980s. My area will probably have three ridings and, according to the normal projection, by the late 1980s the population will be big enough to call for four ridings.

I have some suggestions to offer to help deal with this situation, and they are concentrated mainly on the problem of representation on behalf of the ordinary citizen living in a big area like mine. I believe we should recognize the principle that one-man one-vote is not enough. We should also recognize that people make work for politicians. We should put in place a separate category or riding—the big riding, where growth and size are very important.

There is already a geographical precedent. It has been recognized that the hon. member for Western Arctic (Mr. Nickerson) has special problems and special work because of the vast area he represents. He has been given some extra resources to help him out. I think that is necessary because the geography creates extra work in his case. But people make work in politics too, Mr. Speaker. There are 190,000 people in my riding, each of whom deserves my full attention. Therefore, I should have extra resources as well.

I should like to issue a challenge to the hon. member for Prince Edward-Hastings. He is a member of the Standing Committee on Management and Members' Services. That committee deals with problems like this. A year ago I wrote to that committee and proposed that extra resources be allocated to people representing huge and expanding ridings. I presented a petition signed by ten Liberal members and I asked that two NDP members and about ten Conservative members also make representations. I was told by the hon. member for Brampton-Georgetown (Mr. McDermid) that those representations were going forward from the Conservatives, and I was told by the hon. member for Comox-Powell River (Mr. Skelly) that representations were going forward on behalf of his party. They landed in the hands of the hon. member for Prince Edward-Hastings and a few others and disappeared in a vacuum. I must say that I think it is about time that we had a report on the situation from the committee.

We suggested a very simple procedure, that the regular redistribution be supplemented with extra resources after each election. When enumeration takes place and voters lists are produced, a national average of riding size should be established based on the number of voters rather than on population. Ridings in the top ten per cent size should be allocated money to enable the MP to employ an extra staff person to deal with the burdens of the representation of the larger number of people in those ridings. Unfortunately, nothing has been heard from the committee. I would urge its members, especially the hon. member for Prince Edward-Hastings whose conscience on this issue is so clear, to give an answer to this proposal soon. I would ask the hon. member to acknowledge at least that people make work and that huge ridings have special demands.

I would be prepared to debate, somewhere else, in philosophical terms, the second question of whether the people in my riding have a diluted voice because they have only one member for so many voters, and so on. It is an important issue which needs to be discussed. I think we all agree that the redistribution procedure, whether it adds extra people or makes a change in the boundaries, could be speeded up.

The third area where I indicated there was a problem was in the area of political representation. I think the cure for political problems and political representation is to encourage the good people of Mississauga North, numerous as they are, to keep on voting Liberal.

• (1640)

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, I intend to be very brief in addressing the bill before us. I would like to say I share the sentiments of the hon. member for Prince Edward-Hastings (Mr. Ellis), if we continue to grow like Topsy. This is what will happen if we do not make some adjustments to the current set-up which would see this House with something like 300, or in excess of 300 members in the next redistribution. I am in somewhat the same position as the hon. member in discussing this, and that reminds me of something which Peter Ustinov said a few years ago. I find myself of two minds on the subject, one more or less in disagreement with the other.

I come from a constituency called Kootenay West which currently has the smallest population of any constituency in British Columbia. It has 500 people less than any other riding in the province. I have 58,000 population, to be exact. If we were to alter the formula in the way envisaged in this bill, we would likely have to add additional population to the riding, and to many other rural or urban ridings than is presently the case, or would be, based on present census figures and the redistribution that will come as a result of it. Under the current regime the riding will have 11,000 less than the next smallest riding, although it will still come above the 25 per cent variable which applies to most constituencies across Canada.

While I appreciate the remarks of the hon. member opposite who has just spoken, it may be that we will have to give increasing consideration over the long haul to servicing those constituencies with significantly larger populations, complicated as that is because of the time lag on the census and redistribution. But we also have to bear in mind the rather unique problems that are faced, and which have been recognized in the past by those of us in rural and rural urban ridings.

My own riding encompases some 13 municipalities. One of my colleagues from Saskatchewan has a combination of 80 Indian bands and municipalities within one constituency. Those kinds of burdens also place additional responsibilities on the members who represent those areas. They are in a sense mini-republics and the consultative mechanisms that have to be put in place in order to keep a semblance of orderly communication between a member and all the component organized parts of his constituency require some additional effort, both quantitatively and quality-wise than I suspect is the case in many urban constituencies. While they may have large

numbers of people they are more homogeneous and of one mind on particular subject matters and areas.

Having said all that, I do agree with the hon. member who introduced the bill that the nightmare we can envision happening in this chamber, both physically and how it will affect other workings, is and will be getting worse and worse on the basis of the current formula. I do not think any one of us has the magic answer. It would seem to me that if we do put the kind of formula in place which the hon. member is suggesting, then we must also reconsider the variable formula and 25 per cent variance which is currently allowed as between populations of our various constituencies.

Another matter that needs to be looked at by the committee is further refinement of the redistribution process, even once the formula has been worked out. In the last redistribution within my own area, even though the process we now have is a significant improvement over the mechanism that used to take place a number of years ago in terms of sorting out constituency boundaries, I know of one situation where a community of eight people, the poll of Trout Lake, which has a long continuing historical connection with the remainder of my constituency, was suddenly put into the constituency of Kootenay East-Revelstoke. Kootenay East-Revelstoke is some 100 miles away over gravel and dirt roads. That single poll of only eight people, who could otherwise communicate back and forth with the remainder of the constituency over a distance of 30 miles, are now forced to go 100 miles in order to have anything in common at all with the constituency with which they are a part. Their only established link is that traditionally they have been serviced by the Revelstoke Post Office. This is like a Len Norris cartoon of earlier *Vancouver Sun* fame; the little old lady who used to cover her eyes and stick a pin in a ballot. I suspect that is the only way that kind of arbitrary decision could have been made in terms of sorting out those boundaries.

We are also left with the situation that there are two time zones within the constituency. The riding is established in this way to take in 500 people who would fit much better into the adjoining constituency. Those anomalies would not be corrected by this bill. In any continuing discussion of redistribution, I think we should be looking at that process and trying to define it a little more delicately.

Basically, I support the intent of the bill before us, as do most of my colleagues. Our overriding concern is that this House should continue to be of a size that is at least somewhat workable, both in terms of quantity and quality, so that we can do the kind of job that is expected of us by all our constituents.

The Acting Speaker (Mr. Blaker): The Chair sees that there are two hon. members who wish to continue with this debate. In order that both members have an opportunity to speak, perhaps they will consider the suggestion of dividing the remaining time between them. The hon. member for Edmonton West (Mr. Lambert) has indicated he will speak very briefly and leave the remaining time for the hon. member for Gatineau (Mr. Cousineau).

Mr. Nickerson: There are three members wishing to speak, Mr. Speaker.

The Acting Speaker (Mr. Blaker): I now note that the hon. member for the Western Arctic wishes to speak as well.

The hon. member for Edmonton West.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I want to thank hon. members for their courtesy. I certainly support my colleague, the hon. member for Prince Edward-Hastings (Mr. Ellis). I have sympathy for the hon. member for Mississauga South (Mr. Blenkarn). Years ago I had the most populated riding west of Scarborough, and I got along quite well. True enough, the demands upon the member at that time were not as great.

I think the solution lies partly in what the hon. member is advocating. I do not think the suggestion that every member should be entitled to the same number of staff and so forth is right. It seems to me that the facilities for a member should be geared to a mathematical formula based upon the size of his riding.

There is one thing which the hon. member for Mississauga South fails to realize, and that is that we do have flaws here. Prince Edward Island has four members. The total population of the province is barely over 120,000. There is the same difficulty in New Brunswick, Newfoundland, Nova Scotia and Saskatchewan. You are not going to get away from disparate numbers in any way. It seems to me that the solution lies in according facilities to a member based upon the population of his constituency.

• (1650)

There is one final point I should like to make. The chamber should have no more than 240 members. There has been an improvement in communications and in facilities compared with what they were when I first came to the House 25 years ago. In fact, they are incomparable. With appropriate staffing facilities, members can look after greater populations. There is no way that the Chamber can accommodate any more members in a practical sense. There is already overpressure on question period, on debating time and in committees. We must resort to silly nonsense, to the point that a member now has five minutes to question witnesses in the committee consideration of Bill C-124. If a witness takes 3.5 minutes to answer, then the time is gone.

We should reduce the number of our committees. We could handle things much better. At the present time the chamber is growing like Topsy, and I must say that the *pis-aller* solution which was found in the mid-1970s to deal with a totally bad system of redistribution built a Frankenstein into the system.

The contents of this bill should go to committee. I do not think there should be total discouragement of this proposal. I hope hon. members on the government side will agree that the contents of my colleague's bill should go to the Standing Committee on Procedure and Organization.

The problems of the hon. member for Kootenay West (Mr. Kristiansen) and those who represent coastal constituencies are matters of redistribution. The people at fault are the redistribution commissioners. It is not a question of the number of seats.

Therefore I support this bill. I urge hon. members not to talk it out, but to let its contents go to the Standing Committee on Procedure and Organization so there will be a full exchange of ideas. This would benefit all members of the House. We have done that time immemorial. These proposals should not be talked out. They should be discussed in greater detail in a committee designed to look after the problems of the House.

The Acting Speaker (Mr. Blaker): The Chair will recognize the hon. member for Gatineau (Mr. Cousineau), but perhaps I should first assure the hon. member with gout, who was inquiring, that private members' hour will finish at five o'clock.

[*Translation*]

Mr. René Cousineau (Gatineau): Mr. Speaker, although it is a beautiful day outside, we are always pleased to take part in the Friday afternoon debate, and I am particularly interested in this one because the amendment proposed by the hon. member for Prince Edward-Hastings (Mr. Ellis) would impose a certain restriction on the province of Quebec. The hon. member claims that Bill C-276 is designed to stabilize the representation in the House. I would like to read the act as it is now and then compare it with the amendment of the hon. member. Section 51 of the British North America Act reads as follows, and I quote:

"51. (1) The number of members of the House of Commons and the representation of the provinces therein shall upon *the coming into force of this subsection and thereafter on* the completion of each decennial census be readjusted by such authority, in such manner, and from such time *as the Parliament of Canada from time to time provides*, subject and according to the following Rules:

1. There shall be assigned to Quebec seventy-five members in *the readjustment following the completion of the decennial census taken in the year 1971, and thereafter four additional members in each subsequent readjustment.*"

Now here is the amendment of the hon. member:

All that portion of subsection 51(1) of the *British North America Act, 1867*, as enacted by the *British North America Act, 1974*, that precedes Rule 1 thereof is repealed and the following substituted therefor:

"51. (1) The number of members of the House of Commons and the representation of the provinces therein shall upon the completion of each decennial census, commencing with the census taken in the year 1991, be readjusted by the authority, in the manner, and at the time provided by the *Electoral Boundaries Readjustment Act*, subject and according to the following Rules respecting the relative representation of the provinces:"

He then goes on to say:

Rule 1 of the said subsection is repealed and the following substituted therefor:

"1. There shall be assigned to Quebec seventy-five members in *each readjustment.*"

And the words:

—four additional members in each subsequent readjustment—

—are completely omitted.

Mr. Speaker, it would be useful at this stage for me to go back to the time when I was a teacher as well as a notary and that I provide some background in an attempt to explain how the act and the electoral boundaries readjustment process now work. There is a brochure published by the Chief Electoral Officer entitled "Representation in the Federal Parliament" that is available to the public and Canadians would be well advised to write either to their own Member of Parliament or to any other member to obtain this very interesting publication. If I may, I would like this afternoon to tell Canadians what has happened since 1867. I am sure that many people have unfortunately no idea of what has happened. This publication says the following:

Canada owes its legislative body to the British North America Act of 1867. The Upper House, or Senate, was to include 24 members and this representation was to remain the same regardless of shifts in population. On the other hand, the number of members of the House of Commons was determined according to the principle of representation by population. This institution was to have included, "subject to the provisions of this act", 181 members: 82 for Ontario, 65 for Quebec, 19 for Nova Scotia and 15 for New Brunswick. Section 51 of the BNA Act stated that the seats in the House should be redistributed among the provinces after the 1871 census. This redistribution was to follow each decennial census, "by such authority, in such manner, and from such time, as the Parliament of Canada from time to time provides". The readjustment rules provided under the act set at 65 the number of seats assigned to Quebec, and the representation of the other provinces was to increase or decrease according to the relative number of their population. The only exception to this form of proportional representation was the one-twentieth rule under which no province could lose seats following redistribution unless the percentage of the total population of the country represented by its own population had decreased by at least 5 per cent during the period between the latest census and the previous one.

The original rules applied from 1871 to 1946, or more than 75 years. The only change made during this period consisted in adding in 1915 the "Senate rule" which provides that a province cannot have fewer seats in the House of Commons than in the Senate.

Mr. Speaker, before 1946, no maximum limit was set for the number of seats in the House of Commons. I notice that my time is nearly up, but I would like to close by saying that, in my opinion, maintaining the status quo or the formula provided in the act represents the protection which I believe we need in Quebec. I must say that if there had been a vote, I would have kept to this position and voted against the bill of the hon. member for Prince Edward-Hastings (Mr. Ellis) in spite of his good intentions. It still remains that maintaining the status quo is the best position that a Quebec member can take.

[*English*]

The Acting Speaker (Mr. Blaker): It being five o'clock, the hour provided for the consideration of private members' business has now expired. Next week at this time I will inform the House as to the solution of the mysterious disappearance of 10,000 sheep from the Falkland Islands. In the interim, I wish all hon. members a good weekend. Accordingly, this House stands adjourned until Monday, July 26, at two o'clock, pursuant to Standing Order 2(1).

At 5.02 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, July 26, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

SUGGESTION THAT GOVERNMENT SHOULD CHANGE ITS POLICIES—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, business investment is plunging downward in response to dwindling company profits. The National Energy Program, the Foreign Investment Review Agency, and the disastrous MacEachen budgets, with the resultant high interest rate policies, have ravaged the business community in Canada with the obvious result of one and one third million unemployed, thousands of bankruptcies, and the loss of homes by hundreds of families. The latest Gallup poll indicates a mere 14 per cent of Canadians think the government is doing well with the economy. I therefore move, seconded by the hon. member for St. Catharines (Mr. Reid):

That the government inform the uninformed 14 per cent, who obviously have neither read a paper, listened to a radio, nor watched television, so that they, too, as well as the 86 per cent, will realize just how badly the Liberal government has mishandled the economy, or, better still, that the government immediately change the direction of its present disastrous policies.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR RELATIONS

APPLICATION OF RESTRAINT PROGRAM TO EXISTING WAGE CONTRACTS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, equity and fairness are essential for the restraint program to succeed. The staff in the offices of the ministers entered into a contract with the government in June, 1982, and this will run until April, 1983, before the 6 per cent takes over. The Canadian air line employees entered into a three-year contract in September, 1981, and these employees have been advised that their contract will be cancelled and the 6 per cent restraint will take over on September 1, 1982. If this arrangement follows through, it will be making flesh of one and fish of another. I therefore move, seconded by the hon. member for Simcoe South (Mr. Stewart):

That the government be consistent and permit every contract to run to completion before applying the restraint program.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

NICARAGUA—INCURSIONS FROM HONDURAS—MOTION UNDER S.O. 43

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In the last week there has been an invasion of Nicaragua from Honduras, by forces of former dictator Somoza. Many of these men have been trained in the United States and are now being supplied by the U.S. Central Intelligence Agency. Just this weekend the ambassadors of Mexico, Venezuela, France and Honduras in Managua visited the border region of Nicaragua and confirmed the slaughter of civilians by these armed bands. Madam Speaker, I am seriously concerned that this conflict in Nicaragua will soon turn into a regional war. Therefore I move, seconded by the hon. member for Oshawa (Mr. Broadbent):

That this House instruct the Secretary of State for External Affairs, on behalf of the Canadian government, to contact the government of Honduras to urge that that government take immediate steps to stop all incursions from within Honduras against Nicaragua.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

MARINE TRANSPORT

CANADIAN HYDROGRAPHIC SERVICE—CHARTING OF BEAUFORT SEA AND NORTHWEST PASSAGE—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, the development of oil and gas in the Beaufort Sea and Arctic Islands will likely necessitate substantial tanker traffic in Canadian Arctic waters. In order that such shipping can be conducted safely, economically, and without undue risk to the environment, accurate navigation charts will be required. I therefore move, seconded by the hon. member for Fraser Valley East (Mr. Patterson):

That this House approves of the work done to date by the Canadian Hydrographic Service and directs the Minister of Fisheries and Oceans to complete hydrographic charting of the Beaufort Sea and Northwest Passage with all due dispatch.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SERVICE

TRAVEL BY EMPLOYEES—ISSUANCE OF REPORT—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I, too, rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Last week the President of the Treasury Board (Mr. Johnston) publicly undertook to release a report on the international and domestic air travel of public servants. Last Wednesday I was informed that the report was complete and was awaiting perusal by the minister. Today I am informed that the report is to be referred to the Treasury Board, I assume for necessary rewrite, deletions, added obscurity and obfuscation. This being the case, I move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

That the House unanimously call upon the President of the Treasury Board to come clean today with all the dirty details of public service travel and to stop hiding vouchers and lists of misspent tax dollars due to pressure from his colleagues and the power mandarins of the Ottawa Valley.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

FINANCE

TAXATION OF LIFE INSURANCE—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, Canadians forced to the brink of disaster by the government's continuing high interest rate policy will be forced, as a last resort, to use their life insurance policies in times of financial emergency, and will then have their problems compounded even further by the application of a government tax. I therefore move, seconded by the hon. member for Erie (Mr. Fretz):

• (1410)

That since permanent life insurance plays an important and significant part in the social and economic planning of a family, the federal government proposals to tax life insurance should be amended so that old rules would apply to exempt policies and new rules to the new non-exempt policies.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AUTOMOTIVE INDUSTRY

CUSTOMS CLEARANCE OF AUTOMOBILES AT VANCOUVER DOCKS—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in light of the encouraging announcement last week by the Minister of State, International Trade (Mr. Lumley) that he is now willing to relax his discriminatory and adverserial tactics in delaying the customs clearance of Japanese automobiles destined for Canadian dealers, and in view of the indication the minister gave that he is now prepared to negotiate with our Japanese trading partners in good faith, I move, seconded by the hon. member for North Vancouver-Burnaby (Mr. Cook):

That the minister be directed to extend his maximum efforts in co-operation with his colleague, the Minister of National Revenue, toward ensuring the immediate customs clearance of the more than 14,000 automobiles backlogged on Vancouver area docks so that the hundreds of laid-off transportation employees, dock workers and auto dealership employees across Canada can quickly return to their jobs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL ENERGY PROGRAM

EXCISE TAX ON NATURAL GAS—MOTION UNDER S.O. 43

Mr. Ron Stewart (Simcoe South): Madam Speaker, my riding of Simcoe South is home to the nationally-renowned

Holland Marsh black muck market gardens. These food producers are suffering because the federal excise tax on natural gas adds about one-third to their greenhouse heating costs. I have in my possession a letter from Augie Ingratta of Leamington, which indicates that, on a total natural gas bill of $75,336.72, more than $18,100 is for federal excise taxes. I move, seconded by the hon. member for York-Peel (Mr. Stevens):

That whereas the National Energy Program caused the federal excise tax to go from zero to 83 cents per thousand cubic feet, causing an unfair burden on food producers and, consequently consumers, the federal government consider rescinding this tax retroactively in order to lower greenhouse production costs and ultimately consumer food costs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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SHIPS AND SHIPPING

CANADIAN PACIFIC STAFFING PRACTICES—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas Canadian Pacific ran an advertising campaign last year saying it was proud of its past and proud to be Canadian, whereas CP ships are all registered in Britain and Hong Kong and the company maintains an 82-year-old tradition of staffing its ships with British officers and also employs foreign crews, whereas if CP ships employed Canadian crews it would provide at least 1,500 jobs for Canadian seamen, and whereas the only thing Canadian about CP Shipping is that it continues the 101-year Canadian Pacific tradition of having the government in its pocket and ripping off the Canadian people, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House demand that the Government of Canada institute a marine industrial strategy and that it insist Canadian Pacific immediately repatriate its ships to Canada and employ Canadian crews, or that the Minister of Transport and the Minister of Consumer and Corporate Affairs join with me in initiating an action against CP for false and misleading advertising.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

TRADE

PROMOTION OF POTASH SALES—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my motion arises out of the fact that potash production in Saskatchewan is down 56 per cent this June over a year ago. Hundreds of workers have been laid off since the election of Dr. Devine and the Conservatives in the April election. In light of the fact that the situation facing workers and communities dependent on the production of potash is now very serious and the new Conservative government of Saskatchewan has not shown the competence of the previous NDP government with respect to finding and developing markets for the province's potash, I move, seconded by the hon. member for Prince Albert (Mr. Hovdebo):

That the federal minister responsible for international trade undertake an aggressive campaign to promote the sale of potash throughout the world.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1415)

FARM CREDIT CORPORATION

PROVISION OF FUNDING—MOTION UNDER S.O. 43

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I rise under the provisions of Standing Order 43. Due to the lack of funds in the Farm Credit Corporation 80 per cent of the applicants are being turned away or put on hold. I therefore move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House requests the Minister of Finance and the Minister of Agriculture to act quickly on the government's expressed intention to provide new funds by way of the proposed credit instruments mentioned in the budget and, further, that more aggressive action be taken to implement the powers that the Farm Credit Corporation now has to raise more funds.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

IMPLEMENTATION OF GOVERNMENT LOANS PROGRAM

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Minister of Finance. Over the weekend the minister said on the CTV program "Question Period" that the program for cheaper loans for home owners, farmers, and small businessmen will be in operation by October, and that he cannot imagine circumstances which would prevent the implementation of this program. Is this statement based on the preliminary reaction of the special consultative committee, or is it based on work that is being done within his department?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not recall saying anything about the month of October. I have noticed in press accounts that that date is put on the time when the program might be implemented. I have not had an opportunity to check the transcript but, in any event, what I said is based upon my own expectations. As I stated on the program, I still cannot imagine circumstances which would put this program off the rails. I have confidence that the committee will find it acceptable or, indeed, if the committee wants to make further recommendations, I believe it will find it to be a program which can be implemented. However, I have not received any report from that committee yet, nor do I have an additional report from my department.

PROJECTIONS OF COST

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my supplementary question is also directed to the Minister of Finance. I am sure the minister is aware there has been some discussion in the media about some substantial technical problems relating to the implementation of the program. There is also some question that the projected cost of the program as set out in the budget will be far less than what will be the case once the program is implemented.

I want to ask the minister whether he took these factors fully into account in the answer he gave to my first question and in his comments at the weekend when he made the statement that the program will be implemented in a very short period of time.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I did notice at the weekend that concerns raised by unidentified persons as to the operation or feasibility of this program were summarized. I believe that is a healthy process because the purpose of the consultation is to ensure that all the possible technical difficulties are examined and that a way is found to implement the program. I have had no further reports either from the committee or from my department to justify the comments the hon. member quoted.

Mr. Wilson: Madam Speaker, it would certainly be helpful to Canadians to know whether the minister takes seriously the concerns which have been expressed, and whether he feels the program will sail through as he indicated at the weekend.

EFFECT ON CANADA SAVINGS BONDS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I think the minister must also be aware that there is some serious concern in the financial community that the indexed form of investment will provide formidable competition to Canada Savings Bonds and other forms of savings instruments, none of which have the benefit of this indexed feature. In addition to being considerable competition, it may well push up interest rates on general mortgages on existing houses. If the committee reaches the same conclusion, does the minister intend to reassess the plan, or is he considering changing the form of Canada Savings Bonds to provide an indexed feature on them so that they can compete with the new indexed term deposit?

• (1420)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I note that the hon. member used the expression that these proposed indexed instruments would provide formidable competition. Certainly it is intended that they be attractive so that depositors will move large amounts of funds into such indexed instruments. Unless they are attractive, or indeed strongly competitive, then the plan would be unworkable. Offhand, I do not find that a compelling deficiency in the plan. It seems to me that it must be made attractive to depositors and holders of large amounts of funds in other forms for them to move those funds into indexed instruments.

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CANADIAN NATIONAL RAILWAYS

DEMAND FOR TARIFF CHANGES IN EXCESS OF SIX PER CENT

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is also directed to the Minister of Finance who undoubtedly noticed on the weekend two rather conflicting attitudes. The Prime Minister indicated that he may well use leverage against certain private concerns if they do not abide by the 6 per cent and 5 per cent ceilings. On the other hand, Mr. Lawless, President of CN Rail, indicated that such ceilings would not be binding on his rail operation. He then proceeded to tell the press that he intended to put in place increases related to cost as he saw fit.

Have any members of the government been in touch with CN Rail and asked it to temper its demands, which appear to be in direct defiance of the 6 per cent ceiling on which the

Prime Minister indicated he would use leverage to have it accepted by other concerns in the country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have not been in touch with CN about their proposed tariff changes but I presume that the hon. member would agree that in a circumstance of this kind the due process provided by the law should be allowed to take place, namely, that any body which has a right to go before the Canadian Transport Commission should be permitted to do so. Once the Canadian Transport Commission makes the decision, if it is above the 6 per cent, then would be the occasion for the government to act. I understand that the CTC, through its general counsel, has stated that the 6 per cent rule would be of persuasive importance to it in reaching its conclusions.

* * *

CANADIAN PACIFIC RAILWAY

ATTITUDE TOWARD RESTRAINT PROGRAM

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I have a supplementary question for the Minister of Finance. He undoubtedly noted that the President of CN Rail, Mr. Lawless, stated "—we don't file on the basis that we must ask permission," meaning filing with the CTC.

Would the Minister of Finance inform the House on one further matter. He is very buddy buddy with Ian Sinclair of CP. Has Mr. Sinclair, or anyone else on behalf of CP, given a firm commitment that that rail organization will abide by the 6 per cent and 5 per cent ceilings with regard to its rates in Canada? Specifically, has Mr. Sinclair given any undertaking that CP will no longer demand that the Crown rate be adjusted upwards? This would mean a 100 per cent hike for the average farmer in this country by 1986, and 2.5 times the present level by 1990.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have not discussed these particular questions with Mr. Sinclair. As you know, he has undertaken to chair the private sector six and five committee, made up of businessmen whose job it will be to persuade their colleagues in all sectors of the economy to abide by the six and five.

Mr. Clark: By example?

Mr. MacEachen: I assume that Mr. Sinclair has given his answer by taking over the chairmanship of the committee himself.

• (1425)

EXTERNAL AFFAIRS

LEBANON—AID TO VICTIMS OF ISRAELI INVASION

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Secretary of State for External Affairs. The Red Cross has estimated that, as a direct result of the Israeli invasion of Lebanon, there are now more than 200,000 people in need of assistance. The Canadian government more than a month ago provided $1 million in assistance to people in terrible circumstances. Since the need is obviously much greater, will the Government of Canada consider increasing assistance immediately specifically for medical supplies and field hospitals?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, as the hon. member mentioned, a few weeks ago we announced a contribution in the amount of $1 million for rehabilitation relief in terms of food and medical supplies for victims in Lebanon. I am now able to inform the House that we are contributing another $1.4 million, making a total of $2.4 million, which I believe per capita is by far and away the highest contribution in the world. I will investigate how that money is being assigned, but I understand it is being given to relief agencies to be distributed in a way they think most fitting.

Mr. Broadbent: Madam Speaker, I welcome the opportunity to commend the government for its decision increasing aid. I take it from what the minister has said that he will investigate the purposes for which the money is being spent and will inform members of the House about it.

QUERY RESPECTING PROVISION OF HOUSING AND FOOD

Hon. Edward Broadbent (Oshawa): Madam Speaker, I will follow up my first question by asking the Secretary of State for External Affairs about the government's intention for another kind of specific aid, this time in the form of housing, and in terms of the need for increased supplies of food. Since Canada is one of the world's great producers of food and is also a producer of pre-fabricated and portable housing, will the government take steps to ensure that increased assistance in these two areas of human need are also provided?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the amount that I have announced to this point of $2.4 million is not intended to be our final contribution but is really an interim contribution to deal with this problem. I will certainly examine the most effective uses of any future contributions that we may make. The provision of housing may indeed be a longer-term rehabilitation need rather than a short term need, but I will certainly look into it.

PROVISION OF TEMPORARY SHELTER

Hon. Edward Broadbent (Oshawa): Madam Speaker, just for clarification on the question of housing, my question

concerns short-term housing needs. Specifically I understand portable shelters of some kind are required by literally thousands of people. Will the minister look into the possibility of Canada supplying additional supplies of temporary shelter?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Yes, Madam Speaker.

* * *

CANADIAN ARMED FORCES

HEATING COSTS OF MARRIED PERSONNEL

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of National Defence. The Department of National Defence has been busy installing fuel metres in some 20,000 married quarters. Effective September the department is going to shift the burden of paying for heating to the service man. As the cost of heating fuels is not restrained by the government, which profits from it, what does the minister plan to do to ensure that his department is not an accomplice in raising the cost of the service man's shelter by more than 6 per cent?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I am very glad the hon. member for Victoria has asked that question. As you know, we have to give advice three months ahead of time of rent increases, and the next occasion will be August 1. The entire question is under study at the moment. As far as logic is concerned, if military people, the armed forces, are to be restrained by the 6 per cent and 5 per cent government policy, logically I cannot see how we can allow an increase in rent of more than 6 per cent.

Mr. McKinnon: Madam Speaker, I am very glad to hear that assurance from the minister.

REQUEST THAT RENTS REFLECT HEATING COSTS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, could the Minister of National Defence give me further assurance, and also assure the House and the service man, that when the service man starts paying his own fuel bills his shelter charges will be reduced not only to reflect the current cost of heating but also to reflect the future large increases in heating fuels which this benevolent government is planning?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, with respect to the policy of charging for utilities according to their use, our energy policy was designed to give initiative to the service man to use utilities carefully, that is, to conserve energy. Therefore I think it is still a good policy, but as far as the question of the hon. member is concerned, I think the same logic applies as in the case of rent increases.

• (1430)

CANADIAN PACIFIC RAILWAY

EFFECT OF CONTROL PROGRAM ON WAGE SETTLEMENTS

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I should like to return to the Minister of Finance and follow up on the question of the hon. member for York-Peel. From newspaper reports I understand that the minister was in the room with the Prime Minister and Mr. Sinclair when the Prime Minister invited Mr. Sinclair to be head of this blue blood private sector industry committee to help the government out of its difficulties.

How in the world could the public have any credibility in Mr. Sinclair if there were no discussions, not about rates which CP would be charging its customers that might be above the 6 per cent or 5 per cent suggestion of the government, but about contracts already negotiated by CP Rail, and I understand also by CP Air employees, when CN employees, let alone Air Canada ones, will have a negotiated and/or enforced 6 per cent and 5 per cent increase which is far below what CP has already negotiated? Was there any discussion that, as a moral leader in this difficult situation, Mr. Sinclair would go to his people in CP and show another example of leadership by having CP roll back some of the increases?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have every confidence that not only will Mr. Sinclair attempt to persuade others in the country to follow the 6 per cent and 5 per cent, but I am satisfied that he will do likewise in whatever operations for which he has responsibility. The hon. member is aware that this is a matter which specifically has to be dealt with one way or another in the bill now before the standing committee. I believe we ought to wait to see how the committee deals with this problem before we make up our minds finally on whether or not CN and CP are to be treated differently or in the same way.

Mr. Nowlan: Madam Speaker, that is an interesting answer by the Minister of Finance because I remember when he had some interest in labour matters in the House of Commons. Certainly the minister would agree that rail discussion and negotiation have taken a long time but that there is something called industry-wide bargaining.

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RAILWAYS

EFFECT OF RESTRAINT PROGRAM ON INDUSTRY-WIDE BARGAINING

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, taking Bill C-124 as is, not being a prophet to see how it will come out of the committee, but assuming that it comes out of committee pretty close to the way it went into the committee, would the Minister of Finance not agree that unless there is a substantive change in Bill C-124, there will be a grievous

and gross anomaly in negotiated contracts for CN employees and CP employees to the disadvantage of those under the Crown corporation? What will he do about it?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think the comments of the hon. member make a lot of sense but, before asking a hypothetical question, why does he not wait until the bill is in the House and until we dispose of it? Maybe when the bill is disposed of, all his questions will be satisfied and answered. I cannot anticipate what goes on in that committee, but I believe members of the committee are as keen to resolve these difficulties seen by the hon. member as he is himself. I am quite aware of the joint bargaining which exists in this industry and how important it is that that question be tackled in committee.

* * *

AIR TRANSPORT

DEPARTMENT'S TREATMENT OF PRIVATE AIRCRAFT

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is directed to the Minister of Transport. Recently radio licence fees for private aircraft were doubled. Both landing fees and parking rates have been increased to ridiculous levels, yet on July 1, as the hon. member for Vancouver South pointed out on Friday, the Vancouver airport shut down vfr traffic in the middle of the day. Will the minister agree finally, with my contention that his department is in an adversarial position to general aviation? How else can he explain the harassment of private aircraft?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, recently I had a question on the Vancouver incident of July 1. I indicated that at that time there were problems with respect to overtime payments to air controllers in my department, and I recently indicated that these problems had been resolved. There are not any more of them. On the subject of fees, tariffs, rates and so on which my department charges the Canadian public, these were frozen as of the date of the budget. If my hon. friend knows of any which have been increased, I would like to know. They are not permanently frozen, but we are awaiting more details, as the Minister of Finance just indicated, before we take action on the application of the 6 and 5 per cent rule.

RADIO LICENCE FEES

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, of course the freezing came after the increase in radio licence fees. Our friends in the United States do not even have radio licence fees, nor do they have any ridiculous requirements for such things as 720 channel radios. These regulations are limiting air traffic entering Canada both for business and pleasure. Does the minister not see the damage this is causing? Does he have no control over his department, or does he just not care?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, in order to find out the differences between the Canadian situation and the American one, presumably one would have to study a pretty wide range of services provided by both departments. I have been exposed to questions of this kind—somebody says that in a particular instance my department is charging more than the American department, but then, upon looking at it in more detail, I find that in other sections the Canadian department charges less. The hon. member has an easy way today, with all the expertise at his command, to shoot one particular example and to generalize from it. I beg him to give me a chance to demonstrate that in other instances Canadians are better treated than are the Americans.

* * *

[*Translation*]

EMPLOYMENT

SUGGESTION THAT PUBLIC SERVICE OFFER SIX-MONTH JOBS IN GASPÉ AREA

Mr. Alexandre Cyr (Gaspé): Madam Speaker, my question is directed to the President of the Treasury Board. At the beginning of July, a local survey showed that as a result of shutdowns in the paper and copper industry, the riding of Gaspé had an unemployment rate of 60 per cent. Only people employed by the provincial or federal governments had steady jobs. My question is as follows: Last weekend, I met people from my riding who suggested that employment in the public service should be for a six-month period only. At the end of the six months, public servants would be given a taste of the unemployment situation, and the Public Service could hire another team for a subsequent six-month period, so that more Canadians would be able to have steady jobs. I would like to have the minister's opinion of this proposal.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, this is a very constructive proposal. It is quite true that public servants have a degree of job security that does not exist in the private sector. That is one of the reasons why we tabled Bill C-124 in the House.

* * *

[*English*]

HOUSING

CANADA MORTGAGE AND HOUSING CORPORATION RENTAL UNITS—APPLICATION OF CONTROL PROGRAM

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I am not easily discouraged, so I will ask the minister responsible for housing a question. Are rental units currently under the auspices of Canada Mortgage and Housing Corporation, that is, managed or owned by CMHC, to be held to a maximum 6 per cent increase this coming year?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I assume that the motivation for the question arises from the announcement of the government on budget evening. The Minister of Finance indicated that the policy referring to the 6 per cent and 5 per cent guidelines would apply to agencies, departments, et cetera, which have control over prices directly. I would refer the hon. member to a news release issued by the President of the Treasury Board, and which is dated July 20. I indicated that Public Works Canada, all agencies reporting through me to Parliament, have agreed to comply with the government policy.

• (1440)

Mr. Deans: That was a very interesting answer.

QUERY RESPECTING LIMITATION ON RENTS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, are rental units that are being managed or owned by Canada Mortgage and Housing Corporation to have rental increases this coming year of no more than 6 per cent?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, to assist the hon. member I would be happy, through one of the pages of the House—

Mr. Deans: Do you know the answer?

Mr. Cosgrove: —to provide a copy of the government policy, to which Canada Mortgage and Housing is subscribing, as I indicated.

* * *

FINANCE

MINISTERS' POST-BUDGET VISIT TO NEWFOUNDLAND

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Minister of Finance and Acting Prime Minister. On Friday, July 16, four of the Acting Prime Minister's colleagues, the Minister of National Revenue, the Minister of Public Works, the Minister of Justice, and the Secretary of State, flew to St. John's, Newfoundland, in a government jet to attempt an impossible task. They said they were going to sell the new federal budget.

They had a press conference at 11.30 and had 250 people whom they invited in to drinks and lunch in the middle of the day at the Holiday Inn, at a cost of $4,700 for that little face-to-face meeting. Is it the government's policy to sell restraint in this manner, by a show of opulence, wealth, and power, with two bars in a Holiday Inn, and glazed salmon, just like the minister's eyes are glazed now. Is this how the minister plans to sell restraint in the government to the Canadian people, or will the government cancel these ostentatious and opulent shows? Will the minister tell us how many of these there will be, and at how many places does the government plan to have such a performance across Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think the ostentation and opulence are probably more in the hon. member's mind and imagination than existed at the event which was hosted in St. John's by my colleagues. In any event, if the hon. member is really concerned about restraint as it applies to public expenditures, I think I can assure him that whatever was spent will not be picked up by the Canadian taxpayer.

QUERY RESPECTING PAYMENT FOR RECEPTION

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Minister of National Revenue was asked a question there about the general public's fear that the new budget might not work. He said fear is good as long as it is not paralysing fear. Let me tell you I am paralysed with fear when I look at the Acting Prime Minister.

The press has been told that this $4,700 bill from the Holiday Inn for drinks, glazed salmon, booze, wines, hams and all the rest of it, was paid for by the Liberal Party of Canada. Would the Acting Prime Minister confirm whether or not these bills are to be met by the Liberal Party of Canada? If they are, why are these ministers travelling by government aircraft and who is paying for the aircraft? What is going on? Is this a show of the Liberal Party, or is the public paying for it? Who is paying for it, and why? Would he explain just what is happening and tell the public what the Liberal Party and the government are doing, or is there any way of distinguishing one from the other?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has no business inquiring into the affairs of the Liberal Party. He is entitled to inquire as to whether the taxpayers paid for this particular event. The taxpayers did not.

Mr. Crosbie: Who paid for the aircraft?

Mr. MacEachen: The hon. member talks about not being impressed by the Acting Prime Minister.

Mr. Crosbie: Paralysed with fear.

Mr. MacEachen: I suggest that he not become over confident. Every time that happens to him, he falls hard.

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CANADIAN ARMED FORCES

CAPPING OF PENSIONS UNDER CONTROL PROGRAM

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is directed to the Minister of National Defence. Does the minister still fully intend to see the remuneration under the Canadian Armed Forces pension plan capped at 6 per cent next year, bearing in mind that last year

the receipts and credits to the Canadian Forces superannuation account amounted to $480 million in interest alone, at 5 per cent, and the pay-out to servicemen and beneficiaries was only $280 million? Does the Minister of National Defence feel that it is fair to cap these indexed pensions for which servicemen have been promised full indexing at the cost of living rate—to cap them at 6 per cent, bearing in mind that the pension account is $200 million in surplus for last year when you compare accrued interest with funds paid out to beneficiaries?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, this is a question which will have to be evaluated by the Treasury Board and our department. I think it would only be fair if we succeed in our program of 6 and 5, if the inflation rate goes down to 6 and 5 in one or two years. I think the indexation of pensions has always been subject to our cost of living inflation rates. If they go down to 6 and 5 I think it would only be fair to index these pensions to the rate of inflation at the time.

Mr. Siddon: The minister knows that if this undertaking is carried out, the government will have broken trust with the servicemen of Canada.

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ROYAL CANADIAN MOUNTED POLICE

CAPPING OF PENSIONS UNDER CONTROL PROGRAM

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my supplementary is directed to the Solicitor General. In the same light, if we look at the Royal Canadian Mounted Police superannuation account we find that contributions by the members of the RCMP amounted to $22.5 million in the last fiscal year, but beneficiaries received only $16 million, and interest accredited to the account amounted to $60 million at a rate of 6 per cent. Is it fair to cap the pensions at a six per cent increase, remembering that members of the Royal Canadian Mounted Police have been promised full cost of living indexing, and recognizing that the pay-outs to the beneficiaries are far short of interest and contributions from serving members of the RCMP?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, as the Minister of Finance has often indicated, we are seeking to establish a 6 and 5 per cent inflation rate for the Canadian economy over the next two years. In the area where the federal government has direct control and can show leadership, we are proposing to do so with the support of the House.

PROGRESS IN ESTABLISHING NEW NATIONAL SECURITY SERVICE

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is also for the Solicitor General. On August 25, I believe it will be a year since Mr. Fred Gibson, Q.C., was appointed head of the planning and transition group to develop a new security and intelligence service. What progress, if any, has been made during this long interval? What can the minister tell the House?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, a considerable study has been done of the problems of national security which were the basis of the McDonald Commission's recommendations. A document is in the process of preparation for me to take to my cabinet colleagues. I am looking forward, in the next few months, to being able to spend a considerable amount of time with them on the consideration of national security matters, and hope that it would be possible some time in the fall to bring forward the government's response to the recommendations.

FUTURE OF EXISTING PERSONNEL

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, have any new guidelines been formulated, even if not publicized, to clarify the role of existing personnel in the force during this transition period, in order to reassure them and the country about their future and to prevent loss of some special expertise?

Hon. Bob Kaplan (Solicitor General): Yes, Madam Speaker. Mr. Gibson and the commissioner, and the deputy commissioner responsible for national security, have been in constant touch with the members of the security service assuring them of a continued place in the security service and it will be the basis of the new separated security service when one is formed.

* * *

FINANCE

USE OF GOVERNMENT LEVERAGE IN APPLICATION OF CONTROL PROGRAM

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Acting Prime Minister will know that the Prime Minister said on Friday, "I would hope that every grant, every accord and every subsidy that the government is paying out of taxpayers' money would be used as leverage to enforce the 6 and 5 provision." Is it the policy of the government that every grant, every accord and every subsidy of the federal government will be used as leverage?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker, that is the intention.

PREPARATION OF GUIDELINES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, have guidelines been established, or are they being established?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the cabinet is presently engaged in the process of preparing these guidelines. We

have already had discussions. The general principle has been established, and we will be approving these specific guidelines probably this week.

REQUEST THAT GUIDELINES BE PUBLISHED

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, will those guidelines be published so that people who are taking advantage of government programs will know in advance of any unstated strings that might be attached to any grants, any accord, any subsidy—any strings attached which are unstated and which are not in accord with the law of the land?

• (1450)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, we have not given any consideration to the question of publication, but the Leader of the Opposition will recall that when we did establish certain guidelines for administered prices, the President of the Treasury Board did make these public. I would think that, once we have completed our work, we will give consideration to whether it would be useful to make those criteria or guidelines public.

TIMING OF POLICY APPLICATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, there is enough confusion in the country right now. It would be absolutely incredible and verging on the criminal for the government to have this kind of guideline and not let the people know when they apply for subsidies, accords or grants from the Government of Canada. Let me ask the Deputy Prime Minister whether this new policy will apply retroactively. Will it apply to people who are now in receipt of grants, accords or subsidies from the Government of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it would be my opinion that it would not be justified to review all former grants which were put forward or put out under particular circumstances. This is a policy which was established in the budget. We are determined, insofar as we can bring it about, to establish a 6 per cent and 5 per cent economy. Where we are giving grants or incentives, we intend to enter into discussions and into negotiations with the recipients, encouraging and persuading them to follow the 6 per cent and 5 per cent rule. That will be our policy and our effort. Nothing will be done in a way which is not in accordance with the 6 per cent and 5 per cent rule, and nothing will be done which is not in accordance with the public interest and the welfare of the Canadian economy.

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—GRANTS TO HOME OWNERS

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, an interesting aspect of the explanation to this House might revolve around whether the government at one time appointed the chief executive officer of Imperial Oil to advise the government on competition while the company was skinning the country. Again, an explanation of the appointment of Ian Sinclair to the government's blue ribbon committee might be interesting.

However, I would like to ask the Minister of Consumer and Corporate Affairs whether he could explain how he proposes to remove the income bias from the urea formaldehyde foam insulation program which would allow upper income families to receive the $5,000 grant while lower income families would be deprived of it by the nature and structure of the program. In order to facilitate movement, I think it would be valuable for the minister to give us some indication of how he thinks that bias might be removed.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the interpretation of the hon. member is misleading. It is quite clear that the program applies to everyone, irrespective of income. It has been brought to our attention, and it is obvious, that some people might have more difficulty in taking advantage of the program. This weekend, during a meeting with the National Advisory Council, I undertook to find ways to help these people. Indeed, the home owners' representatives who met with me this weekend have indicated that they want to work through a sub-committee of their own in order to address these very questions. Possibly, additional funds could come from the provinces. Now that we know the result of the board of review, we will indeed try to bring the private sector in for some compensation. At the same time, we will explore other federal government programs which could be beneficial to home owners. So, there are a variety of ways by which to help the home owners who have difficulties, but the very first thing which must be done is to pass the legislation now before the House, which would at least entitle every home owner to the possibility of receiving the minimum of $5,000.

Mr. Skelly: Madam Speaker, I think that this is probably one of the truly momentous occasions when the minister has completely reversed himself, as he now admits that this is the minimum amount to be payable. In case he has slipped, perhaps he can clarify the matter for me.

TIMING OF GRANT PAYMENTS

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, the minister is certainly correct when he says the bill should be quickly moved through the House. But is he asking to create a situation, as a result of that legislation, where $5,000 would be immediately mailed out to upper income families who have the money to clear the urea formaldehyde foam out of their

homes, while senior citizens who are experiencing health problems and who do not have the money to remove the foam from their homes would be forced to wait until advisory committees, the private sector or other people come up with some money somewhere down the line? Would the minister like me to vote for a program which would give $5,000 to upper-income families and would not give the money to lower-income families in Canada? Would he like that?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the hon. member could vote one way or he could vote the other. I will not tell him how to vote. But I am telling him, however, that he has been putting pressure on members of the National Advisory Council who have met with me to try to change their decision unanimously to support the passage of this legislation.

Some hon. Members: Shame!

Mr. Ouellet: Indeed, I would hope that in the coming hours the hon. member will not deny thousands of home owners the opportunity to receive the grants of $5,000 which are available to them. When I refer to the minimum of $5,000 for those who have gone through major expenditures and are spending more than $5,000, I use that expression that, indeed, they will be receiving this amount of money. We are on record as trying to find additional funds from the provinces, from the private sector and, if possible, from the federal government from other programs to help these home owners to get rid of the foam, if that is their desire, and to apply the corrective measures to their homes. I do hope the hon. member will stop bargaining with some of the representatives of the home owners and will indeed support this legislation.

* * *

THE ARTS

PREPARATION OF APPLEBAUM-HEBERT COMMISSION REPORT

Mr. John Bosley (Don Valley West): Madam Speaker, my question is directed to the Minister of Communications. The Privy Council Office agenda on Friday listed an extension of the term of employment of the co-chairmen of the federal cultural policy review committee to December 31, 1982. Could the minister tell the House when the final report of that commission is expected, since it was expected in September? If the report is delayed, as the extension would suggest, until some time in November or December, what will that do, in particular, to the minister's broadcasting policy?

Hon. Francis Fox (Minister of Communications): Madam Speaker, a week or two ago I was advised by the co-chairmen of the review committee, both Mr. Applebaum and Mr. Hebert, that they did not expect to be in a position to make their report public until the end of October. So, I would expect that the report would indeed be made public some time after that date. The extension was granted until the end of December in the event that there were some unforeseen delays in the publication. Obviously, before the government would want to finalize any broadcasting strategy, and I do underline the word "finalize", the government would want to have the benefit of the views of the Applebaum-Hebert Commission.

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CANADIAN DAIRY COMMISSION

REQUEST FOR PUBLICATION OF REPORT OF INVESTIGATION

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, my question is directed to the Minister of Agriculture. The minister knows that the Canadian Dairy Commission is being investigated by the RCMP. Will the minister tell the House whether or not, when the report comes in, it will be made public and whether it will be government policy to prosecute if, in fact, the report indicates that there have been some bad acts committed by members of the CDC?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I have already told the House that if there had been any wrongdoing by anyone, they would be penalized.

Mr. Thacker: Madam Speaker, the minister has not indicated whether the RCMP report will be made public. That is an important matter.

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CROWN CORPORATIONS

POWERS OF PROPOSED CANAGREX CORPORATION

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, the minister knows that Crown corporations have enormous power over Canadian citizens, yet he wants to set up still another one, namely, Canagrex, with the power to buy and sell as compared to the power simply to promote and facilitate. Why would the minister be prepared to pass authority from this House to still another Crown corporation which can abuse the rights of all Canadians by favouring certain regions over others?

• (1500)

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows full well that when Canagrex was before the committee I accepted an amendment from a member of the New Democratic Party which would make it mandatory for the Auditor General to review in depth the operations of Canagrex each year. I would challenge him to find provincial Crown corporations in the province of Alberta, which have tremendous authority, which are subject to that kind of scrutiny. He intimates, Madam Speaker, that we are creating something different here, that Crown corporations in Saskatchewan, British Columbia or Ontario do not have that kind of authority. They all have that kind of authority. He implies we are trying to create some kind of monster.

I challenge the hon. member to find any private sector company which has not had some faults in its operation. I am not saying and never did say that the Canadian Dairy Commission was perfect. But it has been investigated two or three times and, as I said earlier, if someone has done something wrong there, let them be found, charged, prosecuted, and let them take the consequences.

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HAZARDOUS SUBSTANCES

REPLY OF MR. OUELLET DURING QUESTION PERIOD

Hon. Edward Broadbent (Oshawa): Madam Speaker, I rise on a point of order arising out of an answer which the Minister of Consumer and Corporate Affairs (Mr. Ouellet) gave not once, but twice. I would like to give him the opportunity of correcting the record if he in fact made an error, as I think he did. It was a very important question.

I refer, Madam Speaker, to the $5,000 sum for which UFFI victims are eligible. I would like to ask the minister to clarify this, if he would. He said twice that the minimum amount available to victims would be $5,000.

Madam Speaker: Order, please. I have to interrupt the hon. member because question period is over. If the hon. member needs further clarification, he can get it tomorrow, but that is not a point of order.

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I would like to have an opportunity to raise a question of privilege arising out of the remarks of the Minister of Consumer and Corporate Affairs (Mr. Ouellet) during question period. He implied that I had been twisting the arms of the members of the home owners' council to have them change their unanimous decisions of this weekend. I suggest the decisions are not unanimous, that the minister is mistaken, and he has maligned me—

Madam Speaker: Order. That is not a question of privilege either.

ROUTINE PROCEEDINGS

[*English*]

WAYS AND MEANS

On the Order: Government Notices of Motions:

July 22, 1982—The Minister of Finance:

That the notices of ways and means motions to amend the Income Tax Act and the Income Tax Application Rules, 1971, tabled in the House on June 28, 1982, be referred to the Standing Committee on Finance, Trade and Economic Affairs, and that the committee shall report its findings thereon no later than September 30, 1982; provided that, if the House is not sitting when the report has been completed, the report may be deposited with the Clerk of the House and shall thereupon be deemed to have been laid upon the Table.

Madam Speaker: Pursuant to section (2) of Standing Order 21, this notice of motion is transferred to and ordered for consideration under Government Orders later this day, or at the next sitting of the House.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,295 and 4,356.

[*Text*]

DND—MANPOWER, TRAINING, EXPENDITURES, RE-ENLISTMENTS

Question No. 4,295—**Mr. McKinnon:**

1. In (a) 1979 (b) 1980 (c) 1981, how many days did each of Canada's destroyers spend at sea?

2. What percentage of the defence budget, exclusive of training, was manpower related costs for the fiscal year (a) 1979-80 (b) 1980-81 (c) 1981-82 (d) 1982-83?

3. For the same years, what percentage of the defence budget was training related?

4. In terms of new recruits and skilled personnel, what was the percentage of eligibles re-enlisting in (a) the Mobile Command (b) the Maritime Command (c) the Air Command (d) any others for the fiscal year (i) 1978-79 (ii) 1979-80 (iii) 1980-81 (iv) 1981-82?

Mr. George Henderson (Parliamentary Secretary to Minister of National Defence): 1. See table below.

2. (a) 1979/80—57.5 per cent
(b) 1980/81—54.9 per cent
(c) 1981/82—54.6 per cent (forecast)
(d) 1982/83—52.0 per cent (estimates)

The above percentages include pay and allowances for both military and civilian personnel, contributions and payments in respect of personnel benefit plans and personnel support such as food and clothing.

3. (a) 1979/80—13.0 per cent
(b) 1980/81—12.6 per cent
(c) 1981/82—12.4 per cent (forecast)
(d) 1982/83—11.9 per cent (estimates)

The above percentages include pay and allowances for military and civilian personnel as well as operations, maintenance and capital expenditures.

4. Since statistical data is not kept on the basis of functional commands, information has been grouped by trades specific to navy, army and air force plus those common to all three environments. The statistics for re-enrolment (after having

been released) and re-engagement (after having completed the basic engagement) are listed in tables I and II below.

Sea Days* for Canada's Destroyers

1979, 1980 and 1981

	1979	1980	1981
Algonquin	89	60	46
Annapolis	60	129	102
Assiniboine	42	106	93
Athabaskan	118	123	101
Fraser	92	120	59
Gatineau	117	107	95
Huron	39	99	90
Iroquois	116	99	96
Kootenay	57	99	104
Mackenzie	123	123	35
Margaree	101	32	32
Nipigon	124	74	118
Ottawa	119	115	80
Qu'Appelle	124	129	106
Restigouche	130	103	4
Saguenay	70	49	106
Saskatchewan	120	53	92
Skeena	111	79	27
Terra Nova	105	22	100
Yukon	42	105	107

*A sea day is defined as a period of 24 hours underway, part days being cumulative. For example, a destroyer engaged in daily operations from 0800 until 1600 on three separate days would accumulate one sea day of service.

Note: The destroyers *St. Croix, Columbia* and *Chaudière* were not operational during the period.

Table I

Re-enrolment

	1978/79	1979/80	1980/81	1981/82
Total Enrolment (other ranks)	7,062	8,405	10,320	10,933
Percentage Re-Enrollees	7.00	4.97	5.88	6.70
Navy Trades (per cent)	0.96	0.78	0.89	0.86
Army Trades (per cent)	2.66	1.85	2.13	2.33
Air Force Trades (per cent)	0.66	0.27	0.52	0.61
Common Trades (per cent)	2.72	2.05	2.34	2.90

Table II

Re-engagement

	1978/79	1979/80	1980/81	1981/82
Total Number Eligible to Re-engage	9,320	10,780	9,862	9,521
Percentage Re-engaged	49.4	48.3	42.3	50.3
Navy Trades (per cent)	7.3	8.8	8.1	9.7
Army Trades (per cent)	25.2	33.3	26.8	23.6
Air Force Trades (per cent)	18.6	12.5	17.8	20.6
Common Trades (per cent)	48.9	45.4	47.3	46.1

PROJECTS COSTS EACH YEAR FOR CF-18

Question No. 4,356—**Mr. McKinnon:**

1. Was the contract payment for the F-18A for 1982-83 $440 million and did the main estimates tabled in February 1982 show a budgeted expenditure of $751 million and, if so, for what purpose is the extra $311 million to be used?

2. What are the projected costs for each year of the contract for the F-18A, broken down into (a) contract payment (b) inflation (c) exchange (d) other expenses?

Mr. George Henderson (Parliamentary Secretary to Minister of National Defence): 1. Since the main estimates were tabled in February, 1982, some figures had to be adjusted to take into account new data on economic price adjustment and exchange rates. As a result, the 1982/83 budgeted expenditures for the CF-18 program now stand at $802M.

The original contract with McDonnell Douglas Corporation for the supply of 137 aircraft and ancillary equipments called for a fiscal year 1982-83 payment of $440 million. The contract has been amended to cover in part the purchase of a 138th aircraft and necessary engineering changes bringing to $448M the 1982/83 payment schedule.

An economic price adjustment clause obligates either party to reimburse or credit the other yearly for the difference between actual inflation and the 8 per cent contract baseline. Actual inflation in the United States aeronautical sector has been higher than the 8 per cent baseline provided for in the contract and as a consequence, the projected FY 1982-83 payment to the contractor will be approximately $500 million in U.S. dollars.

The difference between the $500 million payment for the aircraft contract and the budgeted expenditure of $802 million is for exchange ($103M) related to the contract payment and other expenses ($199M) for a total of $302 million.

Note 1: Other expenses cover program elements such as spares, aircraft maintenance support equipment, simulators, missiles, infrastructure, engineering changes, training courses and hardware, publications, research and development charges, federal sales tax and program management charges.

2. (a), (b), (c) and (d) The projected contract payments, inflation, exchange premiums and other expenses for each year of the program are as indicated below:

Aircraft Contract

Millions	Payment (a)	Inflation (b)	Exchange (c)	Other Expenses (d)	Total
Previous Years (actual)	331	116	66	108	505
FY 82/83	500	219	103	199	802

Order Paper Questions

Aircraft Contract

Millions	Payment (a)	Inflation (b)	Exchange (c)	Other Expenses (d)	Total
83/84	533	268	107	405	1,045
84/85	478	259	97	412	987
85/86	403	233	83	369	855
86/87	336	209	68	292	696
87/88	103	69	20	127	250
88/89	16	11	3	35	54
Total	2,700	1,384	547	1,947	5,194

Note 2: The figures for inflation of the aircraft contract column (b) are included in the yearly aircraft contract payments listed in column (a).

Note 3: The "other expenses" total (see note 1) in column (d) also include inflation and exchange totalling $355M and $203M respectively.

Note 4: The sum of columns (a), (c) and (d) represents total expenditures.

[*English*]

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

[*Translation*]

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

[*English*]

Mr. Nickerson: Madam Speaker, I would like to ask the parliamentary secretary if he yet has an answer to question No. 4,344. Some time ago the Minister of Indian Affairs and Northern Development said there was a committee of public officials from the Department of Indian Affairs and Northern Development looking into the important question of northern taxation. I have searched high and low in that department and have not been able to find any public official who will admit to being a member of that committee.

It would seem to be a very simple question, and of course it would not be embarrassing to the government at all unless, of course, the minister has misled the House and no such committee exists.

Mr. Smith: Madam Speaker, I do not have the question or a progress report in front of me, but I will make an inquiry on behalf of the hon. member.

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADA PORTS CORPORATION ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-92, An Act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act, as reported (with amendments) from the Standing Committee on Transport.

Madam Speaker: There are eight motions standing on the notice paper at report stage of Bill C-92. Motions Nos. 1, 3, 7 and 8 should be debated separately and voted on separately. Motions Nos. 2 and 4 should be grouped for debate, and because both motions are concerned with the principle of financial self-sufficiency, a vote on motion No. 2 will dispose of motion No. 4. Motions Nos. 5 and 6 will be debated together and voted on separately.

Mr. Ian Deans (for Mr. Skelly) moved:

Motion No. 1

July 23, 1982—That Bill C-92, an act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act, be amended in Clause 2 adding immediately after line 17 at page 3 the following:

"(*f*) shall, where possible, attempt to complement the development of a Canadian marine industrial strategy."

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, this motion follows very closely an amendment we presented in committee which asks that the bill have an additional objective. In committee we had asked that there be a specific statement which encourages Canadian traffic to move through Canadian ports. We thought this was most important because it is common knowledge that there is a good deal of Canadian traffic now going through American ports which should be going through Canadian ports. That was voted down in committee and we asked that it be added.

We now have an amendment from the hon. member for Comox-Powell River (Mr. Skelly) which states that the port policy shall, where possible, attempt to complement the development of the Canadian marine industrial strategy. Members of this House surely know that it is the position of this party, and I would hope of all parties, that the time is long overdue when we must develop our own shipping to a much greater degree. Most of our ships are not built in Canada or manned by Canadians. Quite frequently, of course, it is ships of convenience which come into our ports and carry out goods at very reduced prices.

As part of a marine industrial strategy we feel very strongly that there must be training programs for people who want to get into the shipping industry. If you meet with marine unions and with the people who have had a long history on the docks and in the industry, they are all in their late middle age or older. It is really criminal, Mr. Speaker, that young people in

our country are not being trained in the necessary skills for the marine industry. In fact, many of our skilled people come from overseas. It is important that we have a positive program of shipbuilding. Space should be reserved for this in the development of our ports. There should be a real promotion of the shipbuilding industry. No longer do we want to see docks made in Japan with a subsidy from this government and then towed to the port of Vancouver. I support this amendment and I hope other parties will as well.

• (1510)

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, the amendment in essence commends the support of everybody in this chamber. However, I have some reservation as to whether this is the proper bill under which it should be debated. In any event, the end sought by the amendment is commendable and should be given serious consideration by this government.

In the last three or four days I have attempted frequently to rise to ask the Minister of Energy, Mines and Resources (Mr. Lalonde) what the Japanese trade officials said to him when he put the specific question, as he alleges, as to who will transport our Canadian natural resources from our country to theirs and other Asian nations. In that case it refers specifically to gas, but there is also the question of coal.

When the government under the Leader of the Opposition (Mr. Clark) was defeated by the NDP and the reigning Liberal government, the then minister of transport, the distinguished hon. member for Vegreville (Mr. Mazankowski), had gone 90 per cent of the way toward the gradual establishment of a merchant marine for Canada. It was then killed. It is dead.

The holier-than-thou attitude of my friends to the left seems to promote the development of a marine strategy for Canada to a very high level. They conveniently forget that just two short years ago the end they are now seeking to achieve would have been accomplished had they not got into bed with my friends across the way. That is just one example. I am sure dozens of members on this side of the House can cite amendments which, had they not got into a holy alliance two years ago, would now be effective. That end will I support without any question. Whatever the amendment in principle means, if it does mean the development of a maritime strategy for this country, it could only be supported and endorsed. Indeed, it has to be supported and endorsed. If it means greater safety, if there is some way we can use ports legislation to create an understanding and awareness of the need for greater safety and greater training, then by all means let us support it.

It is a matter of some regret that the member would use this ports legislation to bring in an amendment that should be dealt with somewhere else. It should be dealt with in direct confrontation with this government over its failure to establish a marine strategy for this country, to re-establish a Canadian merchant marine, to reinforce in the minds of Canadians and in statute the urgency of Canada getting back some of the $4 billion or $5 billion annually that goes offshore to foreign cartels for the movement of our goods and the importation of goods and services. It is bad enough when they are transported directly by water, and even worse when done indirectly through ports in the United States. I will not belabour that point.

In principle, the amendment directs itself to a very worthwhile principle. I am not sure that Bill C-92, to establish a national ports corporation and a series of local port corporations, is the vehicle to do it. However, it gives us an opportunity to shed a little light on what the sponsor of this amendment has been attempting to do in recent weeks. By all means it has that type of general endorsement and support.

The government has been remiss. The Minister of Transport (Mr. Pepin) more than any other in this chamber is perfectly aware of missed opportunities. Foreign vessels have been hauling natural resources out of our north such as paper, coal and gas. This is occurring day in and day out. These foreign-owned vessels are crewed by other than Canadians. In terms of wheat, this involves billions. Not a bushel leaves Canada on a Canadian-registered, Canadian-crewed, Canadian-owned vessel. Why not? Thousands of jobs are at stake. It is either an absence of vision or an absence of will.

I suspect it is that we fall prey to the difficulty that occurs from time to time in this chamber. When a good idea is put forward, if it does not come from the government it is rejected. It is amoral to have put aside the work of the former minister of transport, the hon. member for Vegreville, who had put in place the steps that would have led to the gradual development of a Canadian merchant marine and, therefore, the resolution of this problem, albeit this government has been preoccupied. However, why it has not put in place in recent years a new national transportation act, I will never understand.

We have 27 horses in front of a vehicle that does not exist. We are entering into a debate that will be over later today. For the most part, hon. members will be pleased when it is over. However, we have in front of us dozens of horses without a vehicle. It is not in tune with the realities of the world today. There is no vehicle to load or to pull. The National Transportation Act is outdated. Its principal opening statement is outdated. It does not meet the needs for the balance of this century.

I support the principle of the amendment. However, I have some doubt as to whether this is the proper place to deal with it. I commend the Johnnys-come-lately to my left for having thought to see some two years after the fact whether they did let the horse out of the barn by failing to close the door.

• (1520)

Mr. Deputy Speaker: Order, please. The hon. member for Comox-Powell River (Mr. Skelly) is seeking the floor. He was not in his place when the amendment in his name was introduced, and he is deemed to have spoken. Is there the unanimous consent of the House for the hon. member for Comox-Powell River to speak at this point?

Some hon. Members: Agreed.

Mr. Ray Skelly (Comox-Powell River): Thank you, Mr. Speaker, and I certainly would like to thank my colleagues for allowing me this opportunity to slip through the door and make some comments. I would also like to offer my thanks for the somewhat off-centre support of the previous speaker.

I recognize the job which was done in this sphere by the former minister of state for marine transportation and the former Conservative government. It is unfortunate that when a government is hanged, for whatever reasons, we generally lose some good programs with the bad. I was certainly a strong supporter of the previous government's efforts with regard to this particular matter, and I hope when this amendment is put that the Conservatives, the Minister of Transport (Mr. Pepin) and the Liberal Party support it.

In my speech at second reading of this bill I mentioned that it was extremely important that we provide direction in this legislation to the administrators of ports so that they can begin to develop and enhance linkages with other functions in addition to direct port functions. When there are spin-offs from actions taken by administrators of ports, we should attempt to capture those spin-offs. In the bill we should provide policy guidance for administrators so that they can develop and enhance a marine industrial strategy. If we were to do that, I think we would be moving in a very positive direction.

There should also be policy statements in other legislative initiatives so that there can be linkage between one body and another. I suggest there may well be an opportunity to make that kind of statement in the Canagrex bill. However, suffice it to say that I would like to have an indication from the Minister of Transport that he is willing to accept the basic concept within this amendment.

I would like to cite four examples of why administrative guidance in the bill is necessary. It basically would help to capture tens of thousands of jobs and enormous revenues associated with related or complementary marine industrial activities.

What really brought on this amendment was the recent announcement by Dome Petroleum that it would become involved in shipyard development on the west coast. While seeking support for the Rim gas project, Dome went up and down the west coast telling a number of communities that there would be a shipyard developed and that it would be used to build two of four proposed LNG carriers to carry natural gas to Japan from British Columbia. A year later, last Friday we saw in the newspapers that Dome Petroleum had been given the go ahead by the province of British Columbia, and Dome announced that the marine industrial activities related to this project would accrue to Japan. It was announced that not four carriers would be built, but five, and that all of them would likely be built in Japan. Each of those LNG carriers represents 2.5 million hours of employment. Just the containment system on one of those vessels would put 400 individuals to work for two and a half years. We are giving up an enormous number of jobs, about 2,000, for two and a half years on just that one order.

We must understand that a drydock is part of a port facility. It is part of the interplay and the organic growth between ports and other allied functions. Dome Petroleum decided last year that it wanted to build a drydock for the Beaufort Sea. That project was bid on by a Vancouver company, but Dome decided it would be better built in Japan and those jobs were created offshore. Dome Petroleum is an example of a company into which the federal government is putting tremendous amounts of taxpayers' money, yet Dome is selling off resources at fire sale prices. The industrial spin-offs are going to Japan, basically, and that is wrong.

In the administration and development of ports it is imperative that the administrators be given policy guidance and that benefits be captured for Canadians in the placement and development of other marine activities which enhance or relate to a certain port.

The second example I would like to cite is the case of the port at Prince Rupert. That port involves Federal Commerce and Navigation and the National Harbours Board. Federal Commerce and Navigation will be shipping coal to Japan in four large bulk carriers. Federal Commerce and Navigation, a Canadian company, in conjunction with the National Harbours Board and a number of others, will be developing this project and receiving government funds and assistance. However, on the other side of the coin, two of those four large bulk carriers will be built in Korea and the other two in Belgium. That is absolutely ridiculous in terms of an economic strategy. What has happened, basically, is that the government has given up, or given away by default, tens of thousands of jobs associated with this, plus the revenue which would accrue.

Today in the House and every day for the past week statements have been made by hon. members on all sides of the House which have indicated a sincere commitment. These statements have not been Johnny-come-lately statements. There is tremendous potential in the marine industrial development field and the government must act on it.

CP Ships has to be the most blatant example of contempt for Canadians. Today there was a rather crude attempt to bootleg a question into this House. I wonder how the government can explain the appointment of Ian Sinclair, the chief executive officer of Canadian Pacific, to lead the Canadian economy out of the Liberal wilderness. One of the subsidiaries of CP has 40 ships which it will not register in Canada. These ships carry Canadian goods to and from many parts of the world. About 1,500 to 2,000 jobs are directly associated with those ships. They have British officers and foreign crews. The money they earn from transporting goods is deposited in Bermuda to avoid the payment of tax. To my way of thinking that is absolutely unscrupulous, and to appoint Ian Sinclair as economic adviser lacks any wisdom whatsoever.

We have the same problem with Federal Commerce and Navigation. That company will be involved with Dome in the Arctic Pilot Project. There will be four LNG carriers which will have state of the art equipment. They will have cold-temperature steel and ice-hardened hulls, and they will be working in Arctic areas. If that project goes ahead with those

two companies, because of their very poor track records and the absolute vacuum in government policy in this area, the result will be that those four carriers will probably be built in Finland or some other European country.

Just to recap, it is imperative that this government get off its hands and begin to shape and develop a marine industrial strategy. It seems that the government is absolutely oblivious to the fact that important benefits are being given away. The Department of Finance, the Department of Industry, Trade and Commerce and the Department of Transport are all involved. The Department of Fisheries and Oceans is involved, as is the Department of Energy, Mines and Resources. All these departments seem to be working at cross-purposes. There does not seem to be a sense of policy direction. Each department has its own goals and, unfortunately, in the competitive building of their empires we wind up with the chaos in the marine industries we have today. We are selling off resources at fire sale prices. Ships to carry Canadian goods are being built in foreign countries.

The proposal we have put forward is a needed change. The previous speaker spoke of the initiatives his government took. This government has taken no taken initiatives, and because of the latest insult by Dome Petroleum to the people of the west coast, we have written to every municipality on the coast of British Columbia asking that they pass resolutions and send telegrams to this government deploring its failure to fill this policy vacuum. We have written to every marine industrial union, every marine operating union and every shipbuilder asking them to pass the same kinds of resolutions and to send them to the Premier of British Columbia and the Prime Minister of Canada (Mr. Trudeau). We have asked them to appoint representatives who can come together in a meeting to develop a steering committee. We have asked them to form a common front lobbying organization to meet face to face with the Premier of British Columbia and his ministers and bureaucrats—who are in competition within the same government—and to demand action on this issue. Once that is resolved provincially, they should come to Ottawa and confront the Prime Minister with the problem of the loss of jobs in British Columbia and confront these ministers and bureaucrats as well. They will come, because tens of thousands of British Columbians are out of work. They need that employment, Mr. Speaker. The province is roughly $1 billion in the hole. It virtually amounts to negligence to give away those sources of revenue, without even taking into account the revenue that would accrue to Canada as a whole.

• (1530)

It is vitally important to develop a marine industrial strategy to capture those benefits. It is unfortunate that the people who are working and who are busy must expend their resources on such massive efforts to convince governments of what is obvious.

This should be happening in other regions of the country as well. The Atlantic region should be forming a common front organization to lobby the provinces and the federal government. In Quebec by 1983 two shipyards will lay off 2,000 people because the order books are empty beyond that time and they will lose jobs to foreigners. In Ontario there is the same kind of problem. In the House the hon. member for St. Catharines (Mr. Reid) has appealed to the government for action on many occasions. Unfortunately, members on the government side continue to tell us about the office of industrial benefits. The last time they told us about this grand initiative they compared it to the offshore supply office in Great Britain in which thousands of people are involved. And the last time we were told about Canada's initiative, 24 people were involved in projecting this two or three decades into the next century.

The Canada Oil and Gas Act was held up because it is pitifully weak. The manpower procurement section was hopeless, as was the provision to capture the industrial spin-off. Eventually, in order to resolve the impasse, when we realized that the ministers would not strengthen the provisions in the legislation, we settled for their appearing before the committee, in camera, to explain the mechanisms they would use to develop and capture those industrial benefits. They came up with the invention of the office of industrial benefits, but it does not have any direct authority, nor the human or financial resources to carry out a mandate such as is before us today.

If the government chooses to respond to this, I would plead with it not to use those ludicrous examples of government initiative. I implore the government to present a marine industrial strategy, a mechanism by which we can capture the benefits which we are literally giving away by default to the Asians and Europeans.

I urge members of the House to accept the amendment that I have put forward, Mr. Speaker. It does not in any way hamper the thrust of the bill but simply asks the administrators of Canadian ports, whenever possible, to enhance other benefits that result from their activities and to make a slight effort to capture them.

There is another example we could use in order to bring to shore ships owned by Canadian companies but registered in foreign countries and sailed by foreign crews. The United Nations commission on trade and development advocated the adoptions of a resolution by all member nations that would provide for 40 per cent of the exports and imports of a country being carried in its own flagships. The trading partner would carry the other 40 per cent and 20 per cent would be available to itinerant carriers.

If we were to adopt that resolution and insist that our 40 per cent be carried in Canadian bottoms and, if there were no Canadian hulls available, that our trading partners be given our share of the trade for future consideration, then an opportunity would exist to allow those Canadian-owned foreign registered vessels one year's grace to be registered in Canada and carry Canadian crews. After that year of grace, they would then forever hold their peace. They would then be on the lowest priority for any Canadian cargo coming or going to

this country. They would have to wait until Canadian registered ships were filled, then the ships of our trading partners, then any others and then their vessels would be eligible.

Unfortunately, the government has not put that policy in position. But if the government would adopt the UNCTAD resolution and insist on a one-year grace period with no taxation benefits and no incentives—either bring the Canadian ships to shore or do not carry Canadian cargoes—there would be a stampede to develop a Canadian merchant fleet.

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Transport): Mr. Speaker, first, I would like to say a few words to thank the members of the Committee on Transport and Communications who worked very hard on Bill C-92, and had quite a few meetings in addition to their regular schedule. I therefore wish to express my gratitude.

[*English*]

In the committee report amendments have been made to nine clauses and sometimes there was more than one amendment per clause. These amendments are often of a technical nature and a few are of a substantive or quasi-substantive nature. For example, the contributions made by the hon. member for Dartmouth-Halifax East (Mr. Forrestall) and the hon. member for Regina West (Mr. Benjamin) to Clause 13(32) with respect to the tabling of the annual report and its automatic reference to the standing committee and the automatic reference of ministerial directives to the standing committee are of a rather substantive nature.

I might underline that there are not only government amendments but two are from the New Democratic Party, from the hon. member for Regina West and the hon. member for Vancouver East (Mrs. Mitchell), three are from the Progressive Conservative Party, one from the hon. member for Dartmouth-Halifax East, and two from the hon. member for North Vancouver-Burnaby (Mr. Cook).

The government has already indicated that it is prepared to accept the committee report in its entirety as well as a number of amendments which will be introduced at this stage of the proceedings this afternoon.

Nevertheless, I should like to reject the first one, not that the motion is not worthwhile in its attempt to "complement the development of a Canadian marine industrial strategy". That is a very good idea. There is no doubt that any industrial strategy in any sector needs to be complemented. One agrees with that almost from the point of departure—

Mr. Skelly: Then why don't you do it?

Mr. Pepin: I don't think we should spend the afternoon talking only about a deep sea fleet for Canada, which is only one aspect of a marine industrial strategy. I do not think we should become obsessed with this single issue which, though important, is not the main purpose of this afternoon's debate.

As the hon. member for Comox-Powell River (Mr. Skelly) knows, an industrial strategy is not to be found in a single bill; it is to be found in a body of laws, regulations and practices which together constitutes an industrial strategy. This afternoon we are attending to the ports' aspect of this marine industrial strategy. Another day we will deal with coastal trade, another day with customs and another day with other aspects.

Mr. Skelly: We will both be in the Senate by then!

Mr. Pepin: I do not intend to go. This intention is a good one but, as my friend from Dartmouth-Halifax East has said, this is neither the time nor the place for it. I think we should concentrate on the bill at hand.

• (1540)

Another point I want to make is that the debate, which has taken place now over almost ten years, and particularly in the last two years, and the extensive consultations which have taken place, have not been on the deep sea fleet; they have been on ports policy. So my hon. friend is sort of sidetracking the main issue when he brings in this amendment on deep sea shipping. As my hon. friend knows, and he knows a good number of things, some of the ideas he has introduced this afternoon do not enjoy a very wide consensus in Canada today. There is quite a lot of division, particularly in his province, over these matters. So to come in now and introduce this as a major objective of Bill C-92 would be, in my view, divisive. As of now, most of the bill we have in front of us has been received in a mood of conciliation, so I think we should keep it that way. Consequently we on this side, Mr. Speaker, will vote against the motion.

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, I find myself on the horns of a dilemma with this particular amendment, because if there is anything I dislike doing it is to encourage the "Liberal Party West", the NDP, when they come up with a good idea, because it does encourage them in other socialist thinking. However, the basic wording of the motion is something almost like motherhood, and nobody can disagree with that.

Then I have the dilemma of finding myself almost in agreement with the minister when he says the motion does not belong in the ports bill. I certainly do not want to encourage him either. However, when I look at this amendment and see that it is really one of those motherhood statements to the effect that we should have a marine policy in Canada, I do not think anyone disagrees with that. It is the right idea but is certainly in the wrong place. It has no business whatsoever being in the ports bill.

This bill deals with the administration of a port, but it does lead into any number of things. One of them, of course, is the terrible lack of action by this Liberal government in terms of an over-all ports transportation policy.

As an example, Mr. Speaker, why does the province of British Columbia find it necessary to import all of its liquor stocks for the Liquor Control Board of British Columbia through ports in Texas? I think part of the answer, of course, is perhaps a bit of shrinkage, if I may use that word, which

may take place on the docks. Nevertheless, that is legitimate business for the port of Vancouver or Prince Rupert.

Another example: why does a considerable amount of imports bound for Ontario come through the port of Oakland? Very simply, because the American railways have better transportation policies than this government has, and as a result it is cheaper to do it that way than to bring it into Vancouver, employ Canadians and use the Canadian rail system.

Quite frankly, Mr. Speaker, I think the hon. member for Comox-Powell River (Mr. Skelly) has made a nice statement, but it does not go far enough because it does not deal with the total transportation complex in Canada. For that matter, neither does the Minister of Transport (Mr. Pepin). He is so worried about the flak he is getting over VIA Rail, so worried about trying to maintain his power in terms of the control and operation of the ports in this country, that he really does not have the time to sit down and say, hey, how come this great nation at one point had one of the largest merchant fleets in the world, the fourth largest navy, but today we have difficulty getting a couple of corvettes ready to go to sea? The merchant marine has totally disappeared, at a cost of literally hundreds of thousands of jobs.

The hon. member is absolutely correct when he talks about $6 billion worth of wheat shipped out of Canada in foreign bottoms. I am not suggesting that we do not sell wheat unless it is shipped in a Canadian bottom, but I am suggesting that he is quite correct when he talks about percentages. We are probably the only major exporter in the world which does not have some kind of firm policy and legislation which says: "If you want our wheat, we are delighted to sell it to you, but a percentage"—whether it is 30 per cent, 40 per cent or 60 per cent—"must be transported in Canadian ships." The same thing applies to all other exports from this country. The same thing applies to the vast amount of material we import. A percentage must be in Canadian bottoms. This would revitalize the whole industry right off the bat.

As far as shipbuilding is concerned, when I look at the losses this government has suffered at the expense of the Canadian people in any number of wild schemes—Atomic Energy of Canada for one, where they lose money even if they sell something—surely to goodness there is absolutely no excuse for the literally thousands and thousands of shipyard workers being out of jobs with no hope of getting them. I have seen the shipbuilding ways on the west coast; they are empty and they should not be empty. There is no reason why something should not be built there. There is no reason why shipbuilding in Canada could not become a major industry. The answer I generally get to the question of shipbuilding in Canada is that the Koreans work cheaper, that the Japanese are more efficient with different and better technology in shipbuilding. Whatever happened to Canadian inventiveness, Mr. Speaker? Whatever happened to Canadian gumption? We did it for a lot of years and very efficiently, but we are not doing it now. We should be doing it.

I have talked to any number of sailors who would like to sail on a Canadian ship. The hon. member mentioned the CPR and their 40 ships under flags of convenience. The flag of convenience ships flying the flag of Liberia or Panama are really a blot on Canadian shipping and they deprive Canadians of jobs unnecessarily. I say unnecessarily because, again, although something is just slightly cheaper if done some other way, if you had to do it in the way we are suggesting, through a Canadian ship, then of course you might just have to be considerably more efficient.

I support the hon. member for Comox-Powell River on the thrust of his amendment, but I do not think it belongs in the ports bill. It belongs in a real transportation policy statement, which should also include the railways and their utilization in shipping goods from the ports to their destination. It should include the Great Lakes, and should include an over-all industrial plan of one kind or another. We do not have any such thing. I wonder if there is anyone in the Department of Transport who even thinks about it once in a while. The minister nods his head; he says they think about it once in a while. Get some of their thoughts on paper and bring them back to the House so we can have a good look at them and perhaps develop something, so that eventually we can get these things unified to work in the best interests of all Canadians.

I am supporting the hon. member for Comox-Powell River. I think it is the right idea in the wrong place, but why not? Does it really make any difference? The proposed amendment is meaningless, but why not?

• (1550)

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, I do not want to belabour the House, I just want to make a few comments on the use of the word "strategy". This word is in common usage by members of the New Democratic Party in calling for a national industrial strategy and in calling for, as the present amendment provides, a Canadian marine industrial strategy. I would like to remind the House that the term "strategy" has to do with the things that are done in the tents of generals. It has not to do with the orderly laying out of a long-range plan which identifies goals, alternative means to reach those goals and the financial and physical wherewithal in order to carry out the pursuit of those objectives.

I am trying to submit that the use of the term "industrial strategy", which many have come to regard as a buzzword because the term appears in every speech made by the New Democratic Party, really creates a picture of conspiring behind closed doors and adapting strategy or plan of attack in order to take the best advantage of your opponent or competitor.

If that is what the NDP is trying to urge by its constant reference to the development of an industrial strategy, then its members are aiding and abetting the government which with every change of cabinet and with every change of economic conditions is creating new strategies. Often they are failed strategies, as we have seen by recent budgets.

What I am about to suggest to the NDP is that its members consider using a term that evokes a positive notion about what we are trying to achieve. In this present amendment, the wording could have been "Canadian marine development

plan" rather than an "industrial strategy". We might get much further with that wording because we could then talk about an open public dialogue, with the co-operation of the Minister of Transport (Mr. Pepin) and the government, as to what the ingredients and essential elements of that plan might be. We could deal with issues like the recent decision of Dome Petroleum to build an LNG plant near Prince Rupert and trade off deals with the Japanese and others that that would entail. We could talk about whether or not in letting contracts for the development of the new port at Ridley Island we would award contracts for piling pipe to a Japanese company, for the car dumpers to a British company or for the stacker reclaimer equipment to another Japanese company. Both in this House and in committee we could debate the essential ingredients for an industrial development plan and stop playing games and talking about strategizing.

We have heard the Minister of Industry, Trade and Commerce (Mr. Gray), ever since he was part of a conspiracy group that brought down the former Conservative government, talk about bringing in an industrial development strategy for Canada, but all we have seen is this document put out with the November 12 budget called "Economic Development for the Eighties". We have no specific delineation of objectives, targets and goals. We have not seen a critical and structural analysis of the alternative paths to achieving those goals, or a recommendation as to which would be the favourite path, how those goals could be achieved in terms of financial resources and in terms of the joint role of the private and public sector in pursuing those goals.

I am saying though that we should have a Canadian industrial plan and we should have a marine industrial plan which encompasses the ingredients of port policy. But for the life of me I cannot see how the hon. member for Comox-Powell River (Mr. Skelly) feels that he can goad the government into developing this elusive Canadian industrial strategy by writing it into a piece of legislation. It has to be the consequence of sustained political pressure in this House both in question period and in committee. It will not achieve anything in terms of the goals which the hon. member is seeking by merely writing the words into a piece of legislation.

If the hon. member for Comox-Powell River reads subclauses (a) through (e) of Section 2(3), he will find that they do express the objectives of the national ports policy. We find these subclauses read:

(a) is an effective instrument of support for the achievement of Canadian international trade objectives and of national, regional and local economic and social objectives;

(b) is efficient;

(c) provides accessibility and equitable treatment in the movement of goods and persons to users of Canadian ports;

(d) provides local port corporations with a high degree of autonomy—

Some of the elements of an industrial plan for marine development are already there, and merely adding the words of his motion at the end of the subclause does not add anything of substance to Bill C-92 as presently presented.

If we had a Canadian marine industrial development plan within the context of a larger Canadian industrial development plan, then we would not have to deal with such a situation as the immature tactics of the Minister of State for International Trade (Mr. Lumley) have created by frustrating the import of Japanese automobiles. We would have long ago negotiated a Canada-Japan trade agreement parallel to the Canada-U.S. auto pact. We would not be playing these childish games with our very important trading partners in Japan and other Pacific countries. We would not have had to bring the Minister of Transport to a dead halt a year ago when he and his officials were dead-set to award contracts for the dredging at Roberts Bank to offshore, foreign firms when, in the final analysis, there was a reputable Canadian dredging company which won the bid after sustained representation by some members of British Columbia before the transport committee.

If we had a Canadian marine industrial development plan we would not have had the situation in 1974 or 1975 when representatives of the NDP government in British Columbia, with which the hon. member for Comox-Powell River enjoys some relationship, went to Stockholm, Sweden to buy a ferry because that government did not have the foresight to provide assistance to the west coast shipbuilding industry to build a ferry in British Columbia. We have hypocritical members in the New Democratic Party talking about Canada first and about an industrial development strategy favouring our shipbuilding industry, but their own friends in British Columbia went to Stockholm, Sweden to buy a large ferry which could have been manufactured in British Columbia using British Columbia labour.

We have had enough of this nonsense of people talking about strategy. Strategizing is exactly what we have been getting for far too long from the government opposite. Everything is done behind closed doors like a coterie of generals in their tents trying to decide how to stand off the enemy hordes. We should start planning out front with the public. We should take a logical and realistic approach to our trade relations with other countries, to our taxation policies, to our Canada first initiatives. We should do that in the context of an open public discussion through a standing committee, together with all Canadians across the country.

I suggest the words of the motion are wrong. The intent is admirable and commendable but the use of the term "strategy" is dead wrong.

Mr. Skelly: Mr. Speaker, I rise on a point of order. I notice in the dictionary that the words "strategy" and "plan" mean the same thing. Might I have unanimous consent to change my motion, if it will remove the commi-pinko connotation of the word "strategy" and thus make my motion appealing to the Conservatives, by using the word "plan" in its place?

Mr. Siddon: Yes, I will agree with that.

Some hon. Members: No.

Mr. Deputy Speaker: There does not appear to be unanimous consent at this point.

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, I will not take much time in the House to speak on this bill, but coming from the city of Victoria I should point out to the House how people feel about this bill.

First, I might say that we are quite concerned about the power that is going to flow to the Minister of Transport (Mr. Pepin) after this bill is passed. He has sufficient powers at the present time and to add to them seems to us unnecessary.

The port of Victoria being a public port, it will under the bill be entitled to a public harbour advisory committee whose role it will be to advise the minister. When the bill was published I wrote and asked the minister about this. Victoria does not have an ordinary harbour. Its harbour is scenic. Victoria's inner harbour is undergoing a lengthy and expensive process of removing a tank farm from the harbour shore. We did that solely because it was unsightly and we did not wish to have it in our harbour. When I think of what we might get in the way of a ministerially-appointed advisory committee, I would worry about it as much as the people around Peggy's Cove would worry if they found out that they were to have a refinery built there or were to start offloading LNG.

• (1600)

However, we have moved, by constant watchfulness of our own interests in Victoria, toward continued beautification of the harbour. For instance, it now has a walkaway around the entire inner harbour on the city side. As I say, this is not an ordinary kind of harbour. The rules made for Vancouver harbour or for Montreal harbour would not apply in Victoria at all. This is of great concern to us. For instance, they wanted to move the coast guard buildings to bring them together on the inner harbour or partly on the outer harbour, I suppose it was. The structure which they planned for that function was simply not acceptable to the people of Victoria. There was so much public outcry against it that the department had to look at it again and eventually come in, with a set of buildings which were acceptable. This is the kind of public participation in port planning which the city of Victoria wants. We know what we want there, but it seems to us that no one else seems to know.

In line with that, I wrote to the minister on March 25. I ended up by writing:

> Your co-operation in ensuring a high level of municipal involvement would be appreciated.

I put that in after I had expressed my concern about the people who would be appointed to the harbour advisory committee.

The answer I received from the minister was not the one I had hoped for, by any means. I would respectfully submit that it may well have been part of a form letter which went to other members with harbours in their constituencies. He wrote:

> Public harbour advisory councils will be made of three to five members, representative of local interests, and selected on the basis of their experience and capacity in port activities. The members shall be appointed by the Minister of Transport, to whom the council will provide its recommendations. Before appointing members, the advice of community leaders and port officials will be sought to ensure an effective council.

We have not had that kind of seeking out of advice from community leaders in Victoria. As far as I know to date, there has been a trip made to Victoria by some officials of the department, but we must have a continuing dialogue between the department and officials in Victoria, that is the municipal council, and the council of Esquimalt. It would be quite likely to cause a great deal of harm if the minister were to appoint people who were not in sympathy with the aims of the city fathers of the city of Victoria and the other municipalities involved.

I had hoped the minister would realize this, carry on negotiations out there and give us some intimation of who he was planning to appoint. If it is to be a bunch of Liberal hacks left over from some of the 78 constituencies which they lost in the west in the last election, then we would be better off without them. If we get that kind of personnel on the committee, believe me, there will be extreme difficulty in the ports bill operating in that particular city.

Hon. John C. Crosbie (St. John's West): Mr. Speaker, I want to speak for a few moments in connection with the port and harbour of St. John's Newfoundland, while we are considering this bill. First of all, I want to point out that St. John's is one of the ports which comes under the old legislation that is being replaced by the present legislation. There are 14 ports, of which St. John's, Newfoundland, is one. Presumably St. John's, Newfoundland will be expected to become a local ports corporation at some future date if the legislation which we are considering now is passed by the House.

Also I want to point out to the minister that the port of St. John's, Newfoundland, which is a major port in that capital city, has had no major capital expenditures in connection with that facility since 1965. Of course, the expenditures in 1965 were a result of a program commenced by the Diefenbaker administration to improve the harbour facilities in St. John's. If we look at St. John's and then look at other ports in Canada, by comparison huge sums have been spent in these other ports. I am not saying that the spending on these other ports is improper or not needed, but just let me point out that in the port of Saint John, New Brunswick, for example, over the period of the last ten years at least $80 to $90 million has been spent on capital projects.

I could look at all kinds of other ports across the country where I could point to tens and tens of millions of dollars being spent. I could point out the unfairness of what happened with respect to the synchrolift facility in the dockyard of St. John's, Newfoundland where the federal Government of Canada, which owns the dockyard, would not spend $21 million to instal a synchrolift that would make the dockyard viable, a dockyard which it was given free, gratis, in 1949. At the same time it spent double that amount in Halifax to assist in its new shipyard facilities and, of course, the same occurred in Vancouver and other ports. I will skip all that, but the harbour facilities in St. John's have not been improved since 1965.

There was an order in council on January 15, 1981 under which the government assumed responsibility for the long-term debt of the National Harbours Board. I believe it was about

$300 million, but the government assumed responsibility for that debt. It relieved the National Harbours Board of interest charges of something like $18.4 million as a result of taking over the debt. Those interest charges and that debt were incurred in other major ports which now have major capital improvements but are debt free.

The result of this action by the government was that these ports are debt free. They had major capital costs which they no longer have. There was no assistance to ports such as St. John's, Newfoundland, that did not have any capital expenditure debt which could be written off at that particular time. The port of St. John's has an operating deficit of about $2 million.

I want to ask the minister whether it is the plan to have the government assume the debts of ports such as St. John's which were not included or received no benefit from the assumption of the debt by order in council on January 15, 1981. For example, what is to happen to the debt of the port of St. John's Newfoundland?

Also I want to ask the minister whether it is the intention to have the port of St. John's, Newfoundland, become a local ports corporation. The legislation suggests that a port cannot become a local ports corporation unless it is found to be financially viable. As I understand it, at the present time the port of St. John's, Newfoundland with the facilities which it now has is not financially viable. Therefore, what is to happen? Is that port to be left in limbo and run directly from Ottawa, from the headquarters of the new ports corporation with its local advisory board, or will it be given the right to a local management and some assistance to obtain the facilities which will enable it to become financially self-supporting?

When the minister has a chance, I would like him to enlighten me on that particular area. The whole justification for this new act is that it will allow for decentralized authority, local port management and operation, rather than the highly centralized control under the present act. For example, St. John's has a purely advisory body at the moment. I think it is called the St. John's port authority board. It is purely advisory. I do not think there is any statutory authority for their offices. Mr. Robert Innes is the chairman of that advisory body, but as far as I know there is no legal basis for his position at all. In any event, they only advise central headquarters. The other members are Mr. Humphries, regional director of the Canadian Coast Guard, Newfoundland region; Michael Walsh, general chairman of the Brotherhood and Railway Clerks Union—there are political appointments—Gerald Tilley, general manager of Carling O'Keefe Breweries of Canada Ltd.; and two others who are well-known Liberals. That does not mean to say that they do not have a contribution to make, but William Callahan was a former Liberal member of the House of Assembly and cabinet minister, and Mr. George Stockley was certainly a Liberal supporter in the past. Mr. Innes himself was a Liberal candidate in my byelection of 1976. God, how long have I been here? It has been too long!

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Innes ran against me in the byelection of October 18, 1976, but I was returned on that occasion. It was the Prime Minister's (Mr. Trudeau) birthday. I was glad to be the birthday present they returned from St. John's West. I hope to be here when we finally give him the *coup de grace* when the next election comes.

• (1610)

In any event, Bob Innes was a Liberal candidate. That is not to say that he is not a fine gentleman and not doing a good job, because as far as I know, he is. Even a Liberal can have some virtue. There are some around who have something to be said for them. I do not know what has happened to me today! The spirit of kindliness and consideration has just swept over me. We have been here too long; it is time for this place to adjourn.

In any event, it is an illustration of the weakness of this system that patronage is so much a part of it. Of this six-man advisory council, at least three are certainly publicly identified Liberals, two are ex-candidates and, unfortunately, that does not give the right tone to such an important body. The port of St. John's harbour is very important to our whole economy, and to have the public feel that you must be a Liberal to be appointed to this advisory board and that is the only way you will get there unless we obtain power in the next election—when we do, we will certainly reverse that and put in the merit system. You will have to be a Conservative to merit any appointment then.

But that is a weakness of this system. I would prefer a system where certain bodies have to nominate representatives—and I think this is included in one of the amendments we are coming to—where at least half of the members would be nominated from various users of the port facilities, and the municipality. As I said, I have nothing against these gentlemen and they are doing their best against very high odds.

I also want to suggest to the minister that it is essential when this legislation is passed that the minor ports of Canada, of which St. John's is one in the context of Vancouver, and giant ports like Halifax and Toronto, have representatives on the national board of directors of this new corporation that we are setting up.

It is my understanding that of the 11 directors who will be on the board of this new corporation, three will be port authority chairmen. If this is the case and if I have my facts correct, then I suggest to the minister that he should make sure that these chairmen do not just come from Montreal, Vancouver and Halifax or from the three largest ports, and that, if at all possible, we have at least one from every province. There certainly should be a representative from Newfoundland—I suggest from the Port of St. John's—on the new board of directors of this authority. We have a Newfoundland representative on the board of Air Canada, another good Liberal. He raised funds and did his best to have me defeated in the 1976 byelection. I will do my best to see that he is transferred from Air Canada when we take our rightful place in office. But we do have a representative on the board of Air Canada

and a representative on the board of the CNR, and therefore I suggest that it is very important—even more important—for us to have a representative of the province on the new Canada Ports Corporation.

Another point I wanted to make to the minister is that all of the transportation spending in Newfoundland in the last few years has been on modes other than the port of St. John's, which badly needs new facilities. St. John's has been trying to get new container facilities since 1976. It has been seeking $19.6 million, the cost some years ago of contructing the container facilities that are needed, which was turned down by the Treasury Board after my election in the byelection of 1976. I do not know if there is any connection between those two events. In any event, St. John's has been trying since then to obtain funding for this very necessary facility and there has not been any funding.

As the minister knows, there has been a major revitalization program for the railway; I believe it is $77 million. The harbour needs funds as well or it will fall into disuse. The minister has also announced spending of $70 million; $48 million for highways and $20 million for new airstrips on the Labrador coast. All this is necessary but I want to point out to him that it is necessary to spend some money on the port of St. John's, particularly now with the new set-up that is envisaged in this legislation.

I know that we do not have too much time, but while speaking about St. John's, it is extremely important that a freezer facility be constructed at the west end finger pier that would enable the transshipment of fish which are unloaded from one vessel to be stored in the freezer facility and then transferred to another vessel for shipment. This would give the longshoremen at St. John's very badly needed employment. This freezer facility would also enable ships to store cargo when they had to go on the synchrolift to be repaired. This freezer facility is an important issue in St. John's. I hope the minister or this new corporation will see that the necessary steps are taken.

One final point I would like to make while talking about the port of St. John's is that we have 276 registered fishermen in the port of St. John's. Anyone who travels through the narrows, as we call them, through that majestic entrance into St. John's harbour, with Cabot Tower located on Signal Hill and where the first telegraph message was sent across the Atlantic by Marconi at the beginning of the century, will see as they look down below at The Battery the residences of a number of fishermen perched on the rocks of The Battery. When one looks at the other side of the port in the district of St. John's West, Fort Amherst, one will see the homes of other fishermen who are constituents of mine. St. John's is also a fishing port. It is not just a port but a fishing port where we have a major fish plant of National Sea Products Limited. Of course, it is supplied largely by trawlers but they also take inshore fish. There are also other smaller fishing operations in that port.

These fishermen are, at the moment, dispossessed. They do not have any proper facilities in the port of St. John's for landing their fish, and the place where they formerly landed their fish is now being dredged and construction has begun for the new synchrolift. These fishermen do not have proper landing facilities, haul-out equipment and storage facilities, all of which they badly need.

There is now a plan by the Department of Fisheries and Oceans to construct a facility at Prosser's Rock, but that even will take two or three years. It will be some time before it comes, a three-year period starting in 1983-84, we are told. The cost will be $4 million to $7 million for wharves and fish landing facilities. In the meantime we have 100 boats, 157 fishermen, 12.5 million pounds of fish that were caught last year from the port of St. John's which has a landed value of $2.5 million. We have workers there who are operating the two fish plants. The facilities for fishermen are badly needed.

We did propose a breakwater and facilities at The Battery but unfortunately the government, when it took over in 1980, stopped the plan that would see this carried out.

We have a number of users in the port of St. John's who have to be looked after. The fishermen are the most neglected of all of those users. I would like the minister, or the new port corporation, to see what they can do to help the Department of Fisheries and Oceans obtain some funds to instal proper facilities for these several hundred Newfoundland fishermen who are so important to the local economy.

Those are my remarks with reference to the port of St. John's. I would like to turn to another subject when we come to a relevant amendment, or to third reading, which I think is of great gravity and importance. It concerns a most deplorable situation in the port of Goose Bay, Labrador. It cannot be allowed to go any further without complete public ventilation. I am not satisfied at all with any steps which the Minister of Transport (Mr. Pepin) has taken to rectify a situation of gouging the consumers of the Happy Valley-Labrador area of Newfoundland. I will expand on this subject at my next opportunity. If the minister can give me any information on these points, I would appreciate it.

Mr. Pepin: Mr. Speaker, most of the answers my hon. friend asks for are in the committee proceeding. Indeed, St. John's did not have many debts to be forgiven and consequently did not benefit as much as others did. A certain amount of debt was kept in the books for most of the ports, if not all. With respect to St. John's, it is $1.7 million but in Saint John, New Brunswick, it is $7.2 million. Montreal is $9,470 million, which gives some indication of the principle that was implemented in this situation.

I just want to emphasize the fact that should the port of St. John's ever have needs greater than its financial self-sufficiency can take, all ports, including St. John's, will be entitled to grants from the Canadian government. So, the concept of self-sufficiency, which is an important one, does not mean that if the needs are beyond the financial capacity of the ports for particular projects, the Government of Canada will stay idle.

With regard to the local port corporation, my information is that St. John's is eligible to become one. With regard to the composition of the Canada Ports Corporation, it will be

balanced by representation from all regions of Canada, in fairly equal numbers. These were some of the points which were raised.

• (1620)

Mr. Deputy Speaker: I would like to have the attention of the House. The minister had previously spoken. I assume it was with the unanimous consent of the House that he was recognized a second time.

Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

Some hon. Members: On division.

Motion No. 1 (Mr. Skelly) negatived.

Mrs. Margaret Mitchell (Vancouver East) moved:

Motion No. 2

That Bill C-92, An Act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act, be amended in Clause 2 by striking out lines 24 and 25 at page 3 and substituting the following therefor:

"the management thereof,"

Mr. Deputy Speaker: Following the decision made earlier this day by the Speaker, motions Nos. 2 and 4 are to be grouped for debate. The Speaker ruled that because both motions are concerned with the principle of financial self-sufficiency, a vote on motion No. 2 would dispose of motion No. 4. Accordingly, I will also put motion No. 4 at this time, for purposes of debate.

Mrs. Mitchell moved:

Motion No. 4

That Bill C-92, An Act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act, be amended in Clause 5 by striking out lines 8 and 9 at page 11.

She said: Mr. Speaker, the subject of these amendments is economic, financial self-sufficiency in the case of local port corporations, better known as the Liberal policy of "user-pay" which, of course, is a policy which is fully supported by the Conservatives to my right. We are very concerned about these two clauses. I would just like to read for the record how Clause 2, under the objectives of the new port legislation, would read if amended as we propose:

(2) It is further declared that achievement of the objective of the national ports policy requires

(*a*) the establishment at ports of national or regional significance at which there is demonstrated local interest in the management thereof and that are expected to be financially self-sufficient—

That is the part of the bill with which we are concerned. We are fully in favour of local autonomy for as many ports in Canada as possible. We really do not agree that the whole criterion of financial self-sufficiency should be a prohibition to ports having a decentralized form of administration, having power within the regions to make their own decisions to the greatest possible degree and having their own board which is hopefully representative of the various levels of the region, the local levels of government and so on.

We are also concerned with the rather insidious wording of this clause. I wonder what is meant by "ports that are expected to be financially self-sufficient". Just what does that mean? If we take a look at the 15 ports which are listed as ports which may be eligible to become local port corporations, we find that quite a few of them have not been economically and financially self-sufficient in the past. For the record, I would like to list those 15 ports.

We heard about St. John's, Newfoundland from the hon. member who spoke quite eloquently. I am sure he knows it is not likely to be always financially self-sufficient, yet why should it not have local autonomy under good administrative practices, even if it occasionally does need some form of federal subsidy?

Halifax, Nova Scotia, is another port which I do not believe has been traditionally self-sufficient.

Then there is the port at Saint John, New Brunswick. In committee we heard of the great concern of one of the members, which we would share, that although the federal government has written off the debts of most ports, there is still a considerable debt in that case, and although it came through the province, there should certainly be fair treatment of that port. If it wants to become a local port corporation in the future, why should it not have that right, even if it may require some subsidization at some future time?

Belledune, New Brunswick, is another port. There are also Sept-Iles and Chicoutimi in Quebec. I do not believe those three ports have always been financially self-sufficient in the past. Baie des Ha! Ha! in Quebec has shown a profit, as has Trois Rivières. These two ports have shown a profit and would probably qualify under this specific criterion. The port at Quebec City has not shown a profit, nor has the port at Montreal, which are both very important ports.

Prescott elevator, which handles mostly grain, has shown a profit, and so has Colborne elevator in Ontario, another grain elevator. So those are two which have some source of income.

The port of Churchill, Manitoba is one of the best examples of a very essential port, both from a regional and a national

point of view. It operates only part of the year, due to its location, but should certainly have the right to be a real port corporation with local autonomy, under its own local board, even though we know that it will probably not always continue to be financially self-sufficient.

The port of Vancouver is also financially self-sufficient. It has not found that it has had very much power over the funds it has taken in. It has not been ale to reinvest the funds into the kinds of development that are very much needed to upgrade the port, and it has only been allowed up to $50,000 in expenditures, which is not even enough for the improvement of wharfs. However, that port does show a surplus and would be eligible under this legislation, I assume.

In the past Prince Rupert has not always shown a surplus, nor has it always been financially independent. There have been many new developments in Prince Rupert which will undoubtedly increase its income and make it a part of the major development in the northern part of British Columbia.

I wanted to name those 15 ports for the record to show that this legislation is really very unfair. Will ports which cannot become financially self-sufficient be able to qualify under this legislation? We have heard that these 15 ports may be candidates for local port corporations. Of course, we know that one of the reasons at this time which may make them eligible is that the accumulated debt of all 15 national ports was written off by the federal government in 1980. It was approved by order in council on January 15, 1981. This accumulated debt was $742 million. Approximately $500 million went toward principal and $242 million went toward interest.

That is why we are pleased to hear at this particular time that the ports of Canada are in very good condition. It was a very good move to write off outstanding debts so they could have a fresh start as autonomous ports. But what will happen, as shown by our past history? While all 15 ports made a profit last year because of this write-off, it should be pointed out that 10 of the 15 ports ran up deficits over the last two years. This is an indication that these ports will face financial difficulty in the next decade. They cannot be expected to be financially independent all the time. The only ports which did not run a deficit over the two years were Baie des Ha! Ha!, Trois Rivieres, Prescott elevator, Colborne elevator and Vancouver, not very many of the 15 ports. This does not even include the larger ports. Some ports may start off in the black. In a particularly bad year or bad economic era, they may end up with a deficit and require a subsidy from the federal government. Would they lose their status as local port corporations or not be judged reliable enough to get in in the first place?

• (1630)

We object to this policy because it is the user-pay policy. My colleague will speak to this later. The principle of user-pay, in other words financial self-sufficiency, means that ports should be able to finance their operations totally from collected fees and tariffs. This would include any capital expenditures that may be required. I am most familiar with the port of Vancouver. However, most ports require modernization and updating with modern equipment in order to be competitive with each other and the American ports. This will require capital expenditures. A port which must borrow in order to expand will have to pay market interest rates on loans. This could force a port to increase its charges to a level where it is no longer competitive, forcing an undue hardship on any shipper using the port.

The port of Churchill is a good example. How could that port be expected to make up any deficit of its operational cost over income by charging higher rates to users of that port? We must have a port in northern Canada, an outlet to our northern waters. The few users of that northern port should not be expected to bear the additional financial costs of its being in the Arctic region.

Our ports must remain competitive and continue to serve the national interest as well as the interest of our exporters and importers. In order to do this, they should be eligible for some form of federal assistance when it is required. This should be carried out under a strict business arrangement. We fully agree that the port must have efficient and competent management.

If the federal government is putting extra money into a port, perhaps there could be some form of federal supervision. However, that port should not lose all power. In fact, the goal of this bill, which is to make the ports more efficient, would be undermined if we removed the local administration of a port. They cannot be treated like a child and told that they have to come back to big daddy in Ottawa to be looked after, even though there are all kinds of bureaucratic roadblocks, it would cost more money and does not add to efficiency.

Clause 2(a) requires that ports be financially self-sufficient. If this is a required objective, ten of the 15 national ports may not qualify to become local port corporations. The same can hold true of our amendment which is on page 11 and combined in this amendment. It states that the Canada ports corporation can petition for local port corporation status for any port which in the opinion of the Canada Ports Corporation will likely be self-sufficient.

It is not likely over the long term that many ports will be self-sufficient. Does that mean those ports cannot become local port corporations? I am going to be very interested in hearing the Conservative members speak to this. Those members, particularly those from the Vancouver area, have been very quiet about the needs of the less affluent ports in Canada. Those of us from Vancouver fight hard for more financial autonomy for Vancouver. As Members of Parliament we must be equally concerned with a national transportation and marine strategy for ports in other parts of the country.

Smaller ports with limited revenues will not always be able to raise the amount they need to cover their costs through tariffs and fees. If they did that, they would likely lose business. They would have to charge too much. It would not be financially feasible from the customer's point of view. Those ports would find it hard to survive. We need efficient management based on sound regional considerations and a sound

national policy for each local port. Efficient management should be the criterion for a port becoming more administratively autonomous.

Efficiency requires a centralized administration. This is best suited to the regional situation. The National Harbours Board has not worked effectively because most decisions were made in Ottawa. Who in Ottawa really knows the immediate needs of ports on our east and west coasts? Rather than central control, there should be local autonomy for the ports, even those not financially independent. However, the federal government should be very concerned about the efficient management of those ports once they become local port corporations.

We object to the term "financial self-sufficiency", which is a requirement for a port to become a local port corporation. This whole bill is supposedly aimed at greater autonomy. It is contradictory. Only four or five ports will be eligible to remain as local port corporations. Also, those ports that have more expenditures than income must not increase their fees and tariffs to the point that it is a user-pay philosophy that is unrealistic. Where the market can accept it, the users should pay. However, that is not the case with all ports in Canada.

That objective is not feasible for certain smaller ports in Canada. We believe the criterion for achieving local port autonomy should be demonstrated efficiency. A port which is essential to the regional and national economy should be eligible for local port corporation status, even if it cannot always be financially self-sufficient. It should not be forced to raise rates beyond what is financially feasible for the region.

I will be very interested to hear from the other parties. We did not have support or consensus in committee on this matter. In a country as large and diverse as Canada and in the context of a national ports policy, it is essential that we be very concerned about smaller ports which cannot always be financially self-sufficient.

• (1640)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Richmond-South Delta (Mr. Siddon)—Mines and mining—(a) Request for assistance. (b) Labour relations; the hon. member for York-Peel (Mr. Stevens)—Export Development Corporation—Funds lent to New York Metropolitan Transportation Authority; the hon. member for Cowichan-Malahat-The Islands (Mr. Manly)—The Constitution—Status of native women—(a) Attendance at constitutional conference. (b) Request that native women be represented.

GOVERNMENT ORDERS

[*English*]

CANADA PORTS CORPORATION ACT

MEASURE TO AMEND

The House resumed consideration of Bill C-92, to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act, as reported (with amendments) from the Standing Committee on Transport, and Motions Nos. 2 and 4 (Mrs. Mitchell).

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, I think the oration—if I can call it that—of the hon. member for Vancouver East (Mrs. Mitchell) demonstrates the complete poverty of ideas in the minds of New Democratic Party members. I have heard nothing more off the point or which indicated more lack of understanding of what the bill is all about than what I heard from the hon. member. I am utterly amazed.

At one point in her speech the hon. member made a statement to the effect that "By golly, these little harbours should be allowed to become local port corporations". The hon. member said that if they had to be financially viable, they could not become local port corporations. With the greatest of respect, I remind the hon. member that there is a Harbour Commissions Act, and if she is suggesting that the Fraser River people or the New Westminster people would like to be local port corporations, I think she should do a little more homework on the subject because, quite frankly, as harbour commissions they have more autonomy than local port corporations and would not want to change. If anything, they should be going the other way.

The hon. member for Vancouver East also referred to the port of Churchill. She says it is going to lose money but should keep operating nonetheless. She said that any harbour in Canada which is losing money should be kept in operation. Surely to goodness the Canadian taxpayer is burdened enough without having to pay taxes to support totally uneconomic operations. I would trust even this government to evaluate any port which is losing money as to how valuable it is to the region or area it serves, and as to what alternatives there are, and perhaps to decide that a port should cease operations if it is losing taxpayers' money when another port can handle the job better, more efficiently and at a profit.

The whole philosophy of members of the NDP that they want to make profitability at ports their fourth or fifth concern disturbs me. Is that not really part of the problem with this country today? Is it not that kind of philosophy which really is

the problem with this government? We have a $20 billion deficit. When we study the cause of that deficit, we find that there is money wasted in a number of areas. If a port is not profitable, obviously it is being operated improperly. By that I mean it is trying to do too many things it cannot do because other ports are doing them.

I think this applies more to maritime ports than to west coast ports, but there is some rivalry between Nanaimo, Victoria, Prince Rupert, Vancouver, New Westminster and the Fraser ports. Each of them does what it can do best. Each uses its competitive advantage for whatever business it can attract. These ports do not lose money. However, if one of those small ports were to attempt to attract business which would lose money, according to what I have just heard from the hon. member for Vancouver East, that would be great and should be subsidized by the Canadian taxpayer. I am afraid I cannot accept that philosophy. I see no reason why the Saskatchewan wheat farmer or the Winnipeg shoe store clerk should be paying tax dollars to keep a port operating in a manner by which it does not even break even.

Mr. Fulton: Name the ones you would close, big shot.

Mr. Cook: I think the real answer is that this amendment must be defeated, because if there is anything a port should be doing, it should at least be trying to make a profit. It should try.

Mr. Fulton: You phony.

Mr. Cook: The port of Churchill on Hudson Bay, which is at the end of a long railway, has been a viable port since the thirties. A great deal of grain has been shipped through that port.

Mr. Fulton: Tell us Tory policy, not this malarkey.

Mr. Cook: Could we have a little quiet in the rump down there, Mr. Speaker? It is difficult—

Mr. Deputy Speaker: Order, please. The hon. member for North Vancouver-Burnaby has the floor.

Mr. Siddon: Ask them to be civil.

Mr. Deputy Speaker: With all due respect, I am sure the hon. member for Richmond-South Delta (Mr. Siddon) will concede the floor to his colleague.

Mr. Siddon: Yes, sir.

Mr. Cook: I want to say a couple of things about the port of Churchill in relation to some of the remarks made by the hon. member for Vancouver East. If at this moment in time the port of Churchill cannot ship grain on an economic basis and if it cannot take the crops of Saskatchewan and Manitoba, or that portion of them which has always gone through Churchill, and ship them out at a cost which makes sense so that the port can operate at least at the break-even point, then we should close down the port of Churchill and let that grain go through the Great Lakes, where the bulk of it goes anyway. I do not believe the Canadian people are prepared to pay their tax dollars to keep something of that nature going if it has become a totally unviable enterprise. If we could only shut down a good many other government-operated enterprises which do not make profits, we might have—

Mr. Nystrom: Mr. Speaker, I rise on a point of order. I wonder if my friend would entertain a question at this point. I think it is quite important.

Mr. Cook: Mr. Speaker, when I am finished I will entertain a question. It will always be then. When we are finished our comments, we will take questions.

I believe the hon. member's question relates to the port of Churchill. If that port is not viable as an enterprise, it should be shut down because I do not believe the taxpayers of all Canada should pay for it. That is straightforward.

Some of the ports in the maritimes compete with each other. Sometimes they do so quite successfully and at other times not so successfully. With the involvement of local port corporations and the Canada Ports Corporation, those ports surely can come to a meeting of minds in terms of doing what they do best and most profitably. This could be done without becoming engaged in hard-nosed competition between, for example, Saint John and Halifax. That would cause them both to lose money. If they compete and both of them make money, we should by all means let them compete; but to suggest that profitability should be about the fifth or six priority for a port in Canada indicates to me a socialist way of thinking whereby profit should never be considered, regardless of the cost to the public.

I will take the hon. member's question now, Mr. Speaker.

Mr. Nystrom: Mr. Speaker, my question is about the port of Churchill. If I heard the hon. member correctly, he said that if the port of Churchill cannot ship grain at a profit or break even, it should be closed down. The port of Churchill is a very important port to my part of the country because we ship grain through that port. I wonder if the hon. member was speaking on behalf of the Conservative Party. Is that the philosophy of his party, or it the opinion of the hon. member?

Mr. Cook: Mr. Speaker, the very obvious answer to that is that I am speaking for myself as a representative of all the taxpayers of Canada who would have to subsidize that port. Obviously, there are Conservatives in other parts of Canada who might feel differently about it, but that is a key factor about the Conservative Party: we at least are allowed to speak our minds as individuals with our own viewpoints.

Mr. Nystrom: I have a supplementary question, if I may, Mr. Speaker.

Mr. Deputy Speaker: Order, please. The hon. member for Richmond-South Delta (Mr. Siddon).

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, I will try to be somewhat more gentle than my colleague. In

looking at the two amendments proposed by the hon. member for Vancouver East (Mrs Mitchell), motions Nos. 2 and 4, I note that motion No. 2 would strike from page 3 of the bill the phrase "and that are expected to be financially self-sufficient" and subsequently that Motion No. 4 would delete the phrase on page 11 of the bill "the port will likely be financially self-sufficient".

Once again the NDP is getting into a great panic about something of little consequence. The wording in the bill does not say that a local port operating as a local port corporation "shall be self-sufficient". Neither on page 3 nor on page 11 does the bill say a local port "shall be". It does not say anywhere in the bill that local ports which run in the red "shall be closed down" or "shall be expected to earn profits or balance their books". It does not say that anywhere. All it says in the bill is that ports will likely be financially self-sufficient or that ports are expected to be financially self-sufficient.

• (1650)

The point is that we have to provide some goals for the local port corporations to pursue. I am sure that the minister and members of the government would agree with that. We are at a time in our history when we have almost $120 billion in gross public debt, $20 billion of additional debt this year and a $17 billion cash requirement which the government supplements by dipping into the pension fund of public service employees for the extra $2 or $3 billion. We are facing a horrendous situation where young people cannot afford mortgages for homes, where businesses are going bankrupt and our industries cannot compete internationally. We have been living too long in a dream world, believing that we could socialize, nationalize and subsidize everything that cannot operate by itself.

If we could restore a degree of local autonomy to the financial management and long-range planning of our ports, they would become more productive. There would be less interference by layers of bureaucracy in Ottawa and the layer that this legislation envisages. If the ports were given a higher degree of local autonomy, they could get on with making decisions, making long-range plans, making investments without being delayed by a lot of the factors that are initiated supposedly in the national interest, but which in fact pull the country down. If our ports were in a more healthy state of competition one with the other, the would produce more volume and more tax revenue to be shared by all Canadians. I think it is high time we recognized that.

The situation is rather like that of a class of 20 students where, instead of the incentive system operating where they would be urged to generate grades in proportion to their ability and effort, at the end of the year the marks of the individual students would be combined and then averaged. Each student would obtain the same average mark, so the achiever who would otherwise have obtained a 85 or 90 per cent grade would receive 64.5 per cent and the sluggard who would have received 48 or 28 per cent, would also get 64.5 per cent. Pretty soon there would be a demoralized class of low achievers or non-achievers.

That is what we are producing in this country. By distributing the benefits, so-called, of effort equally among all, we destroy the basic incentive system that allows our society to prosper and grow.

I submit that if you followed the students in that class of 20 for two or three years, you would find that the average would slip from 64 per cent to 54 per cent to 48 per cent. Pretty soon it would be a failing class and would require a subsidy. Teachers who find that the class average is lower than 50 per cent—I have been a teacher and I know—would say that the incentive system had been destroyed so the marks should be augmented and all pushed above 50 per cent.

That is an exact analogy to the kind of subsidies our colleagues on the left are forever advocating and which destroy the spirit of this country, Mr. Speaker. The hon. member for Regina West (Mr. Benjamin) is one of the worst offenders. In committee he showed righteous indignation, wailing and raving that if we asked the ports to be self-sufficient, that was an evil thing. He well knows that our young people cannot find jobs or afford homes today because we are borrowing too heavily. He knows that the CBC is subsidized to the tune of $650 million per year, that Air Canada got a $500 to $600 million transfusion three years ago and now Claude Taylor says they will need another one within a year. The CNR has come back to committee looking for another major subsidy and Petro-Canada is continually dipping into the Canadian taxpayer's pocket to subsidize the so-called initiative that was designed to pursue the national objectives of equity and fairness.

In fact, what we are doing is what the teacher would do to that class of achievers, and that is destroying the desire to achieve. Sooner or later it will be a class of failing students which will have to be subsidized by jacking the marks up so that they can obtain a passable grade. The achiever would be dispirited, and the sluggard would ask why bother as they will pass anyway.

That is exactly the situation in this country today. We are destroying the basic competitive, incentive system. I submit that the present wording of the bill before us incorporates that competitive opportunity for individual ports by encouraging them to operate on a self-sufficient basis. We are not heartless or cold and ruthless in this party. There is no one here who would say we are not in favour of helping where such help would be of benefit to the national interest. But we have seen too much of the slovenly, wasteful extravagance of an ever-diminishing pool of revenue which is only the measure of the over-all effort of individuals operating in a free society. That must be brought to a halt.

I commend the minister for including these clauses in the bill and I am totally against the suggestion that we should put all our national ports on the welfare rolls, as we have put so many Canadians on the welfare rolls.

Mr. Les Benjamin (Regina West): Mr. Speaker, it is difficult to reply to the hon. member except to suggest that if

he wants a first rate example of vacuous remarks he should read his own speech tomorrow.

The hon. gentleman and the member who preceded him have not looked at the realities of operating transportation facilities in this country. In the history of the country they have never been self-sufficient nor will they become self-sufficient in the long term.

My colleague the hon. member for Vancouver East (Mrs. Mitchell) mentioned the write-offs of debts. Back in 1936, $173 million was written off for local port authorities.

Mr. Munro (Esquimalt-Saanich): That was a great year.

Mr. Benjamin: Yes, the Tories had just finished being in power. In 1977-78 they wrote off another $252 million which was put into equity ownership by the Government of Canada, and a further $475 million was converted to an interest-free loan. Halifax had $54 million written off, Saint John $66 million, Chicoutimi $8.4 million, Quebec $104 million, Three Rivers $4 million—all those were total write-offs, transferred to equity. Interest free loans totalled $475 million, $100 million of which is owed by the port of Vancouver. I do not think any government that was in power would ever call in those debts; if it did, the port of Vancouver would go belly up the next month.

Like other transportation sectors, ports are capital intensive sectors of the economy; they require massive amounts of capital. To follow the user-pay principle to its logical conclusion, you would need cost recovery just to break even. I suspect what would happen is what happened before—the smaller ports would go broke and the bigger ports would run into rate wars with ports in the United States. Then they would be the first to run to the federal government asking to be bailed out, as has happened repeatedly over the decades.

A port, like a street, a sidewalk, a sewer and water system or highway, is a facility that everyone has to use, directly or indirectly; it is a public utility. If user-pay were followed to its logical conclusion, toll booths would be put up every four or five blocks and pedestrians would be charged two bits for walking on the sidewalk. Pedestrians do not pay anything toward the cement; the people who own the property on the street pay taxes. Followed to its logical conclusion you see how ridiculous it is. You can go back to the feudal ages of toll roads where the kings and dukes and the lords charged the peasants to walk, ride a horse or haul their produce down a road which belonged to the king or the lord.

• (1700)

These kings, dukes and lords over here see things like they did in the middle ages: if the port of Churchill cannot break even or make a profit, close it down. I hope the hon. member for North Vancouver-Burnaby (Mr. Cook) is invited to speak to the Churchill chamber of commerce, because I would like him to tell that to them. We will not have to bother, although we are going to tell them anyway.

In a country, Mr. Speaker, of three million square miles and only 25 million people, these birds over here want to compete in a champagne league with a beer operation. There is no way that individual ports, totally autonomous and on their own, can compete with the ports of our neighbour to the south. If you think the U.S. government is going to hold still for any kind of rate cutting or anything like that in Vancouver, you are dreaming in technicolour. If the government thinks that ports on the eastern seaboard of the United States are going to hold still while Halifax, St. John's and Montreal are siphoning off business from them, again it is dreaming. Part of co-operative federalism is that we share in a reasonable and equitable way the cost of providing services which all of us depend on directly and indirectly. That is more true of transportation than almost any other sector of our economy.

For those reasons, running our ports with a so-called businesslike user-pay policy will not succeed. I hope I turn out to be wrong, but I never thought I would live to see the day when Tories would support the user-pay policy of Otto Lang. I did not think the present minister would subscribe to it but he obviously is.

In converting all these debts, Mr. Speaker, we are now hopefully starting off most, if not all, of these ports with a clean slate. There are still some things wrong, and I sympathize a bit with the hon. member for St. John's West (Mr. Crosbie), a port which I do not think was treated fairly in the debt rearrangement. That port has to pay interest on 86 per cent of its long-term debt structure compared to 4 per cent for Montreal and zero for Quebec and Vancouver. I hope the hon. member will talk to his friends in North Vancouver-Burnaby about that one.

Let us consider, Mr. Speaker, the unfortunate remarks of the hon. member about Churchill. It is funny that countries with less resources than we have, financial or economic, are able to operate Arctic ports for six to nine months of the year. I am thinking of Norway, Sweden, Finland and Russia, and even some of the ports in the northern islands of Japan. Churchill should be able to operate six or seven months of the year and then it might become a break-even operation. It might even make a buck the odd year. That requires a large capital investment, but the benefits of that investment mean lower grain and potash shipping costs and higher exports through that port will repay the investment. The question is, should that cost be paid only by our export customers? Because if it is, they are not going to buy from us. When the cost of transportation goes up for those kinds of products, you cannot pass it on to your customers. We found that out from bitter experience in the grain trade. But out of the port of Churchill the shipping rates are lower. We get hit in the head sometimes on marine insurance rates, but that port could be and should be at least a six or seven-month-a-year operation.

Just because we buried the old debts, Mr. Speaker, and thereby gave the federal government that much equity in the ports does not mean we can apply user-pay in the future, because ports are so capital intensive. They will be required to be competitive with U.S. ports. Our ports earned only a 2.5 per

cent return in 1980, and it is perfectly obvious they will not be able to raise enough capital in the future or they will lose money trying to pay the interest even if interest rates go down. Therefore the requirement in the bill that port corporations be totally self-sufficient is completely unrealistic. It has never worked before and it will not work in the future.

I would like someone to give me a list of ports around the world which are self-sufficient and have had no public investment or government subsidies. I do not care whether it is New York City, Seattle, San Francisco, New Orleans, Galveston or wherever, they have all been heavily subsidized, and you cannot expect one port in Canada to compete with the treasury of the United States or any other country. It will not work and it never has. As I said before, I hope I turn out to be wrong.

This bill is some kind of a compromise. I appreciate that it is an attempt by the government to come up somewhere between complete local autonomy and total government control of the operation. That is what the government is endeavouring to do. Typical of a Liberal government, because Liberals call themselves middle of the road, but that is where all the accidents happen. I do not think it is going to work, and I predict it will not work.

If I am lucky enough to be honoured by my voters to be here four or five years down the road, I predict that whoever is in government will be coming to Parliament with some refinancing or interest-free loans for a number of ports in this country. It is inevitable. If my hon. friend from North Vancouver-Burnaby and my hon. friend from Richmond-South Delta think that Vancouver can, forever and a day, operate on its own, again they are dreaming in technicolour. In fact, if they are so good I presume the new local port authority for Vancouver will want to pay back the $100 million that it owes to the government. I presume they will rush forward with a cheque the next day.

Without public input on behalf of all the people of Canada, Mr. Speaker, the ports I have listed could never have survived let alone grow. That is the reality of transportation in this country, the reality of ports. I suppose I have to give the minister credit; it is an honest attempt to arrive at something in between what was done earlier and what is done now. I wish him well. I hope it succeeds, but I predict it will not.

Mr. Pepin: You are a pessimist.

Mr. Benjamin: The bill does provide for something I presume the hon. member for North Vancouver-Burnaby does not agree with. It provides an opportunity for cross-subsidization within the ports system. This was not possible under the existing National Harbours Board Act which requires special parliamentary approval for each individual port. The Canada Ports Corporation has access to surpluses of profitable ports with which to finance or assist in financing unprofitable ones.

• (1710)

In spite of what the two hon. gentlemen from Vancouver have said I do not think that the people in Vancouver or anyone connected with the Vancouver port want to run the port of Prince Rupert into the ground. In spite of the actions of Liberal governments, I think the people in Montreal really do not want to starve and bankrupt the ports of Churchill, Saint John or Halifax. The nation as a whole has to share in the costs of operating efficient and well run ports with local authorities and with the total national backing in the interests of a whole nation. This must not be done in the interests of some local board of trade or in the interests of one shipper or user, but in the interests of the nation as a whole.

From the list of ports I have in front of me I cannot see any of them that are not in the national interest, whether it is Belledune, Sept-Îles, Prescott, Colbourne, Prince Rupert or Roberts Bank. They are all in the national interest. They all play an important role in the commerce of this nation. But none of them, and I include Vancouver and Montreal, can operate entirely on its own and say to hell with the rest of the country.

In the name of some kind of co-operative federalism—a name that used to be popular some years ago and should be revived—whether it is between governments, whether it is among ports or any other sectors of our economy, I have had enough of this. "Beggar thy neighbour; as long as we are doing all right, to hell with the other guy" is the kind of philosophy we have been getting from these gentlemen to my right and south of the 49th parallel.

User-pay cannot work. In a nation of three million square miles with only 24 million people and dozens of ports, it cannot work. To suggest that the people in a community of one or more different ports, whether it be Churchill or any other are to be told, presumably by a Conservative government, that their port is not making the bucks or breaking even and now they have to get up and walk away from it, throwing the taxpayer's investment out of the window as well as their own, is just not right. It is like a previous minister of transport and the present Minister of Transport (Mr. Pepin) abandoning branch lines and telling the farmers who own all the grain elevators that they are supposed to get up and walk away from their investment. User-pay does not work and it will not work.

Mr. Cook: Mr. Speaker, I rise on a point of order. Out of courtesey to the hon. member I did not want to interrupt his tirade at the time, but at least five times he got the name of my riding incorrectly. I would not want any other member in the immediate area to be confused with the hon. member to whom he was directing his tirade. The correct name of my riding is North Vancouver-Burnaby. If I can bootleg, I would be delighted to go to Churchill to speak to the chamber of commerce or the board of trade.

Mr. Deputy Speaker: The hon. member has already been recognized. The Parliamentary Secretary to the Minister of Transport.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I wish to point out to the people in the galleries that they have just witnessed a debate by the

Conservatives and by the New Democratic Party. I would now like to demonstrate a typical Liberal solution to this impasse.

I think what the hon. member from the New Democratic Party wants to achieve by her amendment is already in the bill. The purpose of the whole bill is to give a greater degree of autonomy to the National Harbours Board system. The hon. member for Richmond-South Delta (Mr. Siddon) identified himself as a teacher. I do not know if I should be following him because my experience has been that of a school principal. However, he made very good arguments and he must have been an excellent teacher in his time. In my view, though, he was a little harsh in his interpretation of the bill.

I think he was correct when he said the hon. member proposes to remove in two places "expected to be financially self-sufficient". Specifically her amendment would remove these words from Clause 2, subclause 2(a). The bill clearly states that the local port corporations are only expected—I underline the word expected, not required—to be self-sufficient. There is this room for flexibility.

The bill contains numerous provisions for assistance, if needed. For example, the Canadian Ports Corporation may transfer money to the local port corporation. The Canadian Ports Corporation may loan money to the local port corporation, an excellent amendment which the committee brought into this bill. The local port corporation may borrow from the government or from outside if this local port corporation after maturing receives Schedule D status. The government may make grants to the local port corporation.

The hon. member for Vancouver East (Mrs. Mitchell) in her speech asked whether the ports that cannot become financially self-sufficient will be eligible to qualify for local ports status. The answer clearly is yes, Mr. Speaker. The hon. member listed ten ports which may not qualify for the status, but that is not true; they all qualify. Maybe not immediately, but they all qualify when the people in the local community, the businessmen, the residents, the municipalities and the users demonstrate a genuine interest, a will, a commitment, and maybe some prognosis that eventually the port will become self-sufficient. There may be a need beyond the capacity to pay now, but the projection would have to show that the port could become self-sufficient. However, achieving local port corporation status is already in the bill. I think if the hon. member studies the bill carefully she may even want to withdraw her amendment.

Hon. John C. Crosbie (St. John's West): I am not sure whether you are Mr. Chairman or Mr. Speaker, but whatever you are I am obedient to your wishes. I see that you are Mr. Speaker. I wish to speak for just a couple of moments on the question of whether a port is self-supporting. I have no argument with my colleagues from Vancouver, British Columbia, as to the necessity, if at all possible, of having a port operate to make money, break even or whatever. But when we take a look at what ports are making money, breaking even, doing well or doing less well, then I would like to ensure that they are all being looked at on the same basis.

I can assure you, Mr. Speaker, that if the port of St. John's, Newfoundland had the same advantages given to it, the same kind of financial assistance and benefits that are given to the port of Quebec City, the port of Montreal, the port of Halifax or the port of Saint John, New Brunswick—I am not too familiar with the Port of Vancouver—then the port of St. John's, Newfoundland, would be making as much money as those ports, breaking even or whatever.

I am supportive of this bill on the understanding that ports such as St. John's, Newfoundland, which the accountants tell us are not making money, are not breaking even and have to be subsidized, will be treated fairly and put in a position where they can run their own affairs after being put on an equal basis with the other ports of Canada. At the present time, the port of St. John's, Newfoundland, has not been put in that position. I can give, although I do not want to bore the House or delay the bill, a dozen instances where the port of St. John's, Newfoundland, has not been treated in a manner comparable to other places.

I remember looking at a press release issued by one of the government departments which told us that three or four cabinet ministers had been down to Quebec City and that tens of millions of dollars were going to be spent on the port of Quebec City restoring the old dockside, old sheds, or old warehouses. In other words, doing wonderful things for the historic trust kind of thing in the city of Québec. I say that that is great and that I am all for it. I am glad this is being done for Quebec City, but I have not seen any cabinet ministers crawling around the port of St. John's, Newfoundland lashing out the tens of millions to restore the historic sites.

• (1720)

As a matter of fact, next year in St. John's we are having the four hundredth anniversary of the taking of possession of Newfoundland by Sir Humphrey Gilbert on behalf of the British Crown in 1583. It will be 400 years ago next year that the British empire had its commencement in the port of St. John's, Newfoundland. The war memorial is on Duckworth Street facing the harbour. A plan has been developed and there was a competition award. The plan which was approved was done by a young landscape architect from Newfoundland who was just back from university a year or two ago. This young chap, Fred Hann, has done a first-class job. He won this award for the celebrations next year, and now we have to spend certain moneys to develop a proper park, Sir Humphrey Gilbert Park, where Sir Humphrey originally took possession of Newfoundland and began the process which led to the British empire.

It is very hard for the committee to come by any funds. It is awaiting funds from the federal government. We are not talking about millions. We are talking about some hundreds of thousands; certainly not the tens of millions which were lashed into Quebec City. I am all for lashing it into Quebec City as long as it is lashed elsewhere. The committee is waiting to hear from the provincial government as well. The whole cost of the

project—and I am going from memory now—is not much above $1 million or $1.5 million to put a proper park and memorial right on the St. John's waterfront in front of the war memorial.

We do not see any great enthusiasm from the government opposite. Perhaps it is because there are two Conservative members representing the city of St. John's, the hon. member for St. John's East (Mr. McGrath) and myself. We are going to be here for donkeys' years yet. They would not move us with a crowbar. It does not matter whether they starve the city of St. John's and refuse to spend money. Those people will send us back, and if we do not run they will send other Conservatives back. They will add another five in the next election anyway. Newfoundland will return 100 per cent Tories when the next election comes.

Newfoundland cannot wait to get after those four who flew in the other day, the four messengers who went down there to try to get the public to accept the budget. They went to the Holiday Inn and spent $4,700. They wasted Liberal Party funds because the 250 people who were there came out shocked and dumbfounded by such a waste of funds by anybody practising restraint. Their glazed salmon and their glazed ministers had to be flown back to Ottawa half-baked, not only glazed, for a vote on Friday afternoon. They were not even there past 1.45 p.m.

I am getting diverted, but my point is that I have some sympathy for the amendment which has been suggested by the New Democratic Party. On listening to my own colleagues here, of course, they are a great deal sounder and have a hell of a lot more on the ball than NDP speakers. On listening to the parliamentary assistant, I am prepared to accept the assurance that the ports which are not now supposedly making money will be treated fairly and allowed to operate with a great deal of local independence.

The minister is not all that bad a fellow. He does not listen to most of what I tell him. He ignores my correspondence. It takes him months to get back to me. He does not do what I think he should be doing. But over-all he has a huge department with lots of problems. I ask him to keep an eye on ports like St. John's. They have been discriminated against in the past. I want him to know all the details of my synchrolift. My pet peeve is my synchrolift, which was bludgeoned to death by the Minister of Industry, Trade and Commerce (Mr. Gray) who will be bludgeoned himself in Windsor, I hope, when the next election comes.

Anyway, this being summertime and in the spirit of friendship, I do not want to be partisan today. I just want to make sure that the ports that do not have $100 million of debt—and my hon. friend told me that the Vancouver port had $100 million put aside—will be put on the same basis. Let St. John's owe $100 million and put it aside; put them all on the same basis.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on motion No. 2 (Mrs. Mitchell). I remind the House that the earlier ruling of the Speaker was that a vote upon motion No. 2 would also dispose of motion No. 4.

All those in favour of the motion will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

Mr. Benjamin: On division.

Mr. Deputy Speaker: I declare the motion negatived on division.

Motion No. 2 (Mrs. Mitchell) negatived.

Motion No. 4 (Mrs. Mitchell) negatived.

Mr. Chuck Cook (North Vancouver-Burnaby) moved:

Motion No. 3

That Bill C-92, an act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act, be amended in Clause 2 by striking out line 8 at page 8 and substituting the following therefor:

"not exceeding seven years."

He said: Mr. Speaker, I will be very brief on this one. I started out in committee fighting for four years because the government had included ten years in the bill. Unfortunately we could not get it down to four years, but I believe the government may be inclined to look upon seven years with some favour as a compromise between the ten years and the four years I would have much preferred.

The purpose of my amendment is that nothing concentrates an executive mind more than the thought of his contract running out and perhaps being replaced, if he has not done a job. I found ten years offensive for the simple reason that it is far too long a time. It is almost a sinecure for somebody to sit in a job for ten years. In addition, I have found that the best business brains or the best executives in North America normally suffer from what is known as the five-year syndrome. If they have worked five years in a particular job, they have normally accomplished everything good that they are going to accomplish, and after that period of time they are on the downhill slant.

I think seven years is too long, but I propose my amendment and hope that it will be agreeable, simply again in order that whoever is heading up the ports corporation can at least be gotten rid of in seven years rather than in ten years if they are not effective.

I might also add that there is nothing in the amendment which means a first-rate man could not be reappointed for an additional seven years.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, I have just a very brief comment in support of the amendment put forward by the hon. member for North Vancouver-Burnaby (Mr. Cook). If we read the wording of the bill with respect to the appointment of the chairman of the board of the Canada Ports Corporation, we find that that appointment shall be at the pleasure of the governor in council. Earlier in committee there was some discussion as to what the term "at pleasure" would be interpreted to mean. Our understanding now is that that means a new cabinet could make a change in the person appointed to that position if valid cause were found.

The only problem which was raised in committee was that in most cases a subsidiary contract is entered into between the government or the governor in council and the particular individual selected to manage the corporation, and that that contract could bind the government to keeping that person for the full seven-year term, even if political circumstances, health factors or matters bearing on the competence of that person suggest that he should be removed.

I recommend very strongly to the minister and to the House that the practice of entering into subsidiary contracts makes it possible, albeit undesirable in some cases, for an incompetent administrator to remain in place by pointing to the letter of the law as spelled out in the contract or, conversely, expecting a major severance allowance if the governor in council in its wisdom decides that the person should be removed,

I suggest that the government look carefully at some of the major costs to the taxpayers of Canada which have accrued in the past where it has attempted to remove for one reason or another senior people who have been the beneficiaries of subsidiary contracts. By shortening the term of the appointment to seven years as my hon. colleague is recommending, I think we can help to diminish the adverse aspects of prolonged appointments, but we do not eliminate the problems created by these subsidiary contracts.

• (1730)

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I will not speak at any length on this motion. We do not disagree with it. Certainly a seven-year term seems appropriate. I do not entirely disagree with a ten-year term provided that there would be a way for making a reappointment. Certainly the operation of a huge system such as our national ports in Canada requires a good deal of experience.

However, my intention in rising was to point out some of the events which took place in this process. I believe it is rather interesting to note that the hon. member for North Vancouver-Burnaby (Mr. Cook) was adamant in committee about this bill, and if you read his speech which he gave in the House you will find he said that he thought that this was the worst bill which could possibly have been presented. Suddenly, from behind the scenes, we have the Liberals and the Conservatives getting into these little backroom deals. We see a little compromise, which was drafted up by the government, shown to the hon. member for North Vancouver-Burnaby, who is a dear friend of the government, and then presented to the House. I just wanted to point out that all is not as it seems. There are a few bedfellows around here who might be crossing the floor.

I must also mention the fact, which is very typical of some hon. members and particularly true of the hon. member who spoke before the hon. member for North Vancouver-Burnaby, that whenever there is a senior position being discussed it is always referred to as "he". The hon. member repeated this throughout our committee experience. Whenever he referred to any of the senior positions in this ports system, it was always "he". Of course, I challenged him several times and said that we needed an affirmative action program in the ports system and a cleansing of the attitude of certain members in the House.

I would also mention that this approach is reinforced in the language of this bill. I know that we cannot deal with that matter today, but we must deal with it at some point because when the language of all these bills is always drafted so that reference is always made to the masculine gender, it reinforces these prejudices and sexist attitudes which assume that a male will always be appointed to these positions. That is all I have to say on this amendment.

Hon. Jean-Luc Pepin (Minister of Transport): Mr. Speaker, this is an amusing little debate. I do not think it is earth-shattering but nevertheless it is interesting.

The hon. member for Richmond-South Delta (Mr. Siddon) mentioned the expenditures which the government must incur when it wants to remove a person, male or female, appointed for a ten-year period. That was the point he was concerned about. This could very well happen. It could happen, indeed, that someone does not perform as he was expected to.

Mr. Siddon: Or she.

Mr. Pepin: He or she was expected to. Thank you.

One could also look at it from the other point of view, with respect to the expenditures a government would have to make in order to appoint a person to a senior office which involved only a short period, such as four or five years in this instance. People who accept those jobs do so at the best time of their lives, generally speaking, and if the job does not give them security for a fairly long period of time the government would have to pay them much more than if it were appointing them for a longer period. This is why a compromise was reached "in the backroom", as the NDP implies, because we thought that a ten-year period might be too long and, hopefully, the opposition realized that four or five years might be too short a time. This is how we arrived at seven years. The reason the government accepted seven years was that, interestingly enough, the most recent trend is toward a seven-year tenure as opposed to a ten-year one. There are two or three recent instances where the government has appointed a chairman and presidents for seven years as opposed to the traditional period.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion No. 3 (Mr. Cook) agreed to.

Mr. Chuck Cook (North Vancouver-Burnaby) moved:

Motion No. 5

That Bill C-92, An act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act, be amended in Clause 13 by striking out lines 13 to 25 at page 22 and substituting the following therefor:

"34.(1) Subject to subsections (2) and (3), the revenues of a local port corporation may, after providing for

(*a*) the cost of collecting such revenues,

(*b*) the expenses, incurred by the local port corporation in operating and maintaining the port and works and property owned, controlled, administered or managed by the local port corporation under this act,

(*c*) the principal, interest and other charges incurred in connection with debentures issued or money borrowed by the local port corporation under this act,

(*d*) any other expenses lawfully incurred by the local port corporation in carrying out its duties and functions under this act; and

(*e*) such amounts as may be approved by the minister for capital projects

be retained by the local port corporation.

(2) The Corporation may borrow, for a period agreed upon by it and a local port corporation, so much of the money administered by the local port corporation as the local port corporation and the corporation, taking into account the capital expenditure program of the local port corporation, consider to be in excess of the amount required for the purposes of the local port corporation.

(3) The Corporation shall, if the Minis-".

Mr. Deputy Speaker: According to the interpretation given by the Speaker earlier this day, motion No. 6 is also to be presented for debate at this time, but the two motions will be voted on separately.

Mr. Thomas Siddon (Richmond-South Delta) moved:

Motion No. 6

That Bill C-92, An act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act, be amended in Clause 13 by striking out lines 45 to 50 at page 22 and lines 1 to 3 at page 23.

He said: Mr. Speaker, I rise on a point of order. Did you say, perhaps inadvertently, that motion No. 6 was also moved by the hon. member for North Vancouver-Burnaby (Mr. Cook), seconded by "Mr. Siddon"?

Mr. Deputy Speaker: According to the documents in my hand, I have read correctly. However, the intention is that Mr. Siddon should move, seconded by Mr. Cook. Is that right?

Mr. Siddon: Mr. Speaker, that would conform with the Order Paper.

Mr. Deputy Speaker: The necessary corrections will be made on the record.

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, I still find the Canada ports bill disastrous. It is a terrible bill which gives the Minister of Transport (Mr. Pepin) absolute and total control of the ports. However, through this amendment, if we can possibly pass it, there will at least be one small shred of local autonomy. I repeat that there will be one minute piece of local autonomy. The key portion, which is in this amendment but which was not in the act, states that a local port corporation will determine its own surplus as a result of this amendment. In the act previous to this amendment everything was determined by either the Canada ports corporation, the senior body or the minister.

• (1740)

It is terribly offensive when there is that kind of absolute power residing in Ottawa and in the hands of the minister. Despite all the government's assurances as to how it will give local autonomy to all the ports, where is it written? It is not written in the act, except in this amendment. At least we cut of the Canada Ports Corporation at the pass. It cannot declare a surplus for a local port corporation by itself. It must have the agreement of the local port corporation for it to be declared a surplus. That is exceedingly important, certainly to the port of Vancouver, and I suspect to many of the other ports. It does give them that little bit more control over their own money which was not in the legislation before this amendment. I wish it could have gone much further.

I still find it offensive that the minister can do any ruddy thing he wants to in terms of a local port corporation or the Canada Ports Corporation. I find it offensive that the minister has the total and absolute authority for all appointments to the boards. It would have been far better had it been set up in such a way that there was local input into these appointments, where the minister had to listen and had to select from people chosen from the local areas. But, no, there is none of that in this bill, either. If one looks at the powers of the Minister of Transport (Mr. Pepin) under this Canada ports bill, one will find that he actually has all the local ports corporations and the Canada Ports Corporation under his heel, to do with as he pleases. That is terribly unfortunate for a couple of reasons. One is that if there is a cabinet shuffle this summer, which I would suggest is a possibility, then we will no longer have this Minister of Transport. He will go on to his reward, or to a greater function.

Mr. Pepin: What could that be?

Mr. Cook: That means that when a new minister of transport decides to do something, we will not be able to question him and say, "But you said—" because all that becomes irrelevant because if he is no longer the minister of transport, the new minister of transport will not have to pay attention to any of his great policies.

Mr. Pepin: To please you, I am willing to stay around.

Mr. Cook: I might also add that I now find the marine administrator is switching over as soon as he can get rid of this bill. He will leave as well, and will look after airlines and airports rather than being the marine administrator. So, all the

promises and statements that he made will no longer be relevant to this legislation.

I am very suspicious as to what is taking place. The men who make the promises, who have done all the lobbying across the country and who have made such grandiose statements about all the local autonomy which is not written in the bill, will no longer be there if the legislation is passed and comes into force. However, if this amendment is accepted, it will mean one small bit of local autonomy for the ports of this nation in terms of a local port corporation determining whether or not it has a surplus. The Canada Ports Corporation will not be able to say it is a surplus, if this amendment passes, and rip it away from the local port corporation. The two corporations will have to agree that there is a surplus. That, mind you, is still only half the war, because the minister will still have the power, as a minister, to declare some of the funds to the local port corporation as surplus and take them. But that would be a much more dangerous political act than it would have been had the Canada Ports Corporation been empowered simply to decide that the money was surplus.

With this amendment, I have at least attempted to gain that small bit of autonomy for the various local ports corporations across the country, and I sincerely hope they appreciate it.

Mr. Siddon: Mr. Speaker, I would like to begin by saying that I do not believe my hon. friend, the hon. member for North Vancouver-Burnaby (Mr. Cook), meant to be quite as hard on the Minister of Transport (Mr. Pepin) as he perhaps was, because I know how anxious he is to see this particular amendment adopted. We hope that the government, having given full regard to the deliberations in committee, and the strong concerns that several members of the opposition have brought to committee on this particular issue, will have the wisdom to see that this amendment is desirable and positive and should be supported by the government.

There was much emphasis in committee on subclauses 34 and 36 of Clause 13, those subclauses being amendments to the National Harbours Board Act 1936. There were some rather wild statements, notably coming from my colleagues to the left, that all that the Conservative members from Vancouver wanted was to prop up the port of Vancouver and strip away the revenues and profits from all the neighbouring ports which, in fact, was a total mistruth. We are as concerned as anyone about seeing that the ports of Canada are placed on an economically sound basis and that they succeed and prosper individually and collectively, so that in total their surplus revenues can be contributed to a central fund and redisbursed at a fair market rate on the approval of the local port corporation, redisbursed to help with the development of other ports where additional revenues are needed for their capital purposes.

In speaking to the amendment of the hon. member for North Vancouver-Burnaby, which appears as motion No. 5 on the Order Paper, I should just like to point out that there is considerable difference in the wording of this amendment. Even though, perhaps, some might argue that the mechanics are not all that different, the wording is such as to eliminate what I consider to be a red flag waved at people in areas such as we come from, where there is far too much of this government holding the line and totally disregarding the views of opposition members, whether they be NDP or Conservative. The people we represent resent this terribly, and if Liberal members opposite really want to understand why it is that western Canadians have virtually totally rejected them in recent years, let me tell them that it is because of this notion that no good ideas could ever come from opposition members, from western Canada, from Atlantic Canada or from north of 60d. In fact, we come to the Parliament and to committee to express legitimate views on behalf of those who sent us here. A legitimate view we have expressed with regard to this particular clause is that, given the present wording, it says that the corporation may, with the approval of the minister, require a local port corporation to make a loan. That wording is essentially a red flag, an aggravation to the persons charged with managing the port of Vancouver and doing business with that port and the general populace who benefits by the very welcome presence of that port, as do their counterpart citizens in other parts of the country.

The hon. member for North Vancouver-Burnaby suggested that the mandatory nature of Subclause 13(34) be somewhat restrained—in fact, removed—whereby the local port corporation would have the final say as to what should or should not be deemed surplus to its requirements. The amendment provides that the revenues of a local port corporation, after meeting local expenses, interest payments and any other expenses, may be retained by the local port corporation. That is in direct contrast to the wording of subclause 34(1), as written, and I am suggesting that if the government really wants the people of the Vancouver area in British Columbia to feel a little better disposed toward it, this would be the kind of amendment which would certainly go a long way toward helping and resolving some of these deep regional differences. We will be prepared to give the government credit where credit is due, if it is prepared to accept the amendment.

To backtrack slightly, I should say that I, too, am philosophically opposed to the creation of more Crown corporations, particularly a double-layered system where there is a parent corporation and a limitless number of subsidiary Crown corporations, as this bill provides, for a number of reasons which will be brought forward in third reading debate. But, to put it in a nutshell, I think we have Crown corporationitis in this country. We have a number of Crown corporations now growing toward 500. There is a definite lack of accountability in many cases. There are no clear-cut terms of reference as to which ones shall have a public interest mandate and be subsidized and which ones shall be expected to operate on a pay-as-you-go basis. There have been all kinds of scandals involving Crown corporations and refuge to the arm's length provision which allows a minister to deny Parliament the kind of detailed scrutiny that it requires of Crown corporations.

• (1750)

In general I find this bill unacceptable, feeling that it can solve all of the problems of the various port authorities by

creating, as it tried to do with the Canada Post Corporation, yet another series or family of Crown corporations to facilitate our national harbours. The ports I know best are Vancouver, Roberts Bank and Prince Rupert. I am told by the local officials that the major objective of bringing forward this legislation at this time is to increase the spending limit to allow officials at the local level to make purchases in response to bids received in the tendering process and to increase the ceiling from $50,000 per item to as much as $10 million. That would go a long way toward facilitating some of the management and long-range planning problems of our local ports.

To be fair, this bill provides for a maximum $10 million spending limit where there are competitive Canadian bids for any single item purchased through the Canada Ports Corporation. That is a step in the right direction. It provides that local ports shall have some proportion of that $10 million spending accorded to them on an individual basis.

We have not had confirmed what the actual ceiling will be. Perhaps in his concluding remarks the minister might indicate what, for example in the case of the ports of Vancouver or St. John's, the actual ceiling spending limit will be at this time according to the guidelines and the criteria which the governor in council is presently preparing.

Second, we were told by officials at the port of Vancouver that they wanted to be able to award leases to tenants on National Harbours Board property. Under the provisions of the present act, they had to have those decisions vetted and finally authorized in Ottawa by the minister, in some cases in consultation with the President of the Treasury Board (Mr. Johnston). That created a lot of delays. It held up the ports in maintaining the momentum they needed to remain competitive with their United States counterparts on the west coast of North America and, I am sure, equally on the east coast.

I want to say in that regard that those measures alone could have been accommodated by a straightforward amendment to the National Harbours Act 1936. I am sure members of this House would have facilitated the passage of such simple amendments very quickly.

If that were the only objective of this legislation, there would have been no difficulty with members of this party in ensuring that those spending ceilings and the decision-making authority with respect to leases was properly and fully delegated to the local level of port management. In fact, the wording in subclauses 34 and 36 of Clause 13 in the printed version of the bill suggests a consolidation of power and financial control in Ottawa.

The purpose of the amendment put forward by the hon. member for North Vancouver-Burnaby and the separate amendment I put forward as motion No. 6, which would delete entirely subclause 36 is to make it clear that there will in fact be the high degree of local autonomy accorded to the local port corporations, which we heard so much about in committee from the minister and the officials. If it is their intention to accord this degree of financial sovereignty to the local ports, I urge the government to consider seriously the amendments before them.

At second reading debate, the Minister of Transport confirmed to me, as recorded at page 18825 of *Hansard*, that the surplus funding which is earned at a particular port, the port of Vancouver in that case, will be available on a first-call basis for the development of the port. That was the wording I used. The minister rose in his place and said it will. I repeated the request for confirmation, and the minister said, "Sure".

We had some fun in committee trying to get the minister's officials to agree that he had in fact committed the government to providing surplus funds to the local ports which earns them a first-call basis, within the framework of the central banking function of the nation, and the notion that in the national interest there may be certain cases where loans should be legitimately extended to other ports through the Canada Ports Corporation.

The amendment put forward by the hon. member for North Vancouver-Burnaby provides the final out to the governor in council that subclause 3, which ensures that if a port is really and truly selfish and decides it is going to prevent the government from drawing that surplus for other purposes, the minister and the governor in council can intervene and ensure that that does not happen. I think the objectives of the government have been accomplished and the concerns we expressed in committee have been satisfied.

Although it is rare to compliment members of the House, it is a fact that the views of the hon. member for North Vancouver-Burnaby are consistent with the requests of many groups in the Vancouver region, in particular the principals of Vancouver Wharves Limited who have written in support of his initiatives to ensure a higher degree of local autonomy and to fight for these amendments to subclauses 34 and 36.

A subsequent telegram was received from the North Vancouver Chamber of Commerce. It states that it is in support of increased autonomy for the port of Vancouver. In the past it had supported Bill C-92, believing it to be a step in the right direction. However, they stated a number of serious reservations and urged the hon. member for North Vancouver-Burnaby to continue to push forcefully for the amendments which culminate in the amendment he has put forward today as motion No. 5.

I know there is a desire to make an announcement momentarily. I would just like to say in conclusion that the most important request of the city of Vancouver has been for an amendment deleting subclause 36, which is provided for in my motion No. 6. That will take away another red flag where the Minister of Finance (Mr. MacEachen) and the governor in council might be able to threaten expropriation of surplus funds. I urge upon the minister and the government that these two amendments put forward as motions Nos. 5 and 6 be adopted.

BUSINESS OF THE HOUSE

DISPOSITION OF BILL C-109

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, I have had discussions with the House leaders of both opposition parties. It seems there is unanimous consent to the following motion that is related to Bill C-109. Of course, we take for granted that Bill C-92 will be completed tonight after third reading. Therefore I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans) and the hon. member for Simcoe North (Mr. Lewis):

• (1800)

That the Standing Committee on Health, Welfare and Social Affairs be empowered to consider urea formaldehyde foam insulation including:

1. The process used to approve the material for use in Canadian homes;

2. The questions raised on the health effects and the nature of the research being conducted or contemplated on these questions;

3. The questions raised on remedial action and the nature of the research being conducted or considered;

4. The question of the number of homes affected, specifically attempting to identify the reasons for the discrepancy between the number of homes estimated and the number registered;

5. The question of use of the foam in schools, public buildings and rental accommodation and recommendations of possible courses of action where remedial action is required;

6. The identification of home owner groups with special needs and recommendations on how these special needs could be met;

7. The report of the Hazardous Products Board of Review on the aforementioned matters;

8. Any changes or additions to the regulations deemed advisable with regard to the aforementioned matters.

That the committee be instructed to report on the aforementioned matters no later than December 1, 1982; and

That notwithstanding any Standing Order or other order, after second reading of Bill C-109, to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation, the said bill shall be referred to a committee of the whole and, not later than 9:45 p.m. on Tuesday, July 27, 1982, all questions necessary for the disposal of all remaining stages of the said bill shall be put forthwith and successively without further debate or amendment.

If you seek unanimous consent for this motion, Mr. Speaker, I think you will obtain it, and therefore the order of the day for tomorrow would be Bill C-109.

Mr. Deputy Speaker: Is there unanimous consent for the minister to propose this motion at this point?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Does the House agree to the motion?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It is so ordered.

GOVERNMENT ORDERS

[*English*]

CANADA PORTS CORPORATION ACT

MEASURE TO AMEND

The House resumed consideration of Bill C-92, to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act, as reported (with amendments) from the Standing Committee on Transport, and Motion No. 5 (Mr. Cook) and Motion No. 6 (Mr. Siddon).

Mr. Deputy Speaker: Before calling it six o'clock, the Chair recognizes the hon. member for Carleton-Charlotte (Mr. McCain).

It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6.01 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock, the hon. member for Carleton-Charlotte (Mr. McCain) was recognized.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, perhaps this bill and its amendments will bring to the attention of Canada the total lack of long-term, co-ordinated national planning for a transportation policy. That is the situation in which we find ourselves today. As I said when the bill was debated on second reading, it will depend entirely on the policies and principles of the government that administers it if the ports are to benefit. And as was pointed out by the hon. member for North Vancouver-Burnaby (Mr. Cook), the present minister will probably administer the bill for some time. I am confident that he will honour his commitment, but I am equally confident that any change in policy reflected by a different minister will negate his present intentions.

We should not lose sight of the fact that this is enabling legislation which leaves control of the ports in the hands of the Department of Transport and the edict of the minister and the policy of the government of the day. That is the basis on which some people in Canada have supported the bill, that is also the weakness which many Canadians fear, and I am amongst that number. We must consider our future potential with regard to our rail system, we are debating how much money should be spent in the long term to transport grain over the Rockies to the markets of the Far East or perhaps even through the Panama canal. In any case it is a long-term and very expensive proposition to put the policy in place.

Should we then relegate some ports, such as Churchill, to a relatively insignificant role under this bill? Unless the government offers some initiatives, the port of Churchill will not play a significant role in the export of grain in the years ahead. The reason for this is that we are at present enchanted with the proposition that ports should make a profit, and if they do not, then as far as this government is concerned, they will be left in the doldrums.

I cite Churchill as an example because as an easterner I see it as a kindred spirit of the ports of eastern Canada. I see it as a port which can be useful, but unless government policy supports it, that use will be minimal. It needs the support of rail transportation and improved handling facilities if a great deal of western grain shipments are to be diverted through it.

Some statements have been made in the House to the effect that if a port cannot pay its way it should be closed. We have to look at the cost to Canada of operating ports under the present policy. Perhaps it would be cheaper to spend a little money to increase Churchill's handling capability for grain than to double track or double tunnel the Rocky mountains in order to push more of that grain westward, along with the sulphur, oil and other raw materials which pass over that range. We need a transportation policy to deal with this.

As I have said in the House over the years, we should be looking for multi-purpose cars, and not solely at the idea of unit trains, to move grain westward. We should look at the possibility of unit trains moving grain eastward to the Atlantic ports and examining what a multi-purpose car could do to reduce the necessity for double tracking through the Rockies. It might be cheaper to move 10 million tonnes of grain through the port of Saint John, the port of Halifax or the port of Churchill than to accommodate the double tracking necessary to move additional amounts of raw materials, both grain and natural resources, through the west. This act has totally overlooked the necessity of a national policy and the net cost of transportation to the Canadian people.

• (2010)

Getting down to the individual ports, we have converted from debt to equity a total of approximately $475,342,000. About $231 million of that applies to the port of Montreal, and $99 million to the port of Vancouver. The others have a miscellaneous amount of debt forgiven, such as St. John's at $382,000. That is not very much, and I do not blame the hon. member for St. John's West (Mr. Crosbie) for complaining about the treatment of that port. When we pick up the principal, which is still unpaid and which is the responsibility of the ports, we find that the port of Saint John has a balance of $7,281,000 which it will have to pay. The port of Montreal will have to pay $9,470,000. The port of Montreal has a net income of $18,624,000, which will take care of that $9.5 million it owes presently. But the net income of the port of Saint John is somewhere in the neighbourhood of $2 million, with $7 million outstanding. Again, the fairness and equity of the treatment of these two ports is not particularly satisfactory. The port of Vancouver has a net operating income of $17,687,000, with other income of $7,959,000. With that income, the port of Vancouver is in pretty good shape under most circumstances. Then there is the port of Montreal with an operating income of $10,685,000 and other income of $7,939,000, for a net income of $18,624,000. Those ports are very well looked after.

Let us then, Mr. Speaker, take a look at the indebtedness of the port of Halifax and the port of Saint John and compare them with their means. We find that in both ports the balance is not there. I am sorry the minister has left the House, and I appreciate he cannot be here all the time, but the port of Saint John has an operating income of $1,522,000 and other income of $637,000, for a total of $2,159,000 as its operating revenue. That means that the port of Montreal has more cash flow than all the other ports in Eastern Canada and less debt to pay back than the port of Saint John.

Therefore, I am going to repeat my request to the House and the minister to reconsider the position they have taken. The port of Saint John happens to be the only one with debt other than what it owes to the National Harbours Board and the Government of Canada.

I want to read a wire forwarded by the mayor of Saint John to the Minister of Transport (Mr. Pepin) at 3.55 p.m., July 8, 1982. It reads as follows:

> Strongly suggest that remaining $22 million loan by Province of New Brunswick to construct Rodney Terminal in Saint John be forgiven and thus allow Port of Saint John to operate the same as other ports under National Harbours Board jurisdiction, prior to new ports policy becoming law.

When I raised this in committee I was told by the minister, that, well, we might have a trade-off. New Brunswick owes us, we owe New Brunswick, let us cancel our debts. Mr. Speaker, I do not accept that and I never proposed that as a way in which $22 million could be paid on behalf of the port of Saint John. That is because when I pick up the report of the National Harbours Board as it relates to the St. Lawrence area I find that they spent, in a single year in the port of Montreal, $16 million on one structure, $19.7 million on another, $3 million on another—

Mr. Pepin: That is money provided by the port of Montreal itself.

Mr. McCain: Well now, this seems to be under the auspices of the National Harbours Board.

Mr. Pepin: That is it.

Mr. McCain: The money which comes from the NHB, until the passage of this act, has been money which belonged to the people of Canada, and they had to vote to spend that money.

Mr. Pepin: But of course the money comes from the port of Montreal, that is a fact.

Mr. McCain: Mr. Speaker, I do not think that is really a fair interjection by the minister, and he has been abundantly fair over the years. That remark ignores the fact that the Port of Montreal has received two or three parcels of land as a gift

or for the nominal sum of $1, and that land is generating revenue approaching $8 million a year which goes into the cash flow of the port of Montreal. When you compare that with the cash flow of other ports in Eastern Canada, those ports are in a position of disadvantage. When you compare the fact that we are talking about user pay and we have the St. Lawrence Seaway which does not pay its way, and a St. Lawrence River which cannot function without icebreakers, and that is not charged to the port of Montreal or other ports on the St. Lawrence River, and then you add to that the additional pilotage charges which take place over a much more extended area in the St. Lawrence than in any other area in Canada, I submit to you that the port of Montreal and those other ports in the St. Lawrence Valley are getting advantages that no other ports anywhere in Canada get.

Some hon. Members: Hear, hear!

Mr. McCain: All I ask for, Mr. Speaker, is fair play. And as the Minister of Fisheries and Oceans (Mr. Leblanc) sits in his seat and smiles at me, I submit that he and the other members from Atlantic Canada should take up the cudgel because there should be no indebtedness on the part of any port anywhere in Canada to any government in Canada.

Some hon. Members: Hear, hear!

Mr. LeBlanc: I did not smile at you, don't kid yourself. I was smiling at the hon. minister.

Mr. McCain: You would smile at him because he has really not dealt fairly with the ports of Atlantic Canada. You are a minister and you are a party to it. Along with the other six Liberal members from New Brunswick you have forgotten about New Brunswick, whether it be over Via Rail or the ports of Canada; whether it be the fishing ports or the NHB ports. That member, Mr. Speaker, was associated with the Liberal Party when the port of Saint John had to go begging to the province to get its piers. If it had not got the money from the province, there would be no container terminal and no forest terminal because this government was not prepared to vote the money to put them there.

Mr. LeBlanc: Don't rewrite history.

Mr. McCain: I am not jealous of the port of Montreal; I am just concerned about the inequity. The government forgives $211 million of debt for Montreal and only peanuts, relatively speaking, to the rest of the ports in Canada. You talk about user pay and how the ports must operate on their own cash flow. The port of Montreal has nearly $19 million in cash flow and the port of Saint John has so much less that it is not even funny. In addition, it has a provincial debt which it has to liquidate over a period of time at a rate to be negotiated.

• (2020)

That is not the way it ought to be. The Government of Canada has to take a look at the assorted needs of Canada. It should take a look at the requirements of Newfoundland, of Prince Edward Island, of New Brunswick and at its commitment to the tuna plant in Saint John, New Brunswick. The government's commitment was to extend the harbour if the plant were expanded. We now find that the expansion of the harbour at the Champlain industrial park is under consultation and all the ports of eastern Canada are to be studied by some unknown consultant. The decision as to whether or not the government will keep its word to the tuna plant in St. Andrews depends upon a report of a consultant.

The tuna plant acted in good faith and undertook its expansion which required additional port facilities. I raised this matter in the proceedings of the committee, but I got no answer. I had to find out from external sources, from occasional appointments of mine, who said "I am working on a consulting plan to determine whether money will be spent on the ports" I asked whether the one in the Champlain industrial park was included, and the answer given to me was yes. I mentioned that a commitment had been made by the Government of Canada that if the tuna plant expanded, the harbour facility would be expanded. The answer I received was, "It is under my jurisdiction in a study".

Why the Minister of Fisheries and Oceans supports this bill and this government is beyond my comprehension. I say this as a New Brunswicker. I challenge the minister to be one. I submit to you, Mr. Speaker, that if he is a good, solid and loyal New Brunswicker the Government of Canada will send a cheque to the port of Saint John to send to the province of New Brunswick so as to put that port at least on a comparable basis of indebtedness. There will not be a search for a change of liabilities. There will be a cheque to relieve that indebtedness which is unique in the ports of Canada. I plead with you as a New Brunswicker, Mr. Minister, to get a cheque for the port of Saint John to pay the province of New Brunswick. You have bullwhipped the province into making the money because you would not spend it in the first place. You have now left the port in a position of indebtedness that is comparable to no other port anywhere in Canada. Let us get equality for New Brunswick and the port of Saint John.

Mrs. Mitchell: Mr. Speaker, would the hon. member for Carleton-Charlotte (Mr. McCain) entertain a question?

Mr. McCain: Yes, Mr. Speaker.

Mrs. Mitchell: I must say that both in committee and in the House my colleagues and I have been very impressed with the statements made by the hon. member for Carleton-Charlotte. We are most impressed with his sincerity and concern about ports in New Brunswick and in the Maritimes provinces. But when he spoke earlier about the port of Churchill, I wondered, being quite sympathetic to its financial needs, does he agree with the statement made by the hon. member for North Vancouver-Burnaby (Mr. Cook) earlier today when he said, "if Churchill cannot be financially self-sufficient, it should be shut down"?

Mr. McCain: Mr. Speaker, having entertained the question I must have permission to answer it. I have to say that if the

hon. member would interpret the remark in the spirit in which it was given in relation to the idea that the ports of Canada have to be self-sustaining, he was challenging the government to close it. He was not saying close the port of Churchill. He wast just challenging the government to close if if it did not pay its way. God knows, we need the port of Churchill as well as the Atlantic ports.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I would like to make some comments with respect to the amendment before us. This is an amendment that we can support very strongly. It is one that both opposition parties were repeatedly advocating in committee. It is of particular concern as outlined in a number of documents from the port of Vancouver, but I am sure the matter is of concern to other ports as well, namely that local port corporations to be really autonomous must have control over their own funds to the greatest degree possible.

It is interesting that this motion actually presented by the hon. member for North Vancouver-Burnaby (Mr. Cook) replaces six of his previous amendments presented in committee, many of which we would have supported here, and all of which concern local port autonomy. We do feel that the amendment before us fulfils the concerns we had expressed in committee that local port corporations should control their revenues to the greatest degree possible for operating costs, for the cost of borrowing if that should be needed, and for capital projects. I think when we talk about capital projects we have to talk about the short term, the five and six-year plans which have to be budgeted very specifically. We also have to talk about the long-range plans. The port of Vancouver's master plan is one example. We agree that surplus funds which are generated by the port over and above operating costs should be retained by that port for any capital costs. We agree also with the central banking concept. In fact, we had an amendment in committee which spelled this out. Instead of the parent corporation, the Canada Ports Corporation would be able to cream off the excess funds, which it perhaps thought were surplus, for use in the general port system. This should be done only in consulation and with complex approval of the local port corporation.

We would like to see the central banking concept spelled out a little more. We certainly need to see more of the bylaws as well for capital funds that we were told in committee would be available over and above the surplus funds generated by any one port.

Although we support this motion, we do not have complete confidence that we have full information. We will look with great interest at the bylaws when they are ready.

I would like to spend a minute on the first section as it applies to the port of Vancouver. The port of Vancouver has specifically requested a change in the procedure for control of local funds. On June 30, 1982, the mayor of Vancouver forwarded to the committee a statement as follows:

> —Any funds transferred from a local port corporation to the parent Corporation would be treated as if they were deposited in a bank, to earn interest and to be subject to withdrawal by the local port depositor when they are required.

This requirement was achieved. We are very pleased also with the concern that was expressed in a telex just a few days ago. That concern surrounded subclause 36 which reads:

> The Minister and the Minister of Finance may, with the approval of the Governor in Council, require the corporation to pay to the Receiver General as revenues of Canada so much of the money administered by it as the Minister and the Minister of Finance consider to be in excess of the amount required for the purposes of the corporation.

This is of particular concern because surplus funds are needed not only for a five-year plan but also for a 30-year major master plan which is being developed in co-operation with all municipalities and community groups concerned with this port. We feel those two concerns have been dealt with in this amendment. We also agree with subclause 2 that the corporation may borrow excess funds from the local port corporation, excess in this case being defined more specifically as excess funds being determined by mutual agreement between the local port and the Canada Ports Corporation. In previous statements it was really left to the parent corporation to decide this.

• (2030)

I might also say that the Vancouver city council requested an appeal procedure in this bill which has not been included. Perhaps it is not needed now that the local port corporation has been given more say. As I said before, we are not completely convinced. All of this may not be in writing but certainly in principle it appears to be there, along with the central banking concept, with which we agree, provided the moneys are lent and are still designated as being available to the local port corporation.

We were concerned in committee, and are still as concerned as the Official Opposition, about what rate of interest funds would gather when they are borrowed from the local ports corporation for revenues for the total port system of Canada. We advocate the market interest rate as being fair.

Under the second subpoint of this amendment, we believe it is only fair that when ports have income in excess of their immediate needs, these funds should be available to the port system as a whole. This makes sense, just as when a local port needs additional funding from the parent corporation, they should also be able to get this kind of help.

Fairness means that a national ports policy requires sharing and that the funds should be available in a sensible way for reasonable modernization of ports, which is certainly needed in most instances where there is income over and above operating costs.

In short, we would agree with this amendment, but in closing I would mention just for reference purposes some of the things that are being proposed. Again I will use my own riding port, the port of Vancouver, as an example. From the point of view of the short-term port plan, a $51 million program was just approved by the minister for the port of Vancouver. This includes something over $35 million for dredging contracts for expansion of the Roberts Bank coal port. A total of over $11

million will be spent at Vanterm over three years to improve its container crane capacity. At the Lynnterm facility another $3.3 million will be spent to expand and modernize that development. Also it includes a new Burrard Street viaduct to which the federal government contributed over $1 million. Of course we can see that modern and large international ports have many expenditures which have to be covered with funds in excess of those they can generate from their own income.

As to the long-term development of the port, the master plan of Vancouver already highlights the following findings. I will just skim over them to put on the record the very broad kinds of development which will have to be funded over the next 30 years for major development of a very important international port. Air transportation will need to be expanded by the provision of an additional helicopter landing and take-off area. There will have to be an expansion of coal handling facilities within the port area by the provision of additional terminal capability. In the area of coastal shipping, current traffic volumes are expected to level off. This is of increasing significance to all the problems of British Columbia. Continued growth is predicted in commercial fishing for various firms in the port of Vancouver. There will be significant growth in the demand for container handling within the port area. I am sure that this is the case in other major ports of Canada. New cruise ship facilities will replace the temporary facilities, and federal government funds are needed for this development. I think members from my area will admit that additional federal grants are needed for this.

Also it will cost money to provide environmental statutes applicable to the port area. Physical improvements are needed in the areas of excursion boating, forest products handling, general cargo handling and grain products handling. Physical improvements are also needed to expand greatly the grain terminal facilities and railroad capabilities. In the area of hydrocarbons handling, current terminal facilities have significant potential for increased volumes. Substantial growth is predicted in terms of potash handling.

In the area of public recreation, we need major changes in land use around the port. Some community groups are very concerned about this. There must be more access to the port for communities, and there must be a change in some of the present lease arrangements over the next period of long-term planning. There must be upgrading and expansion of the rail system. There are considerable hasards in the port which I have personally witnessed driving around it. Additional marinas are proposed for recreational boating facilities. In terms of road access it is important to have municipal and regional input into planning for the port.

Also I wish to mention sulphur handling and support activities such as those to which my colleague referred when he spoke about the entire marine industrial strategy or plan for marine industrial development, whichever term one chooses to use.

All these things are extremely important in the development of our ports. In the case of the port of Vancouver, they will not only take considerable planning, but will certainly need long-term allocation of funds from those funds generated by the port as well as perhaps from additional loans through the parent corporation. We support this amendment, as I say, and we support it particularly because of the needs of the port of Vancouver.

Hon. John C. Crosbie (St. John's West): Mr. Speaker, I want to address myself to the subject of the management of some of our ports in Canada because that, of course, is the topic of the motion now before the House. In particular I refer to the situation at the port of Happy Valley in Goose Bay, Labrador, in my own province. This situation cries out for correction and improvement. I am referring to a port which is administered directly by the Department of Transport. In that port the Government of Canada and its agency, CN Marine, have allowed a situation to arise that cries for correction, a situation which permits a monopoly on all freight going into Goose Bay and on all freight or cargo moving out of Goose Bay by a person who is a well-connected friend of the government.

Let me explain some of the background of this situation. The person I am talking about is Mr. Melvin Woodward who was a Liberal member of the House of Assembly of Newfoundland for the Goose Bay-Happy Valley area for a number of years. He was defeated in 1975. He ran again as the Liberal candidate in the June 1979 election and again in the April 1982 election, and was defeated both times. He is a close political associate of the Minister of National Revenue (Mr. Rompkey). He has been made director of the Bank of Canada appointed by the government opposite. He has been made chairman of the Enterprise Development Board for Newfoundland and Labrador by the Minister of Industry, Trade and Commerce (Mr. Gray). That is just his background.

Until 1980 this same gentleman was the wharfinger at Goose Bay appointed by the Government of Canada. While he was a wharfinger there, he was also in business for himself. One of his businesses was the operation of an oil tanker which delivered oil along the Labrador coast. Since 1973 he has controlled all the stevedoring facilities and services in the Goose Bay-Happy Valley area of Labrador. He was given by the Department of Transport all the sheds and wharfs owned by that department in Goose Bay under a management agreement of 1973. No tenders were called, no lease proposals were called. This particular individual was simply given by the Department of Transport all available sheds and wharfs in the Goose Bay area to use for his own business. In other words, publicly-owned facilities were given to him. For example, Department of Transport shed No. 4 went to Woodward's Limited and sheds Nos. 1, 2 and 5 went to Coastal Shipping Limited. Both companies were owned by the same Melvin Woodward without any tenders being called. In addition, from the year 1969 onward, without any tenders ever being called, this same Melvin Woodward was given the job to do all of the stevedoring for CN Marine in Goose Bay-Happy Valley. The main shipping service to Goose Bay-Happy Valley—not the only service but the main essential one—is CN Marine. This

government agency, also without calling tenders, also without calling proposals, has had Mr. Woodward act as its stevedore in the Goose Bay-Happy Valley area and as its agent in that area since 1969.

• (2040)

In addition to this, he controls all of the facilities, he controls the wharves, he controls the sheds. No one has put in a proposal as stevedore because they cannot get the sheds and the use of the wharves which are controlled by Woodward. When you make a complaint that this is the situation, CN Marine will say that it has to deal with Woodward. Nobody else can have access to the wharves or the sheds. When you complain to the Department of Transport it says that it has to deal with Woodward. He is the stevedore for CN Marine. The man is safely covered on all sides.

What is the point I am coming to in connection with all of these arrangements made with this Liberal agent, Mr. Woodward? I wrote to the Minister of Transport (Mr. Pepin) about this situation on November 26, 1981, bringing all of this to his attention. The reason I brought this to his attention was that it had been brought to my attention that Mr. Woodward, in addition to being paid by CN Marine for all of these stevedoring services in the Goose Bay-Happy Valley area, was also charging a terminal fee, as he called it, to everyone who receives cargo in the Goose Bay-Happy Valley area. All inbound cargo was subject to this terminal fee for a terminal that is owned by the public, paid for by the public money. This private individual was charging a terminal fee last year of $5.20 for every tonne of cargo that he unloaded as CN Marine's stevedore at Goose Bay. He then charged everyone in the Goose Bay area who shipped cargo out of the area a terminal charge of $5.20 a tonne to put it on board the CN ships he stevedored for, or any other ships.

He does this without any right whatsoever. He does not own the wharves and he does not own the sheds. He has been given them by the government without any tenders ever being called. This Mr. Woodward and his companies are charging this terminal fee of $5.20 a tonne.

Last year, approximately 40,000 tonnes of cargo went into Goose Bay and out during the shipping season, which lasts only some six months because of the ice problems during the period from November until late May each year. In other words, the consumers of the Goose Bay-Happy Valley area were forced to pay over $200,000 unnecessarily in terminal charges to this Liberal agent. The government has put him in a position, with the help of CN Marine, to have a monopoly. He has improperly charged over $200,000 last year in terminal charges made possible by his cozy arrangements with the Liberal Party represented in the Government of Canada and under the instructions—with his background with CN Marine—of the government agency.

Last year, the terminal charge was $5.20 a tonne. This year, the man has the audacity to charge $5.85 a tonne for a terminal fee because of present inflation. In other words, the unjustified fee is up to $5.85 a tonne for every tonne of cargo moved by this gentleman. This year he will charge the consumers of that area in excess of $240,000, to which he is not entitled.

Dealing with the administration of ports, as long as this kind of blatant political partisanship, patronage and corruption is to rule in our courts, we can pass whatever kind of legislation we want because the situation will never be improved. I wrote to the minister on November 26, 1981, and brought this to his attention. I wrote to the Minister of Consumer and Corporate Affairs (Mr. Ouellet) and brought this monopoly situation to his attention. I also wrote to the president of CN and the president of CN Marine to bring it to their attention. After a period of several months I had a reply from the Minister of Consumer and Corporate Affairs. Of course, his reply would only make one laugh if it did not make one cry. He had to concede that there was a monopoly but could not concede that the monopoly is damaging the public for very specious reasons which I do not have time to go into in detail. I would refer to his letter of February 1, 1982, where he said that one of the reasons that the sheds did not go to public tender was that Woodward had the stevedoring contract in Goose Bay and they were consequently leased to Woodward because he was the most likely one to use the sheds for freight distribution. That was the reason the minister gave for giving Mr. Woodward all of those sheds. He should have the sheds because he is going to be doing the stevedoring.

When I went after CN Marine, I had a meeting with Mr. Tingley on May 5, 1981, about this situation. He gave me a different version. He said that CN Marine had to give Woodward the stevedoring contract because he controlled the sheds. Here we have the Government of Canada, through the minister's colleague, saying that it has to give Woodward the sheds and it is not a monopoly because he has the stevedoring contract. Then we have CN Marine saying that it has to give this man stevedoring because he has the sheds. Why can the Department of Transport and CN Marine not get together and call tenders on both of these contracts so that Mr. Woodward is not in a position to be a monopolist and charge what he likes to the consumers of the Happy Valley-Goose Bay area?

Of course, I also got a reply from the minister himself. I believe the reply was dated March 15 and in it he gave all kinds of reasons why this was quite proper and nothing could be done about it. Everything was above board, and of course he did not answer any of the points I made in my letter to him.

Incidentally, I also had a response from CN Marine on January 29, 1982, telling me that CN Marine's responsibility ends when the load is placed on the wharf. CN Marine said, "We are not involved in the setting or collection of terminal and/or delivery charges." In other words, CN Marine does not care how much this man bilks the consumers of the Happy Valley-Goose Bay area. Their responsibility ends when he, their stevedore, takes the cargo from their vessel and puts it on the wharf. Do you know something else? It is not their vessel. It is a vessel supplied by the very same Mr. Woodward. The vessel is called the *MV Astron*. CN Marine allegedly called for tenders in January of 1981—very short notice to everyone but Mr. Woodward—and manoeuvred the situation so that Mr.

Woodward won the tender to supply the roll-on roll-off vessel that now carries cargo and freight from St. John's to Louisporte to Happy Valley-Goose Bay. Therefore, Mr. Woodward, goes to his own vessel, takes the cargo off his own vessel provided to him through CN Marine, lands it through his own stevedoring services on public wharves which he controls, puts them in public sheds which he has been given control of by the Liberal Party of Canada and then charges a terminal charge of $5.85 a tonne when he delivers it to a consumer or when the consumer comes to get this cargo.

This is a situation that cries for correction. A 20-tonne container landed in St. John's, Newfoundland, will be delivered in any area within a 25 mile radius of the port for $75. That fee covers delivery, picking up the container and returning it to the wharf. But at Goose Bay where Mr. Woodward does all of his work and where no one else can do it since he has the monopoly, if you have your container moved several miles you have to pay $200 plus the terminal charge of $5.85 per tonne to have that container moved. That is three times the fee charged in St. John's and you must pay a terminal charge on top of that. I have been corresponding with the Minister of Transport and other ministers for over a year now but they do nothing about this situation. It is a situation that stinks and cries for correction.

Finally, the people of the Goose Bay-Happy Valley area have caught on. On December 1, 1981, a Goose Bay sales company wrote to Mr. Woodward refusing to pay the terminal fee and asked him how he could justify the charge. They have never heard back from him. On May 12, 1982, 20 business firms in the Goose Bay area wired the Minister of Transport about this situation. They have not heard back from him, as far as I know. At the same time, the minister of northern affairs in the Government of Newfoundland, who is the member for that district, wrote to the minister on May 25, and on January 3, 1982, this year, I wrote to the minister again bringing this whole matter to his attention.

• (2050)

We can pass all the legislation we like in the House, but if this kind of conniving, corruption, patronage and trickery is to go ahead, and if no one will do anything about it, then all the legislation we pass in the House does not matter a tinker's damn. The people of the Goose Bay-Happy Valley area are being skinned alive. They already have a very high cost of living. They are living in the north and in a situation where, for six months a year, they get nothing brought in except by air, and then, when the ice goes and the port opens up, we find this Liberal manufactured monopolist putting the boots to them, charging everything under the sun, using his own vessel, chartered by CN Marine, providing the stevedoring services, using a public service, for which he pays little or no rent, and then charging, on top of everything else, a terminal fee of $5.85 a tonne.

I am putting this on public record and asking for a commission of investigation, an inquiry into this corrupt situation in Goose Bay-Happy Valley. I am asking for that inquiry to go on and to inquire into the whole situation with respect to CN Marine, which is out of the control of this government or of any government. It had never had a public audit until 1979, all its deficits until then being met by the Government of Canada, and the matter now cries out for public investigation. I understand that the Auditor General is taking special pains this year to attempt to find out what is going on with CN Marine and the cozy arrangements into which CN Marine is entering.

What is some other evidence of favouritism for this Mr. Woodward, this director of the Bank of Canada, this chairman of the Enterprise Development Board, this ex-Liberal candidate, this ex-Liberal member of the House of Assembly in Newfoundland, this buddy, this friend, this campaign manager of the Minister of National Revenue (Mr. Rompkey)? They are heart to heart, soul to soul.

What else is going on with Mr. Woodward? He has had the stevedore contracts from 1968, not just from 1969. There was a building, No. S-1291, which was supposed to be removed from the site and the site restored in 1969. Mr. Woodward was given the building and given permission to leave the building on site when another well-known Newfoundlander was minister of transport, so that building is still there on the site. He is supposed to be paying rental of $177.60 a year for land 40 feet by 148 feet from June 1, 1971. He is actually using land measuring 270 feet by 280 feet and should be paying at least $2,268 per annum, which is another act of favouritism shown to this gentleman.

In September, 1974, a 12,000-barrel fuel tank was placed below high water mark adjacent to the main dock. It was supposed to be cut up and removed by the same Mr. Woodward. It is still there. It has not been cut up and it has not been removed. The storage area to the rear of all those sheds are on a Woodward scrapyard. He pays nothing to the government for that privilege. He has stored it, free, on federal property, since August 7, 1980, whenever he wished, despite the fact that in a memo dated November 10, 1978, it is forbidden for scrap to be stored on federal wharves or approaches. The ordinary federal rules of the Department of Transport do not apply to this self-same Mr. Woodward. Why? Because he is a Liberal. Why? Because he is friend, companion and campaign manager for the Minister of National Revenue. So if he piles the scrap on federally-owned land, on approaches to the wharves and behind the sheds, it does not matter.

There is another major aspect, the *Astron*. I would need much more time to go into the details of this vessel, the *Astron*, and how Mr. Woodward got the *Astron* chartered by CN Marine. That vessel is getting the highest charter hire of any vessel of CN at sea, $4,868 a day on a five-year charter, the most generous charter that CN Marine ever gave, supposedly the result of a tender call, but the tender call laid down certain conditions that all others thought applied, or that Woodward knew did not apply. Therefore, he was the only one to tender the kind of vessel which they afterwards said they wanted. Not only is he getting $4,868 a day for charter hire but he is also getting escalation. Last year he received $4,800 a day. This year he receives a daily charter hire of $4,800 a day

plus 60.1 per cent of the 1982 cost of living index increase. In other words, the cost of living rose 12 per cent, so he will now receive 60.1 per cent of 12 per cent added on to the $4,800 a day. CN guarantees to use his vessel at least 183 days a year. If it cancels the charter during this five-year period, it must purchase the vessel. Therefore, the vessel in the tender call has said, "Canadian-owned and registered vessel preferred". The vessel is bid and registered in Bermuda. It is foreign-owned. It is not a Canadian vessel. But it does not have to pay pilotage fees. It is given a special arrangement with respect to pilotage fees. Mr. Woodward does not hire CBRT or union crews on this vessel. No, he has his own crews on his vessel, permitted by CN Marine, and he paid his seamen $4.10 an hour last year. That is what the Woodward seamen on this vessel received.

I wrote the minister about all this. I know that my time is up, Mr. Speaker, so I will conclude now. I will never conclude with this issue, though, until it is resolved and investigated and a proper report is made.

Some hon. Members: Hear, hear!

Mr. Crosbie: I wrote the minister about all this, and he sloughed me off. He apparently believed the people whom he sent out to look into this. He told me there was insufficient evidence of improper practices to warrant instructing CN Marine not to go forward with the charter of the vessel, the *Astron*. The minister took no action to stop that deal going forward. Mr. Minister, this situation cries out for rectification. I do not care if it concerns a Liberal, a Conservative or whoever it is. No person in Canada should be put in this position, to monopolize everything, and then to give the consumers and the ordinary people of Labrador a drubbing and a screwing as this man has been giving them for a number of years, imposing charges that are unwarranted and which have been made possible by the inactivity, if not the active misfeasance, of the government which sits opposite.

Some hon. Members: Hear, hear!

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I will be brief because most of the remarks I wanted to make have already been made by others. I wanted to note that one of the eminent predecessors of the present Minister of Transport (Mr. Pepin), the late C. D. Howe, was responsible in 1936 for the National Harbours Act that we have today. At that time, the argument in favour of centralization was that the autonomous harbours were riddled with political patronage. I see now that the idea is to go back or revert to the pre-1936 arrangements. We have just seen an illustration of some of the patronage that still exists within the operation of Canadian harbours.

I wanted to endorse the remarks of the hon. member for Carleton-Charlotte (Mr. McCain) with respect to the port of Churchill. It seems ludicrous to me that we do not develop that port, instead of allowing the harbour to silt up, and that we do not adequately maintain the railway track. It is a thousand miles shorter, from the Canadian prairies to Europe through the port of Churchill, than it is through the Lakehead and the St. Lawrence. That port should be used to a much greater extent than it is at present.

But the point I really wanted the Minister of Transport to hear was with respect to the possible development of a national harbour. Somewhere along the Arctic coast, facing the Beaufort Sea we should develop a national harbour since a number of vessels are operating in that area and the development is dislocated. One company will go in there and do a little bit of dredging and make temporary harbour facilities in one location. A couple of years later they will move over to another place. Do we not have one central location in that area where we might make a national harbour at some time in the future?

What I am suggesting to the minister is that he request his officials to examine that area, 500 or 600 miles of coast from the Alaskan boundary over to the Paulatuk area and locate potential sites for national harbours in that region. They are very limited. Most of the shore of the Beaufort Sea is very shallow way out into the water. There are only one or two limited sites which would make a good national harbour. I suggest we examine those potential sites and have the lands set aside at this time for the development of a national harbour. I hope that can be done. Those are the few comments I want to make. I will not delay the hon. member for Dartmouth-Halifax East (Mr. Forrestall) any longer.

• (2100)

Hon. Jean-Luc Pepin (Minister of Transport): Mr. Speaker, I wish to make a few comments on motions Nos. 5 and 6. Before I comment on motion No. 5, let me say that before the dinner hour the hon. member for North Vancouver-Burnaby (Mr. Cook) referred to the role that Gordon Sinclair, the marine administrator, had played with regard to this bill. I agree with my hon. friend and I emphasize that the role played by Mr. Sinclair was considerable, if not enormous, in the preparation of this bill.

I also want to praise the four musketeers—as usual, there were five—Messrs. McPherson, Boyer, Innes, Simmons and Biron, chairmen respecting the port authorities at Vancouver, Montreal, St. John's, Halifax and Quebec, who served as advisers in the preparation of this bill.

Back to work, the government is willing to accept motion No. 5. There is nothing here that is very different from what was intended. I agree that the final text, which had many authors, is more clear than the one we started with. Subclause 34 of Clause 13 deals with the so-called banker concept. That is the capacity of the Canada Ports Corporation, the maxi corporation, to act as banker for the local port corporation with respect to their excess or surplus funds. This received considerable interest in the committee, I would say excessive. I doubt whether it will be one of the main sources of financing for ports in the future simply because the concept of surplus or excess funds comes in only after the port corporation has foreseen expenditure for the six-year capital budget.

That is a long time. They will need a lot of money to do that. I would think that a port which finds itself in this position

might think of reducing its rates or tariffs in order to attract more customers. Therefore, I do not see it as a major feature of this bill. Be that as it may, it has been substantially improved.

I repeat, Motion No. 5 makes it clearer. The first subclause states the principle very well after providing for five items that the local port corporation has to provide for. The key words are, "Be retained by the local port corporation". That is, the funds will be retained by the local port corporation which, as the hon. member said, is the principle. The first call is for the local port corporation. The words that apply in this amendment are taken from Bill C-50 of 1979.

Subclause 2 makes it clear that the loan from the local port corporation to the Canada Ports Corporation is by agreement between the two entities, the national and the local. I grant to my hon. friend that that is an improvement. It is much friendlier in that fashion than in the previous version. In this instance the minister is left out. The minister comes back in in subclause (3). He can require a local port corporation to loan to the Canada Ports Corporation as usual, taking into account the demands of a six-year budget and after consultation with the local port corporation. That is a better draft. Therefore, we will pass it as an interesting improvement of the bill.

It is a similar situation with Motion No. 6, which deals with subclause (36) of Clause 13. Here the right of the Minister of Transport and the Minister of Finance is affirmed to require the corporation to make a contribution to the Receiver General. Members on the other side did not like that. Because it is not essential to this bill, for the simple reason that that clause is found in the Financial Administration Act, I am not unwilling to depart from it, if such is the wish of the House. However, I want to be very emphatic. There is no change to the reality of it. It is a matter of perception. It is one of the residual powers of the Crown that it can grab money wherever it can grab it. That is expressed in the Financial Administration Act.

The same clause plus is also found in the Harbour Commissions Act. It has never been used. Therefore, this is no great change, and I would not like to present it as such.

As I said in committee, that clause was in the bill because we wanted to accommodate the possibility that the Canada Ports Corporation and local port corporation might move from Schedule C under the Financial Administration Act to Schedule D and then, like CN and Air Canada, they would have to make a contribution to the government by way of dividends. This is the clause in the Financial Administration Act that permits the minister and the government to extract dividends from Schedule D Crown corporations. That was one of the reasons it was there.

I repeat, this is not being taken out. It is found in Section 71(4) of the Financial Administration Act. If I had time I would read it. This is no great change. It is a perception only, as some of my friends opposite have said.

I would like to spend a lot of time on this but I will not do that. I am not entitled to speak for a long time, as is the hon. member for St. John's West (Mr. Crosbie). If I did that, I would be considered uncouth, uncivilized and unfriendly. Therefore, I will not. I want to give everyone a chance to speak, including the chairman of the Transport Committee of this House who did such a good job on this bill. I want everyone to have a chance to speak.

I want to say a few words only in reply to the hon. member for Carleton-Charlotte (Mr. McCain). He talked about the need for money in Saint John, New Brunswick. It was interesting to observe that members did not resist the temptation to go regional, an unfortunate characteristic in this country. That does not apply to the hon. member for Regina West (Mr. Benjamin) who is an exception in everything he does.

One of the members from Vancouver talked about the large expenditures in the port of Vancouver. That is all from savings from funds originating in the port of Vancouver. Similarly, expenditures in the port of Montreal are all from savings made in that port. In Halifax, for example, the federal government recently invested $20-some million dollars in Fairview Cove. Similarly, in Saint John it was $29 million. There is a distinction to be drawn between funds originating from the revenues of the local ports and funds originating from federal contributions. Be that as it may, with respect to Saint John I said in the committee that it is not easy for me to forgive that particular debt. First of all, this is not a money bill, and I could not do it in this bill. Second, that debt is the result of a loan by the Government of New Brunswick to the port. In other instances the contributions of the provinces have come to ports by way of grants, so that if we were going to compensate the province of New Brunswick for a loan contribution to the port of Saint John, all the other provinces—and there are many which have made grant contributions to their ports—would come and say, "What the heck; are we going to be penalized because we were more generous, possibly, than the Government of New Brunswick?" My hon. friend should realize that there is a problem here. In the committee I extended myself fully in relation to the concept about which he smiles now, which is an arrangement by which Peter might pay Paul. We are still working at that, even if we do not have the gratitude of the hon. member for Carleton-Charlotte.

• (2110)

With respect to the contribution of the hon. member for St. John's West about the Goose Bay terminal, I could go on almost as long as he did.

Mr. Crosbie: I was getting started.

Mr. Pepin: I hesitate to do that, for very good reasons. This is really the equivalent of a vendetta between the Montagues and the Capulets, and I hesitate to put my finger between the tree and the bark. It seems that one of the mistakes Mr. Woodward has made has been to challenge the strength and power of the Crosbies in that particular area, and presumably that is his punishment.

Mr. Crosbie: That is complete junk. It is the public being screwed up there; it has nothing to do with the Crosbies. You are going to regret that.

Mr. Pepin: The information I have is that Coastal Shipping has a *bona fide* contract with CN Marine, and with respect to the Department of Transport, since 1980—I do not know about the time before that; my hon. friend is possibly right about that—Transport Canada has applied the principle of tendering in renting property. The famous shed 1, shed 2, shed 3 and shed 5—

Mr. Crosbie: They haven't called tenders.

Mr. Pepin: Yes, Coastal has a three-year lease now.

Mr. Crosbie: But they have never called tenders for it. They were given it.

Mr. Pepin: The information I have is that this was done on a tendering basis.

Mr. Crosbie: Ten years before that what happened?

Mr. Pepin: I am not talking about ten years before. I am just saying that, contrary—

Mr. Crosbie: No tenders have ever been called.

Mr. Pepin: —to what my hon. friend says, since 1980 the lease has been on a tender basis with Coastal Shipping. In any event, it is slightly different from what the hon. member said on this particular matter. The rental was based on market value as determined by the Department of Public Works.

Mr. Crosbie: Market value? Junk. Tell us what the rent is.

Mr. Pepin: That is one opinion. I do not have the detail of what the rent is.

Mr. Crosbie: Of course you don't.

Mr. Pepin: I have written to the hon. member before. My hon. friend referred to that. I will be writing him again after another inquiry, which has been conducted, is completed. I understand that the president of CN Marine, Mr. Armstrong, has already written to the hon. member on this subject. This is what I know on this matter. I am very concerned that justice should be done and justice should be seen to be done, and I will continue my research so that my hon. friend will not have reasons for grievance the way he had tonight.

Mr. McCain: Mr. Speaker, I wonder if the minister would entertain a question.

Mr. Pepin: Yes.

Mr. McCain: Mr. Speaker, I would like to ask the minister why, in the absence of intelligent ports policy historically, he should now use the Old Testament biblical policy that the sins of the fathers should be visited upon the sons and that the debt should remain the debt of the port of Saint John. If the minister feels that conscience dictates that other provinces should be reimbursed, why not reimburse them all? That is my question.

Mr. Pepin: Mr. Speaker, I have already explained well why it is difficult to forgive the loan made to the port. I explained that well, I thought.

Mr. McCain: Why ask the sons to bear the sins of the fathers in the old biblical sense?

Mr. Pepin: Again, I will repeat that one of the main reasons is that in this particular instance the province of New Brunswick made a loan to the port. In other instances—for example, in Nova Scotia with respect to Fairview Cove—it was a grant or gift. In British Columbia, at Prince Rupert, similarly, it was a gift. We cannot easily pay back New Brunswick for a loan because those provinces which made grants—gifts—would come back and say they deserve the same repayment. I think this is not illogical.

Mr. McCain: You did not answer the question. That's all.

Mr. Pepin: I thought I had, but I will try again next time.

Mr. McCain: Why should the sins of the fathers be visited on the sons on the Old Testament biblical "eye for an eye" basis?

Mr. Pepin: That is not really the intent. In addition to that, the port of Saint John has done rather well. The potash development which has taken place is sponsored by the federal government at the level of $29 million, which is not chicken feed.

Mr. McCain: On a user pay-back basis.

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

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): There was some discussion in the House earlier as to whether motion No. 5 stands in the name of the hon. member for Richmond-South Delta (Mr. Siddon) seconded by the hon. member for North Vancouver-Burnaby (Mr. Cook) or vice versa.

Mr. Siddon: If I might clarify, Mr. Speaker, motion No. 5 stands in the name of the hon. member for North Vancouver-Burnaby (Mr. Cook) as printed in the Order Paper. Motion No. 6 stands in my name, also as printed in the Order Paper.

The Acting Speaker (Mr. Blaker): I thank the hon. member. The question is on motion No. 5. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion No. 5 (Mr. Cook) agreed to.

The Acting Speaker (Mr. Blaker): The question is now on Motion No. 6. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion No. 6 (Mr. Siddon) agreed to.

Mr. Thomas Siddon (Richmond-South Delta) moved:

Motion No. 7

That Bill C-92, to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act, be amended in Clause 14 by striking out line 14 at page 23 and substituting the following therefor:

"cases.

40. The Minister, the Corporation or a local port corporation shall not, by virtue of anything provided by or under this Act, be deemed to have the administration, management or control of any scheduled harbour as defined in section 2 of the *Fishing and Recreational Harbours Act*." "

He said: Mr. Speaker, I will abbreviate my explanation of this motion. Clause 7 of the bill as printed provides:

"9. (1) The Governor in Council may, by order, at any time, on the recommendation of the Minister,

(a) transfer to the Corporation for administration, management and control any harbour, work or property of Canada—

That clause provides a substantial expropriation power to the Minister of Transport (Mr. Pepin) to enlarge the boundaries and jurisdiction of the Canada Ports Corporation to encompass other ports which are owned by Her Majesty and operated in the name of the Government of Canada. I had hoped—this is reflected in a motion printed on the Order Paper last week—to find a way to exempt harbours that are operating under the Harbour Commissions Act or the Government Harbours and Piers Act, former acts governing the management of these other types of harbours owned by Her Majesty, from any overriding power or expropriation threat by the provisions of Bill C-92. I have been led to believe that the government will find the present motion acceptable. It would exempt harbours operating under the provisions of small craft harbours legislation from any possible threat of expropriation by way of enlarging the head line of ports operated by the Canada Ports Corporation. I only regret that the minister had not seen fit also to provide similar guarantees to protect harbour commission ports because, as we determined through our long committee deliberations, it has been an objective from the outset that if a local port corporation sought to establish harbour commission status or Class D Crown corporation status, that would be permitted. I am afraid that, given the very powerful expropriation provision in Clause 7(9) the minister, in his judgment, could at some time in the future reacquire a harbour commission port and take it into the family of ports operating under the Canada Ports Corporation.

• (2120)

Be that as it may, Mr. Speaker, I am led to believe that the government will find this amendment acceptable. It will protect all the small craft harbours in Canada, including the two in my riding, at Ladner and Steveston, from possible acquisition by the Canada Ports Corporation.

Hon. Jean-Luc Pepin (Minister of Transport): Mr. Speaker, the purpose of the amendment is to establish symmetry between the Fishing and Recreational Harbours Act and the Canada Ports Corporation Act so that one cannot infringe upon the other. It is a search for symmetry and we thought it was implied in the spirit of the bill. If my hon. friend wants to spell it out, that is all right.

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

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): All those in favour will please say yea.

Some hon. Members: Yea.

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

The motion is carried unanimously.

Motion No. 7 (Mr. Siddon) agreed to.

The Acting Speaker (Mr. Blaker): The question is on Motion No. 8 in the name of the hon. member for Vancouver East (Mrs. Mitchell).

Mrs. Margaret Mitchell (Vancouver East) moved:

Motion No. 8

That Bill C-92, An Act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act, be amended in Clause 15 by striking out lines 20 to 28 at page 23 and substituting the following therefor:

"chairman, a vice-chairman and five other directors.

2.(1) Subject to this section, three of the directors of a local port corporation shall be appointed by the Governor in Council and the remainder shall be appointed by the Governor in Council based on recommendations as follows:

(*a*) one by the Lieutenant Governor in Council of the province in which the local port corporation is located;

(*b*) one director by agreement among the councils of all municipalities adjoining the port for which the local port corporation is established;

(*c*) one by the provincial federation of labour in consultation with the marine and maritime unions; and

(*d*) one by the agreement of the commercial tenants of the local port corporation."

She said: Mr. Speaker, I should like to refer to this motion so that we know the context in which we are discussing it. In our view this is probably the most important amendment to the bill. Unless we can have the whole concept of local autonomy included in port management, it means nothing. There must be a board that is accountable to the local community as well as able to carry out the responsibility of the national port objectives. We believe it is very important to have a local board for local port corporations. It is important that we not have a

patronage board, as was mentioned by a member from Newfoundland, but a sound, democratic board that will be efficient and have expertise in a number of areas.

Our amendment proposes a seven-person board composed of a chairman, a vice-chairperson and five directors. Three of the directors would be appointed by the federal government and, in addition, four members would be appointed by the minister, but the four names could be submitted in four different areas of interest. We feel, for example, that the government of the province in which the port is located should be able to propose one or more names to the minister representing the regional planning interests, the industrial and economic development interests which are of major concern to the province. In a province with coastal regions, the total industry of the province is tied into the port system, so it only makes sense that it should have some say in appointments to the board.

We also propose that municipalities surrounding the particular port should have the right to propose names to the minister. Several names could be suggested of persons expert in port and regional matters and the concerns of the municipalities—not in a vested interest way, because they would represent all municipalities, but in a practical, planning way. They would know the environmental and other concerns of the surrounding municipalities.

We also propose that port users—domestic port users, should be able to name nominees for the consideration of the minister; perhaps one representative from that group. Surely the users of the port should have a voice. They would have a certain expertise to contribute to the board. We also propose a representative from labour—not a representative of one particular union but a representative of labour generally. Names could be submitted through the Canadian Federation of Labour in consultation with the marine unions.

This seemed to us to be a way of conforming to certain structures that are required for Crown corporations but still achieving a balanced approach to the composition of local port boards.

I should like to refer to the objectives that were established and that have been spoken to already. How can we possibly achieve Canadian international trade objectives and represent the concerns of all provinces using a port unless one member of the board has this kind of expertise? In the port of Vancouver, for example, I could see the need for someone tied in with the prairie provinces, with the lumber industry—someone who is knowledgeable about the Pacific rim trade interests.

In our objectives we said that there should be efficiency. That is one criteria of a sound local port corporations policy. This means there should be members on the board with business expertise. We know that the minister will think of these people first. In committee he automatically thought of the chamber of commerce, as did the Conservative Party which would automatically go to that group first. That is fine, let us have a member from the chamber of commerce, but let us also have persons expert in labour relations or who have knowledge of transportation or shipping and of the problems of dock workers.

We said in our objectives that there should be equitable treatment, in the movement of goods and persons, of users of the port. Domestic users should have a voice on the board. They could make a valuable contribution, speaking for all users of the port and for the business community, providing useful advice for policy making as well as the day-to-day operations of the port.

We said in our objectives that the port policy should provide local port corporations with a high degree of autonomy for management and operation of the port. It seems to me just common sense that persons nominated for the board should include some who know something about the surrounding municipalities and communities, as well as the provincial economic development concerns. The official opposition stated in one of its amendments, and we agree, that these should not be elected politicians but persons who have expertise in port matters and in planning in the areas I have mentioned.

It is important that there be co-ordination with other marine activities and with multi-mode types of transportation.

This would no be political patronage of appointees made by the minister in the typical Liberal way that we want. If we are to have autonomy in the local port corporations, the boards must have a broad composition with input from the groups that I have described.

We feel that the process of appointment to the board could be carried out through a procedure that would allow the minister to name the appointees. The minister did not seem to comprehend this is committee. I understand this idea was taken to cabinet and vetoed there. That is not an unexpected action by a Liberal cabinet, of course. The minister would still have certain veto rights, as would cabinet, but he would be able to choose three of the appointees in addition to the four groups that I have mentioned.

• (2130)

I do not really grasp the rationale of his argument when he said that special interests would dominate this kind of board structure. If ever we had special interests, it is under the present and proposed situation where the minister will appoint all the representatives to the board. Why does he think that one provincial representative, for example, would be able to out-vote six others? That is not special interest, that is just one out of seven who would express an interest that the province might have but who would be concerned as well with the port operation generally. The same thing applies to labour. The minister has given lip service to labour in that two local port authorities of the NHB have labour representatives, but there is no assurance that this would be part of the regular structure. If he agrees with it for two local port authorities, why could he not put it in writing as the criterion for the appointment of all boards across the country?

I was interested in a number of amendments proposed by the Conservatives, and we did agree with some of them as I said earlier. We believe the local port board, for example, should be able to elect its own chairperson. Why should that have to be done by the minister and approved by cabinet? In

addition, surely a local board would be responsible and competent enough to nominate replacements and have them approved by the minister on their recommendation. It is interesting to note that the Conservatives proposed a system similar to the Harbours Commission when they were talking about the composition of the local advisory board. They wanted to have municipal representation, but I did not see it stated anywhere in their amendments that the province should have the right to some representation on the local board. I was very interested in that inasmuch as it was the hon. member for North Vancouver-Burnaby (Mr. Cook) who pressed very hard in committee to have witnesses come forward. We received a telegram from the Government of British Columbia saying that they do not agree with this bill at all and they wanted to have a B.C. port authority, a whole new authority for the province. We do not agree with that but I think it would make great sense to have the provinces, particularly in the larger ports, have a say and be able to propose at least one person to the board. I was curious as to why the Conservatives did not include this in their amendment.

In the case of the refusal by the minister and the government to consider our amendment, or even to modify it, I can only conclude that it confirms our major concern that the Liberal government still wants to maintain patronage appointments to these new local port boards. If this is the case—certainly there is nothing to indicate that it is not—it seems to me that it undermines the whole concept of autonomy, supposedly the main purpose of this bill. We know the appointees are going to be friends of the Liberals, if not actual party members. We have heard about former Liberal candidates appointed to boards under the present system. As soon as you get a board which is largely a patronage type of board, we will also have them deciding on leases. Certainly a lot of us have concerns about how leases are approved and about the granting of important financial advantages to persons receiving leases of port property.

I do not want to take any more time on this amendment, Mr. Speaker, but it is really a very important one, and I wish the minister would reconsider. I believe that in principle the opposition parties supported this in committee as well, and unless there is a more sound and representative local port board the proposed autonomy will simply not take place.

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, just a few brief comments in connection with this particular amendment. It deals basically with the same material for which my party fought very hard in committee and in bargaining with the parliamentary secretary to get some kind of amendment of this nature. I mention in passing that this is not unique. The government will obviously turn down this amendment, not that the minister is opposed that much to it but because his cabinet colleagues booted him out of the room when he tried to suggest it might be reasonable to allow various ports to nominate two or three people from various segments of the population involved with that port. He would then still have the option of making his selection from that group. The minister, of course, was personally totally opposed to having any provincial input, and in the hopes of getting something through which might make sense we dropped it from our amendment. Finally, when we realized the hopelessness of the whole thing, we withdrew our amendment.

I am delighted to see that the hon. member for Vancouver East (Mrs. Mitchell) has at least brought this to the attention of the House, even though it was a futile effort. I support this amendment, and I would support a far better one, but seeing that it is not going to happen anyway I would only warn the minister, through you, Mr. Speaker, that his appointments to local port corporations and the Canada Ports Corporation are going to be watched very carefully by all port people throughout Canada. The minister is going to be watched very carefully to see whether he has gone the usual Liberal route of pure patronage, or whether he has attempted to find people from the port community, the labour unions or the municipalities, in other words, whether there is a balanced board and one that knows its stuff, or whether it is going to be another group of Liberal party hacks. Rest assured, Sir, that I will be the first one screaming if you appoint the kind of board which you have the absolute dictatorial power to do. That is what we are objecting to and that is why we want this type of amendment. I compliment the hon. member for Vancouver East on bringing this forward so that it can be discussed, at least very briefly.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, my remarks will be short because many of us will not be speaking on third reading if things go as it appears they will this evening.

One of the two very strongly held concerns of members of this party is with respect to providing local autonomy. The other concern has to do with providing a degree of financial independence to the local port corporation, and the minister has graciously accommodated that. I would go so far as to say, Mr. Speaker, that if the minister were prepared to accept at least an undertaking to consult with the regional advisory council, which he will appoint under the provisions of this bill and which was the nature of amendments presented in committee and in fact listed on the Order Paper last week, then I could support this bill, even though I am not terribly happy about creating another family of Crown corporations. I am sure other members may feel that way also because it is like a slap in the face to our constituents to see rehashed, retired or defeated liberal candidates appointed to responsible positions. I recall asking the administrator in committee how these lists were prepared. Was it at departmental level and sent to the minister for selection and decision, or were the lists submitted to the administrator by the political structure for comment? I could gauge by the twindle in the administrator's eye that it was the latter course which was followed. I must say that is a sad commentary on the way we select people for responsible positions where they are entrusted with policy decisions and the over-all management of major Crown corporations such as the proposed Canada Ports Corporation. I cannot support the bill as written, largely because of this remaining deficiency which I would like to have seen rectified. I hope in these final moments the minister might agree to accept the amendment

proposed by the hon. member for Vancouver East (Mrs. Mitchell). It reflects the concerns of the people in my province and of the government of British Columbia to some degree because they have made it quite clear that they cannot accept the bill in its present form.

• (2140)

Hon. Jean-Luc Pepin (Minister of Transport): Mr. Speaker, I just want to make a few comments so that it will not be said that I did not answer the last question. With respect to Motion No. 8, I disagree with the principle that is introduced which is group representation as opposed to representation by individuals. The hon. member for Vancouver East (Mrs. Mitchell) gave us four groups that she would like to see represented: the provinces, the municipalities, labour and tenants. I could name other groups. For instance users—

Mrs. Mitchell: I said users.

Mr. Pepin: —carriers, women, academics and environmental groups. Immediately you have a problem having to decide which groups are going to be selected. There are ten or 15 different groups that can relate to the objectives of a port. I have answered questions in committee as to provincial representation in these matters. But I should underline the fact that there is a new element in that bill. It sets the qualifications of those who will become members of the board. Proven experience and capacity is one of the criteria. As a member said, they have to know their stuff, which is one of the conditions for appointment. They have to be representative of local interests. Generally they have to have residence in the area of the port itself.

In committee I said that I would be looking forward to recommendations and suggestions made by different groups in society. I do not think it would be wise to appoint people to these boards on the basis that they represent this or that particular group.

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

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): The question is on Motion No. 8 in the name of the member for Vancouver East (Mrs. Mitchell). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed to the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

Some hon. Members: On division.

Motion No. 8 (Mrs Mitchell) negatived.

Hon. Jean-Luc Pepin (Minister of Transport) moved that the bill be concurred in.

Motion agreed to.

The Acting Speaker (Mr. Blaker): When shall the bill be read a third time?

Some hon. Members: Now.

Mr. Pepin moved that the bill be read the third time and do pass.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I have spent a good many years of my life on this bill. I want to take a few miniutes to speak briefly on third reading. I could discuss many of the claims made in committee and here today but I will resist that temptation. Simply in my opinion, this bill is long past due. It has the support of the vast majority of the people involved in the ports community of Canada. A fair number of amendments have been accepted by the government, some of which in my own opinion make the bill weaker and some make it stronger, but that is the nature of the give and take and compromise of debate.

I believe it is now time to get on with Bill C-92 as amended and have passage of it today. I want to pay tribute to the committee, of which I had the honour to be chairman, for the diligence and the hard work which its member showed. There was a fair amount of partisanship, which one expected in a parliamentary democracy, but there was a maximum sense of public duty displayed by members who served on that committee.

I would like to pay particular tribute to the hon. member for Dartmouth-Halifax East (Mr. Forrestall) who is probably more knowledgeable than any other member in this House on ports policy in Canada. I want to pay tribute also to the member for Laprairie (Mr. Deniger). He was the Vice-Chairman of the committee. He chaired several sessions of the committee in my absence due to the death of a member of my family. In addition, I want to pay tribute to the Parliamentary Secretary to the Minister of Transport, the hon. member for Parkdale-High Park (Mr. Flis) for his diligence in ensuring that we were all well-informed on the various points in the bill.

The minister attended the committee and gave full and frank answers to the questions presented to him. Finally, I would like to mention the administrator of the Canadian Marine Transportation Administration who spent quite some time in the committee. He was the chief witness. He, with his officials, deserve the commendation of the committee and the gratitude of the people of Canada for the fine job they are doing in administering the marine division.

Having said that, I express the hope that this bill will pass without further delay and that we will have in this country not independent ports but autonomous ports still responsible to the Government of Canada for their actions and, through the Government of Canada, to the people of Canada. I hope that we will have a very healthy and active port community as a result of the passage of Bill C-92 as amended.

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, I will be very brief. It has taken a long time to push this bill through. I think everyone who served on the committee worked very hard.

I want to state flatly and get it on the record that I will be voting against this bill. I shall be saying no to this bill because of the absolute powers it gives to the minister in practically everything. Perhaps I am wrong. Perhaps I am wrong to distrust a Liberal government that has been riddled with patronage of various kinds. Perhaps I am wrong to distrust civil servants in Ottawa for fear of what they may do in terms of continuing to attempt to run anything out of this centre which is 4,000 miles from my port.

If we can believe what the minister says and if we can believe what the administrator has had to say this bill may work out. But every time I look at the actual document and I try to find where it is written that we have autonomy, I cannot because it is simply not there.

I warned my colleagues and the port users of Vancouver about this bill. Never has there been a time when a member representing the west coast hoped that he was wrong about a bill in Parliament. If I am wrong I will be delighted. If I am right, then this is a terrible bill. One of the first things we will do when we take over the government will be to change this legislation, if the minister uses his autocratic powers and if the minister handles the bill with the vast powers he has. I only hope that I am wrong. But for the record I say that I will be voting a strong and vehement no to this dictatorial piece of legislation with regard to the ports of Canada.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, one of the main objectives of the national ports policy for Canada is to create a port system that is an effective instrument of support for the achievement of Canadian international trade objectives.

Canada is an active trading partner ranking eighth internationally in terms of the value of our exports. Merchandise exports are 25 per cent of our gross national product while our total external trade accounts for nearly one third of our GNP.

In the midst of today's world recession, competition for exports has become a battleground for economic survival. International competition in this environment of uncertainty will test severely Canada's ability to enhance or even maintain its existing trade position. As the battle for world trade advantage becomes fiercer, Canada must strive to have the best ports facilities in the world. Efficient ports can reduce the cost of our products significantly, making them more competitive on world markets.

• (2150)

The ports policy which we are shaping in the House today must be sensitive and respond to changing trade patterns. For example, three years ago, for the first time, our trade across the Pacific exceeded that across the Atlantic. Export market opportunities are shifting away from North America and Europe to Southeast Asia, the Middle East and Latin America.

Last year the special parliamentary committee on a national trading corporation tabled in the House a report entitled, "Canada's Trade Challenge". The bill we are about to pass this evening will provide a very important component in helping Canadians meet Canada's trade challenge.

It became evident 12 years ago that Canada's ports policy was no longer adequate to meet the economic and social needs of the eighties and nineties. Attempts to change the existing legislation to make it more responsive in meeting the needs for greater local and regional involvement in the operations and development of the ports within the NHB system failed.

A special task force of industry representatives and government was formed eight years ago to review Canadian ports policy and make recommendations on changes. The task force laid the foundation of a new policy by developing a series of objectives for the ports system. These objectives are clearly spelled out in Clause 2, subclause 3(1) of the bill. Therefore I will not waste the time of the House by reading the objectives. Taking into account the task force recommendations, new legislation was prepared and brought before the chamber in 1977 as Bill C-61, then again in the same year as Bill C-6, and two years later as Bill C-50. All three bills died on the Order Paper without even reaching second reading.

After being three times a bridesmaid, it is time that Bill C-92 became a bride, led to the altar by the distinguished groom, the Minister of Transport (Mr. Pepin). This bride, Bill C-92, is being given away tonight by her father, the administrator of Canadian marine transport administration, Mr. Gordon Sinclair.

Some hon. Members: Oh, oh!

Mr. Flis: If anyone deserves to claim the title of father of Bill C-92, the administrator certainly does. His many consultations with all interested parties across Canada on this bill, his information, advice and answers in committee, and his unlimited patience went a long way in bringing Bill C-92 to report stage.

In every wedding party there must be a best man. I would like to bestow this honour upon the chairman of the Standing Committee on Transport. Bill C-92 could have received the same ill fate as past ports bills, but thanks to his fairness to every committee member, regardless of party affiliation, the bill received careful scrutiny and came out of committee a better bill.

As Parliamentary Secretary to the Minister of Transport, I want to thank the ushers of this wedding party—the hon. members for Dartmouth-Halifax East (Mr. Forrestall), for

Vegreville (Mr. Mazankowski), for North Vancouver-Burnaby (Mr. Cook), for Richmond-South Delta (Mr. Siddon), for Carleton-Charlotte (Mr. McCain), and others from the Official Opposition whose questions, clarifications and amendments have brought more clarity and strength to Bill C-92.

Of course, what would we have done without the bridesmaids? The hon. member for Vancouver East (Mrs. Mitchell) kept reminding the committee that there were two sexes in the world. She and her colleague, the hon. member for Regina West (Mr. Benjamin) stressed the importance of more decentralized administration—

Mrs. Mitchell: Mr. Speaker, I rise on a point of order. I hate to take the time of the House, but I really object to the language just used by the parliamentary secretary.

Mr. Flis: Mr. Speaker, I am sorry the hon. member objects to those words. I thought I was complimenting the hon. member. If she thinks they are offensive, I will withdraw them.

Also I would like to throw orchids to the hon. members of the Standing Committee on Transport from this side of the House for their dedication in attending committee meetings and for their defence of the bill. I must congratulate them for even voting against the government and with the opposition to pass the opposition motion on the appointment of auditors by local boards.

To complete the wedding party on this bill, I know that all hon. members of the House who served on the transport committee would want me to congratulate the mother of the bride, the clerk of the transport committee, Miss Santosh Sirpaul who was so helpful to all committee members in making certain that our amendments were in order and that the committee proceedings flowed as smoothly as possible.

After 12 years of attempts to improve our ports legislation, I am pleased and indeed honoured that I find myself standing in the House of Commons in the midst of parliamentarians who are providing outstanding leadership today for a better Canada tomorrow.

Mr. Deans: We were going to support the bill until we heard that speech.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, my colleague says that we were going to support the bill until we heard that speech. That is not true. We are not going to support the bill. We agree that Bill C-92 is long overdue. In my remarks on June 22 I reviewed the history of the many attempts from 1901 on to establish more local autonomy and more efficiency in the ports system.

The ports policy of Canada is basic to our economic development and to our international trade. It creates jobs. It is essential to industrial development. It affects the quality of our life. Indeed, it is very, very important to all regions of Canada which are located on the waters of our continent. We believe that the ports policy must be efficient and decentralized to reflect regional needs.

The aim of Bill C-92 was to establish local autonomy. We think it has provided more local decentralized administration. There is more control over funds, particularly since the amendment passed today. However, we are not satisfied at all that there really is local autonomy in the true sense of the word. In particular, we are concerned that the board of directors of local port organizations will still be appointed by the minister. It is not a democratic board. There is no assurance that the objectives of Bill C-92 will be carried out because of it.

We in this party believe very strongly that we must also maintain a national ports policy which takes into consideration the needs of all regions—the prairies, to get their grain to port; northern areas, to get lumber and similar resources to port. We must be concerned about smaller ports which may need more federal support in the form of subsidies. Therefore we are concerned that this bill requires financial independence for a port to qualify to have local autonomy. Specifically we agree with the provision of regional advisory councils. It is a good move. It does not establish an authority at the provincial level, but we believe that it provides for the kind of planning that is needed.

There are positives in this bill, but unfortunately the negatives remain and are serious. Our amendment to link a Canadian marines strategy with the objectives was refused. The user-pay policy for ports which has now been established by the Liberals will be implicit in this policy. It could destroy some of the ports which are not able to be financially self-sufficient, and require them to charge fuller fees so that they would not be competitive and might lose customers.

Debts have been written off at this time, but there is no assurance in the future that there will not be ports operating in the red which will need help. Finally, we feel that the local autonomy is tokenism as long as there is central control in Ottawa. We agree with some of our colleagues to the right that there are many things in the bill which appear to be decentralized, but ultimately the control is in the hands of the minister and ultimately in the hands of cabinet.

I join in thanking all hon. members who participated in committee. I commend, particularly, the staff who spent many long hours and were most efficient in performing their duties.

Some hon. Members: Hear, hear!

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I hesitate to rise because it is now ten o'clock, but having remained silent all day in spite of many things, there are two comments which could be made, one of which I make without any hesitation whatsoever. There is no parent, no bride and no bridegroom in this. I agree with my colleague from Vancouver East (Mrs. Mitchell) that the sexism in this bill should disappear. However, that is another matter altogether.

• (2200)

If there is a real parentage to this that will measure up to his work and those who put together the National Harbours Board some 45 or 46 years ago, perhaps it is the process, because the process has been seen to work. In many respects I agree with

the forcefulness of the representations by my colleagues from Vancouver, and in some respects I disagree with them.

This is a bill that I can support and I agree that the port users in this country by and large can support it. It is a bill that I hope will serve our ports and serve the objectives that have been outlined by a variety of members under different guises and different amendments throughout today. I hope that the bill does in fact serve those ends. Autonomy is something that we can achieve.

When the hon. member for Vegreville (Mr. Mazankowski) was minister of transport, I believe he was bent in that direction. I pay some tribute to him for having brought the bill to its present state. Had the government moved with respect to Crown corporations, given an indication of where it was going in that area, a lot of the difficulty surrounding this bill might have been shortcircuited. On the other hand, I can only say to the House, to the minister and the marine administrator and his staff that I appreciate their tolerance, understanding and patience. I hope the work they have done in terms of passage of this bill to serve the needs of our importers and exporters is in fact there and can meet the challenge that lies in front of us. I appreciate having had the opportunity to be part of the debate which is now some 10 or 12 years old.

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

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

Some hon. Members: On division.

Motion agreed to, bill read the third time and passed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

Adjournment Debate

MINES AND MINING—REQUEST FOR ASSISTANCE. (B) LABOUR RELATIONS

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, on June 2, 1982, as recorded at page 18018 of *Hansard*, I directed questions to the Right Hon. Prime Minister (Mr. Trudeau) in the absence of the Minister of State for Mines (Mrs. Erola) relating to the serious and growing crisis of employment in Canada's mining industry. At that time I pointed out that the current inventory as of early June showed that more than 34,000 mine, mill and smelter workers would be unemployed this summer largely because of announced shut-downs and work curtailments which were announced through the early part of this year.

I point out that if we take into account the multiplier effect to the people in all of these very seriously impacted mining communities across Canada, the people whose livelihood is directly related to the mining industry, we would find more than 160,000 employees across Canada, mostly in towns that are very heavily dependent upon single industries, who will see a major portion of their income impaired for 1982. I asked the Prime Minister to tell us what specific initiatives the government was preparing to take in the face of this serious dilemma and, in fact, what recommendations the hon. Minister of State for Mines had presented to cabinet in order to provide some hope of recovery to Canada's mining industry in the months ahead.

It has often been said that the plight of the industry has resulted from international factors and circumstances. I want to take a few moments tonight to point out that many sectors of our mining industry in Canada are in very seriously devastating circumstances because of domestic factors which cannot be entirely ascribed to international conditions.

Let me refer to a speech by the incoming president of the Mining Association of Canada in late May, who said that the problem of the Canadian minerals industry is not that of a lack of demand for Canadian minerals in foreign markets. He said that the problem is essentially domestic. I would put a lot of credibility in such words from the new president of the mining association. He went on to say that what is needed is determination by the government to restore an environment that encourages mineral development in Canada.

• (2205)

If we look at other observations on the discussion paper put forward by the Minister of State for Mines a few months ago, particularly if we look at the reaction of the Mining Association of Canada under the signature of David Thomas, the previous president, who wrote to the minister on May 29,

1982, we find that there is great alarm about the lopsided inferences on social priorities and the lack of recognition of the serious structural inadequacies in our taxation policy with respect to mining investment and development. Mr. Thomas also pointed out the regrettable fact, and I refer to his letter to the minister, that over the past few years Canada's share of the world market has not been maintained and it should be recognized that if slippage has occurred, it is due not only to changing international conditions of supply and demand of minerals, but also, in no small extent, to the fact that investor confidence in mineral development in Canada stagnated during the seventies as a result of taxation and disputes between the two levels of Canadian government and other related factors.

Since I asked these questions in the House of Commons on June 2, the situation has grown worse. If we do our sums now, we find something in excess of 42,000 mine workers stand to be unemployed by the end of this summer. We should consider that the current serious economic depression really did not gain momentum until after the Easter period. We are now to be forewarned that the lay-offs which were only to cover a period of six weeks or eight weeks through the summer months are now being extended.

If we read the headlines we see, for example, that Cyprus Anvil in the Yukon is in serious trouble, affecting some 1,000 miners and over 40 per cent of the Yukon economy. These unemployed miners are likely to remain unemployed through the winter months if the federal government does not take some action soon. Another headline states, that The North-West Territories exploration activity is down substantially. Another headline is to the effect that the potash mine reopenings are still in doubt. Another headline is to the effect that Hudsons Bay Mining is extending its shutdown and smelter workers may lose their jobs if the strike continues. Another one is to the effect that the investment lull could debilitate the economy well into 1984. Another is to the effect that Inco would reinstitute production halts even if workers returned, and they have returned. Another one states that Ontario uranium mines have shut down.

In conclusion, I would like to say that one of the most seriously impacted areas of our mining industry in northern Ontario is the Timiskaming area, where we have three mines, the Adams mine, the Griffiths mine and the Sherman mine, all supplying the total production to the Canadian steel industry. The other day we learned about the very unfortunate collapse or shutdown of the Defasco mill in Hamilton. The Stelco mill is also supplied from the Adams mine, and we have the serious problems involving the collapse of the northern gas pipeline, and Algoma Steel, which is cutting back severely on its demand for iron ore pellets. We should recognize that the iron ore economy of northern Ontario, in Kirkland Lake and in other areas in the Timiskaming region, is entirely dependent on iron ore production and that, in fact, the downturn is largely due to domestic factors and we cannot blame the world. We must blame the policies, the budgetary initiatives of the Minister of Finance (Mr. MacEachen) and the government opposite. I would be very pleased to hear the Minister of State for Mines deny that that is the case.

• (2210)

Hon. Judy Erola (Minister of State (Mines)): Mr. Speaker, I welcome this opportunity to reply to the statements by the hon. member for Richmond-South Delta (Mr. Siddon) on the state of the Canadian mining industry. I only wish I had the next 40 minutes to tell him exactly how this government is responding. Unfortunately, I do not.

Since he has painted such a picture of doom and gloom, I believe it is my responsibility to point out to him some of the bright spots that are occurring in Canada. I refer him to the most recent issue of *The Northern Miner* which states that the Canadian uranium outsells others in the United States market. Canadian producers are winning a large share of the current United States demand for long-term or large quantity uranium contracts.

It goes on to say that during the first six months of this year several major reported sales contracts involved approximately 30 million pounds of uranium. Just over half of the contract, or approximately 15 million pounds, went to non-U.S. companies for uranium to be produced in Canada. The willingness to adjust to the realities of the market is the primary reason that Canadian sellers have been so successful in obtaining new sales commitments.

I would have the hon. member know that the uranium mines in northern Ontario are running at full production. I also refer him to another rather successful spot in the Canadian mining scene, and I refer to the statement that gold keeps glister for Quebec mines.

Let me refer to *The Financial Post*, which states that the long established gold mining industry of northwestern Quebec centred in this town, aptly named Valley of Gold, is reasonably stable despite the fall in gold prices. This 70-mile wide stretch of the Canadian shield accounts for about one-third of the country's gold production worth about $230 million a year at recent prices and keeps as many as 8,000 people employed directly and indirectly.

It goes on to say that of the ten operating mines visited recently, all but one are making cash profits at the mine site, in some cases quite handsome profits. These ten mines appear more than capable of producing about 520,000 ounces of gold this year, and they employ about 2,000 at their operation, and that is not counting the spin-off that mining generates in services, supplies and transportation industries, creating perhaps another 6,000 jobs. All is not doom and gloom. I would go on to say that the hon. member well knows and refuses to admit that the vast majority of lay-offs in the country is due to a worldwide recession.

He asks, and I am sorry my time is limited, what we are doing. We know how bad the situation is in some areas. Therefore we have in place safety nets such as the Unemployment Insurance Act to maintain income and keep the economy of the community reasonably stable. God knows we are grateful for it, particularly in the area from which I come. We

have, under Section 38, created quite a number of jobs. I suggest to the hon. member that he look at what has happened under Section 38.

I also suggest to the hon. member that he take his duties more seriously, as have some members of the New Democratic Party. They have taken the time to come to us to see just how Section 38 can be applied to those areas of the country from which they come. They are now making an intensive effort to see that it works so that miners who are skilled will retain their skills, their dignity and have a decent income to bring home to their families. I suggest to him that he have another look. He derides and laughs at Section 38. I suggest to him that those very mining companies and the presidents to whom he referred as not having much faith in which is happening are the very ones who have been sitting down at the table with me to make it happen. Therefore, I say to him that this government is very concerned and acting very decisively to make things happen in these mining communities.

EXPORT DEVELOPMENT CORPORATION—FUNDS LENT TO NEW YORK METROPOLITAN TRANSPORTATION AUTHORITY

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, the question I would like to have debated this evening arises from the deal signed between the government, through its agency, the Export Development Corporation, and the New York Transit Authority, wherein it is contemplated that over the next 15 years the Government of Canada, through that agency, EDC, will be financing the purchase of certain transit equipment for the city of New York. This will require total borrowing on the part of the Government of Canada of $563 million over 15 years, with a rate of interest of only 9.7 per cent as far as New York is concerned.

• (2215)

If I may, I would like to clarify that because most people can hardly believe we have a government that is so careless and so reckless with its financing for foreign entities that it would literally borrow money at a true cost of 16 per cent today and lend it to an agency such as the New York Transit Authority at 9.7 per cent.

When this deal was announced, the officials with the New York Transit Authority could not believe their good fortune. They could not believe there was a Santa Claus north of the border, in the form of the Government of Canada, which was willing to make a gift to them—it was not even Christmas at the time—of $300 million to be spread over the next 15 years. That is the hard-earned money of Canadians which is being routed by this government into the development of a transit system for the benefit of those who happen to live in New York.

The hon. member for Mississauga North (Mr. Fisher) is in the House this evening. I wish he would familiarize his constituents with the fact that while some of them are losing their homes as a result of 18 per cent, 19 per cent and 20 per cent financing, his government, which triggered the high interest structure in the country to begin with, has now found money to lend to the New York Transit Authority at 9.7 per cent.

The government alleges it will create 20,000 to 25,000 jobs, but let us bear in mind that those 20,000 to 25,000 jobs will be spread over five years, so that in total there will only be 5,000 jobs created per year. However, we then take a new look and find that 40 per cent of the jobs will be created in the United States, so the net number of Canadians who will be employed in an area where unemployment is very high, Quebec, is only 3,000 per year. Translated into job costs per year, that means it will cost the Canadian public $20,000 in interest costs alone to keep those 3,000 employees employed over the next five years.

That is only part of the problem. In making this move, I would say that the government has acted in open defiance of the agreement, to which it is a party, with the Organization of Economic Co-operation and Development group of nations in which it was agreed that in future export credits would be limited so that rates would never go below 11.25 per cent. A recent agreement raised that to 12.5 per cent. In any event, it was agreed that in no event would there be loans to support exports of longer than eight and a half years. The government not only is favouring a foreign entity at the expense of Canadians but also violating the very OECD agreement to which it is a party.

If there is this money available to build transit equipment and services for foreign entities, why is it not available in Canada? Why does the Toronto transit authority not have access to 9.7 per cent money if it should decide—which it would love to do—to extend the subway system in Toronto? What about Montreal? Why are the people of Montreal second-class citizens in relation to those in New York? What about Vancouver, Edmonton, Calgary or any other major urban area? And what about Ottawa? What is wrong with the citizens of these communities that this government, which loves to talk pompously about its resistance to Americanism, should turn around and favour a city like New York at the expense of comparable cities in Canada?

Is it Canadian technology we are talking about in relation to this wonderful coup—this wonderful contract—the government claims it has got itself into? No, it is Japanese technology. The research and development and the design of this equipment was all done on a licence from Japanese concerns. Not even there do we get any distinct benefit from this billion dollar financing—when interest is included—that the government has committed us to.

• (2220)

We could ask the government's spokesperson, whoever that is—I notice there is only one member left in the House to defend the government—if he was ever consulted about this contract before it was entered into. Was it ever made known to the various poor, unfortunate wretches who happen to be Liberal MPs from the Toronto area, that this is the type of shenanigan the government they so loyally support, intended to get into at the expense of millions of Canadian taxpayers?

At a time when we are facing an estimated deficit of some $25 billion due to mismanagement by the government—a deficit that is, in relative terms, greater than that of any other industrialized nation in the world—the government is not out finding money at 9.7 per cent in order to help the residents of Toronto, Montreal, Vancouver, Edmonton, Calgary, Winnipeg, Ottawa or wherever you like, but is finding 9.7 per cent money to help the residents of New York. Surely some explanation is due, Mr. Speaker.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, we have the jobs, we have the money, we have the technology, we made the deal and the hon. member complains. He is supposed to be a financial wizard. It is a shame to see him take the polish off his reputation with the dumb argument he has put forward tonight.

Peel County is part of his riding, as it is part of mine. Perhaps we should have this discussion in our riding and not waste the time of this House. I wonder if we should hold a discussion in the head office of Northern Telecom, a company in our mutual municipality which benefits greatly from the kind of export support and export financing the government has given to Bombardier, in this particular instance. If the hon. member had done his homework and checked what was going on with companies in Peel, he would have known that Northern Telecom received export financing of exactly the same sort for jobs, for technology, for income, and for future investment. This kind of support for Northern Telecom was announced within the last couple of weeks.

Perhaps we could have this debate at McDonnell Douglas, a company that has lost deals as a result of predatory financing. Perhaps in our mutual municipality we could hold a debate in the head office of Wardair at Toronto airport, a company that has taken advantage of similar export financing, this time at the hands of the Government of France. In fact, if we were to get our act together, as the hon. member claims we should, then Wardair would have bought aircraft from McDonnell Douglas instead of going to Europe. Why did it go to Europe instead of just up the street to McDonnell Douglas? It was because the kind of financing involved saved Wardair $35 million per year. It bought its new aircraft from a French company, and jobs were lost to Canadian companies because of the kind of reasoning we have just heard from the financial wizard of York-Peel.

Mr. Stevens: Why did you not give these jobs to Toronto?

Mr. Fisher: The hon. member asks why we did not put the jobs in Toronto? I suggest to him that we could walk into Northern Telecom in Peel County and speak to the president of the company and describe the program. This kind of financing offers us jobs, access to technology, financial security for the company and Canadians generally, an opportunity to expand our traditional export markets. This kind of dumb comment from a member, who knows better, who takes a good deal and tries to spoil it with this sort of innuendo and that kind of comment, does not build up our industry or our job situation at all the way he claims.

• (2225)

THE CONSTITUTION—STATUS OF NATIVE WOMEN—ATTENDANCE AT CONSTITUTIONAL CONFERENCE. (B) REQUEST THAT NATIVE WOMEN BE REPRESENTED

Mr. Jim Manly (Cowichan-Malahat-The Islands): Mr. Speaker, on July 16 I asked the Prime Minister (Mr. Trudeau) if he would invite representatives of the Native Women's Association of Canada to attend the coming constitutional conference. Because of the long-standing discrimination under the Indian Act against Indian women it is important that they should have direct representation at the conference when it deals with constitutional matters directly affecting aboriginal peoples. In response the Prime Minister said he was inviting representatives of the three national organizations representing the Indian, Inuit and Métis people. He tried to make the case that somehow I was uncomplimentary to these organizations when I said they all had their own legitimate concerns, in pursuit of which the unique problems of Indian women could very easily be overlooked.

The Indian people as a whole, Mr. Speaker, and in particular their leaders, are very nervous about the outcome of the constitutional conference. They are anxious about their rights and what might happen when the federal and provincial governments sit down to horse trade. I believe they have good reason to be concerned, although I still hope the outcome of the talks might be a very positive definition of aboriginal and treaty rights. The struggle to gain that definition will take all the time and energy of these organizations, and it is not insult to say that in doing so the three national organizations I mentioned will not give top priority to solving the problems of Indian women. The fact is that male Indian leaders are no better and no worse at representing women than other male leaders. However, the record of other male leaders in our society has not been good.

This past spring all women in Canada were shocked when they saw how some male parliamentarians joked about the question of violence against women. Many of them remember the shameful way in which the first ministers of the provinces, meeting with the Prime Minister last fall, jetisoned their rights in the constitutional accord. The first ministers threw women's guarantees of equality overboard at the same time as they ditched aboriginal rights. The rights of women and the rights of aboriginal people were discarded as being inconsequential. When we look at the record of some of the male Indian leaders we see that some are very supportive of Indian women and others are not.

But I ask what reason do Indian women have for confidence in the next first ministers' conference unless they have direct representation? As of this spring the Minister of Indian Affairs and Northern Development (Mr. Munro) indicated he had not even begun to sit down with the leaders of the Indian people to discuss how discrimination could be ended. It is true

that within three years the new Charter of Rights and Freedoms will not allow the discrimination involved in Section 12(1)(b) of the Indian Act; that is, unless Section 33 of the Constitution Act is invoked and the government passed a bill saying that Section 12(1)(b) of the Indian Act applied notwithstanding the Charter of Rights and Freedoms. But even when Section 12(1)(b) of the Indian Act is declared unconstitutional, there is still the question of retroactivity. How are we going to do justice to the hundreds of Indian women and to their children who have already lost their status? There is a great need for all parties to this question—the federal government, the provinces, the Indian organizations and organizations representing Indian women—to sit down at a conference table and thresh out this problem to avoid a hasty or inadequate solution.

• (2230)

A cabinet document dated September 28, 1981, estimated the cost of reinstatement of women who have already lost their status to be in the neighborhood of half a billion dollars, in order that the re-entry of these women into Indian bands would not further impoverish those bands. In addition, there would have to be a program of land entitlement so that population pressures on the land base would not become worse than they already are.

Obviously the government sees some very important federal-provincial implications in this issue. If the matter is going to be discussed at a federal-provincial forum, Indian women should be directly involved. The Native Women's Association of Canada has a mandate to represent Indian, Métis and Inuit women from across Canada. Considering the history of discrimination Indian women have faced, they need to be represented directly at the first ministers' conference. Again I appeal to the government to invite representatives of the Native Women's Association of Canada to sit at that table, and I ask the parliamentary secretary if the government is willing to do so.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, it is a real pleasure to be able to take part in this debate with the hon. member and to provide him with some extra information. I know his concern about this issue is genuine, and I congratulate him for the effort and conscience he has used to bring this issue forward.

Since funding to national and territorial organizations of aboriginal people began in 1980, the federal government has urged these organizations to develop more explicit positions with respect to constitutional issues of particular interest to aboriginal women.

On June 16 the Prime Minister (Mr. Trudeau) stated in this House that he would see whether aboriginal groups would have any suggestions regarding the representation of aboriginal women at the upcoming conference of first ministers on the Constitution. On June 22 the Prime Minister met with representatives of the three national aboriginal organizations. He was informed by one of the co-chair persons of the Inuit Committee on National Issues that their organization would be prepared to allow a spokesperson for aboriginal women to occupy, for part of the conference, one of the seats allocated to represent natives of the Inuit Committee on National Issues. This is a progressive step and hopefully one which will be followed by the Native Council of Canada, representing Métis and non-status Indians, and by the Assembly of First Nations representing status Indians.

The three national organizations are representative of their respective aboriginal peoples, and they should select from among themselves their own representatives at the constitutional conference. It would be inappropriate for the government to select these representatives and even more inappropriate to question whether the aboriginal organizations represent both sexes of their peoples. It is manifestly impossible for the Prime Minister to invite to the constitutional conference every aboriginal organizations with an interest in the Constitution, even though the government might sympathize with their concerns.

As I noted earlier, the Inuit Committee on National Issues has committed itself to allow some time for discussion on women's issues. Let us hope that aboriginal women in Canada can build on this success and obtain from every other aboriginal organization, whether national, provincial or territorial, their agreement to represent more specifically their own interests and concerns.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock in the afternoon.

At 10.35 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, July 27, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*Translation*]

PENITENTIARIES

TRAGEDY AT ARCHAMBAULT INSTITUTE—CONDOLENCES TO VICTIMS' FAMILIES—MOTION UNDER S.O. 43

Hon. Roch La Salle (Joliette): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Whereas there is great consternation among Canadians regarding the extremely unfortunate incidents that occurred at the Archambault Institute; and whereas all members of this House deplore the horrible attack in which three of the Institute's prison guards were killed, I move, seconded by the member for Provencher (Mr. Epp):

That this House convey its deepest sympathy to the families of the officers who died on duty, following the incidents that occurred at the Archambault Institute.

Madam Speaker: The House has heard the hon. member's motion. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

TRAGEDY AT ARCHAMBAULT INSTITUTE—CONDOLENCES TO VICTIMS' FAMILIES AND WISHES FOR GOOD HEALTH TO WOUNDED—MOTION UNDER S.O. 43

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

I wish to inform my colleagues in the House of a tragic incident that occurred at the Archambault Institute in Sainte-Anne-des-Plaines, which took the lives of three family men who were prison guards at the Institute, namely, Mr. Léandre Leblanc, 60, thirty-five years of service; Mr. Daniel Van Den Abeele, 36, twelve years of service; and Mr. Denis Rivard, 27, six years of service. I move, seconded by the hon. member for Vancouver South (Mr. Fraser) and the member for Hamilton Mountain (Mr. Deans):

That this House deplore the tragic incident that occurred at the Archambault Institute at Sainte-Anne-des-Plaines, that it offer its deepest sympathy to the members of the affected families, that it express its gratitude for the loyal services rendered by the three guards who died on duty, and wish a quick recovery to the three officers who were injured.

Madam Speaker: The House has heard the hon. member's motion. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

* * *

[*English*]

WILDLIFE

SUGGESTED MORATORIUM ON REPTILE HUNTING—MOTION UNDER S.O. 43

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, Canada has four common reptiles two of which, the bullfrog and the snapping turtle, are becoming endangered due to overhunting. There are no laws to prevent this, and catches ranging up to 6,000 pounds are being taken, with much going to the United States. I therefore move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the federal Department of Environment take steps to limit catches of Canadian reptiles and study the possibility of putting a moratorium on hunting them for the next five years.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

INDUSTRIAL AND LABOUR ADJUSTMENT PROGRAM

DESIGNATION OF CENTRES IN BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. As a result of the general economic downturn due to both product and market decline, and the resultant high unemployment levels in both Salmon Arm and Kamloops, B.C., I move, seconded by the hon. member for Comox-Powell River (Mr. Skelly):

That this House urge the Ministers of Employment and Immigration, Labour, Industry, Trade and Commerce and Regional Economic Expansion to give consideration to designating the above-named centres for eligibility under the industrial and labour adjustment program.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

CAPITAL PUNISHMENT

CALL FOR RECONSIDERATION—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, the recent horrible sex slayings in Toronto and now the butchering of prison guards by convicted murderers are brutal, vicious attacks on Canadian society. Therefore I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House condemns these terrible deeds and that the matter of capital punishment again be considered and referred to the Standing Committee on Justice and Legal Affairs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FITNESS AND AMATEUR SPORT

LABATT BREWING COMPANY SPONSORSHIP OF COACHNG PROGRAM—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, the director of Sports Canada states that coaching must be "a professional discipline if athletes are to succeed". Present and future athletes of Canada will be the beneficiaries of a $1 million incentive fund established by Labatt Brewing Company Limited in conjunction with the Canadian Olympic Association in the pursuit of coaching excellence. I therefore move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the fine and generous example of Labatt Brewing Company be used to encourage others in the private sector to invest in the outstanding talent pool of amateur athletes within Canada so that they might share in the greater success of those athletes in high level national and international competition.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

UNEMPLOYMENT IN NEW BRUNSWICK—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, Heath-Steele has announced the closure of its mining operation in the Newcastle region of New Brunswick, which will throw about 560 people out of work. In the same region 900 mill workers will be temporarily laid off. The federal government has announced that CFB Chatham will be shut down, forcing another 3,800 out of work.

This government can provide Quebec with $500 million to create jobs for an Airbus deal with France, and can provide hundreds of thousands in subsidies to Quebec for a subway deal with New York. The employees of Chatham are forced out in favour of Bagotville in Quebec. The minister responsible for New Brunswick scrambles into a hole and hides. I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That the government face up to its responsibilities to all provinces in this nation and cease these obvious acts of discrimination, particularly in favour of another, against New Brunswick.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NUCLEAR ARMAMENTS

DEPLOYMENT OF TRIDENT II MISSILES BY UNITED STATES—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise under the provisions of Standing Order 43. Next month the *USS Ohio*, the world's largest nuclear submarine, will sail down the Juan de Fuca Strait, to be armed with its 24 multiple warhead missiles at Bangor, Washington. Ironically, it is the same month when people around the world will be remembering the horror of the atomic bombing of Hiroshima and Nagasaki.

In light of the accuracy and the incredible destructive power of the *USS Ohio's* Trident II missiles, and recognizing the concern and growing opposition of the people of southwestern

British Columbia to the threat the *USS Ohio* brings to that region, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House opposes the deployment of this new generation of nuclear weapons and instructs the Secretary of State for External Affairs to communicate our opposition to the Government of the United States.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL PARKS

RENTS CHARGED TO EMPLOYEES—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the policy of the government appears to be "Don't do as I do, do as I say". The government is capping the wages of its own employees and asking industry to keep prices down. In Banff National Park employees' wages are being capped at 6 per cent. At the same time, accommodation rentals are being increased for employees from 15 per cent to 40 per cent, and perhaps even higher. Continual increases in prices induce inflation and make it necessary for employees to bargain for higher wages in order to make ends meet. Therefore I move, seconded by the hon. member for Calgary East (Mr. Kushner):

That this House urges the government to practise what it preaches and apply the 6 per cent and 5 per cent rule to the increase of all prices under its control, including land and accommodation rentals in Banff, Jasper, and other national parks.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MISS UNIVERSE

CONGRATULATIONS TO CANADIAN TITLIST WINNER—MOTION UNDER S.O. 43

Mr. Jack Burghardt (London West): Madam Speaker, I rise to propose a motion under the provisions of Standing Order 43. Whereas Canada and, in particular, the city of London, Canada, were honoured last night when Karen Diane Baldwin of London was chosen as Miss Universe, the first Canadian to be so recognized, I move, seconded by the hon. member for London-Middlesex (Mr. Bloomfield):

That this House conveys to Miss Baldwin our congratulations and best wishes for a successful year in her capacity as the new Miss Universe.

Madam Speaker: The House may wish to applaud this motion.

Some hon. Members: Hear, hear!

* * *

THE ECONOMY

INTEREST RATE LEVELS—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Government of Canada, through directions to the Bank of Canada, is deliberately forcing interest rates in Canada to be at least 4 per cent higher than interest rates in the American market. For example, bankers' acceptance rates yesterday were exactly 5 per cent higher in Canada than in the United States; Euro-dollar rates were 5 per cent lower than the prime rate in Canada; London interbank rates were over 4 per cent lower than the prime rate in Canada. I therefore move, seconded by the hon. member for Fundy-Royal (Mr. Corbett):

• (1415)

That this House condemns the government for deliberately orchestrating interest rate policies in Canada to the detriment of all Canadians by allowing interest rates in Canada to be 4 or 5 per cent higher than elsewhere, and that this House demands that the government direct the Bank of Canada immediately to cease interfering in money markets in Canada so as to allow interest rates in Canada to fall to those levels enjoyed by Americans.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

MINISTER'S STATEMENT ON FEDERAL EXPENDITURES—GOVERNMENT POLICY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Prime Minister will know that—if I could get the Prime Minister's attention—my question is to the Prime Minister.

Mr. Parent: Me or him?

Mr. Clark: Are you the Prime Minister today?

My question to the Prime Minister is based on the statement made yesterday by the Minister of Employment and Immigration who said that Manitoba's willingness to follow the 6 and 5 per cent federal guidelines would affect decisions on federal spending programs in that province. Does that policy apply to all Canadian provinces?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will have to see exactly what the minister said, but certainly the spirit of what has been quoted is one that would apply to all Canadian provinces.

As the Leader of the Opposition, for today and a little while longer, will remember—

Mr. Epp: That's right; then he will be Prime Minister.

Mr. Trudeau: —quite a while longer, I guess—

Some hon. Members: Oh, oh!

Mr. Epp: No way!

Mr. Trudeau: —will remember, last February I met with the provinces and we attempted to find ways in which we could bring inflation down. I think that the budget which has been endorsed by this House repeatedly is the best way to do it at this stage. We hope the provinces will see that actions along these lines are in the interest of the whole economy.

Mr. Clark: Madam Speaker, I thought the Prime Minister was going to summon his courage and call an election, or perhaps just the three byelections.

Some hon. Members: Hear, hear!

MEDICARE PAYMENTS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, on the basis of the federal government's policy of cutting back federal spending in provinces that do not follow the six and five guidelines, let me direct a question to the Minister of National Health and Welfare.

She will know that the Manitoba government is now negotiating a fee agreement with its physicians which will be in excess of the 6 and 5 per cent guidelines. Does the statement made by the minister yesterday mean that the federal government will refuse or withhold its medicare payments to Manitoba if the fee agreement exceeds 6 and 5 per cent?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, from what I have read in press reports about my colleague's speech, he was discussing a possibility that should be looked into. Provincial negotiations with doctors on health insurance are strictly a provincial matter.

[*English*]

DEPARTMENTAL POLICY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me ask the Minister of National Health and Welfare whether it is the policy of her department to reduce or withhold medicare payments—transfer payments to provinces that engage in settlements in excess of 6 and 5 per cent. Is that the present policy of her department?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, again, instead of offering constructive suggestions to strengthen medicare, the Leader of the Opposition throws red herrings into the debate. I have repeated often, and will tell him once more and send him copies of the details province by province, the exact increase, including health payments, for each of the coming five years, which average 13.4 per cent per year.

• (1420)

Mr. Clark: Madam Speaker, what we have here is a government policy which is followed by the Minister of Employment and Immigration, not known about by the Prime Minister, and not followed by the Minister of National Health and Welfare. Everything is as usual.

[*Translation*]

PAYMENT OF DREE SUBSIDIES

Right Hon. Joe Clark (Leader of the Opposition): I have a supplementary for the Minister responsible for DREE, the Minister of Industry, Trade and Commerce. The minister is aware that since the June 28 budget, the federal government has announced that DREE grants would be awarded to the following manufacturers in the province of Quebec: O. J. Ouellette Inc., Montreal; Alpha-Vico Canada, Farnham; Béton Canfarge, Inc., Sainte-Foy; the Pierre Dionne Company; Siemens Electric Ltd., Pointe Claire; Magotteaux Canada, Cowansville. Will the DREE grants be cancelled if these businesses fail to follow the 6 and 5 per cent guidelines?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we are now preparing guidelines for applying the 6 and 5 per cent policy to grants awarded under government programs, and I do not think the guidelines will apply retroactively. By the way, I would like to thank my hon. colleague for pointing out the good work being done by my department in the province of Quebec.

INQUIRY WHETHER GOVERNMENT INTENDS TO FORCE PROVINCES TO COMPLY WITH ITS OBJECTIVES

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Right Hon. Prime Minister, in order to clarify a point. Not long ago, the Prime Minister of Canada met with his provincial counterparts and invited them to collaborate with the government in trying to resolve a difficult situation of the government's own making.

Today, his colleagues, the Minister of Employment and Immigration and the Minister of Finance, are implying that the provinces will retain their right to receive fiscal transfer payments and grants, provided they abide by the guidelines set up by this government. Since the agreement entered into by the Prime Minister with the provincial first ministers was

concerned only with co-operation, could the Prime Minister at least have the decency to tell the House today whether his government really intends to oblige or force the provinces to respect the federal government's guidelines by threatening to cut off grants if they refuse to do so?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the hon. member is referring to subsidies, under agreements entered into between November and February, for programs mentioned by the Leader of the Opposition in his question to the Minister of National Health and Welfare, the answer is no. Those agreements are final, and as the Minister of National Health and Welfare said earlier, the figures are known. Federal transfer payments to the provinces are going to be increased by 11 and 13 per cent, and we have no intention of reopening those negotiations, nor was this mentioned by the Minister of Employment and Immigration in his speech.

INQUIRY WHETHER PROVINCES WERE INFORMED OF GOVERNMENT'S INTENTION

Hon. Roch La Salle (Joliette): Since my question was in the past tense, the Prime Minister answered me in the past tense. If certain provinces were to enter into agreements with the federal government and were entitled to subsidies, would the terms or the objective set by the federal government today with respect to the 6 and 5 per cent ceiling be considered absolute criteria for determining the amount of the subsidy? If so, why did the Prime Minister of Canada not advise his provincial counterparts of this intention which the federal government is indicating today, instead of keeping it a secret from the provincial first ministers when he met them only a few weeks ago?

Right Hon. P. E. Trudeau (Prime Minister): The hon. member misunderstood my answer.

Mr. La Salle: I understood your answer as far as the future was concerned.

Mr. Trudeau: The hon. member ought to know that the future has been taken care of in an act of Parliament. These transfer payments made under our financing programs have been in effect since the act was passed and will apply over a period of five years. I fail to see why the hon. member and the Leader of the Opposition are trying to confuse the issue. The government has never indicated that it intended to change that legislation. Here, we have an act of Parliament. What the Minister of Employment and Immigration was referring to, and what I myself referred to in the House, or at least at a press conference on Friday, were federal government spending programs aimed at growth sectors that require assistance in the form of taxpayers' money, and it is our view that, as far as possible, this assistance which is paid by the taxpayers should be subject to the 6 and 5 per cent ceiling. There is no question of repealing acts of Parliament as far as transfer payments to the provincial governments are concerned.

• (1425)

INQUIRY WHETHER SIX PER CENT AND FIVE PER CENT RATES WILL BE OBSERVED

Hon. Roch La Salle (Joliette): Madam Speaker, I think the Prime Minister is quite aware of the fact that his fellow ministers are now talking about putting pressure on the provinces and the private sector, using subsidies and present federal programs as a lever. In other words, if they do not agree with the government's objectives, subsidies granted under government programs might be withheld or reduced. Therefore, I would ask the Prime Minister to tell the House clearly whether he has recommended that his ministers impose the 6 and 5 per cent ceiling as a pre-condition, without considering the fact that these industries are often faced with surplus inventory.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member's other questions referred to subsidies for the provinces, and I answered those questions. The hon. member's last question started out with the provinces and ended with industry. I am not sure . . . if he is talking about industry, that is one thing, but if he is talking about the provinces, it is something entirely different. As far as the provinces are concerned, I gave him my answer, the minister gave hers, and the agreements are there in an act of Parliament. As far as the private sector is concerned, the answer is yes. If we are going to spend public funds, we are going to urge the private sector to, go along, as much as possible with—

Mr. La Salle: Urge or oblige?

Mr. Trudeau: If the hon. member would let me finish, then he will get his answer: to abide by the 6 and 5 per cent guidelines.

* * *

[*English*]

FINANCE

CHAIRMAN OF CONTROL PROGRAM PRIVATE SECTOR ADVISORY COMMITTEE

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question is for the Minister of Finance. In the mid-1970s the chief executive officer for Imperial Oil was appointed by the government to chair a committee to advise the government on competition policy. Subsequently the Bertrand report showed that Imperial Oil and its partners were involved in some extremely nefarious competition policies. In fact, they ripped off the Canadian people to the tune of $12 billion. Presently the government has appointed an economic committee of blue ribbon wizards to advise it on how to lead the

country out of its economic wilderness. The chief wizard on the committee is Ian Sinclair.

Mr. Sinclair runs a company that operates directly in conflict to the best economic interests of this country. In this regard I am speaking of CP Ships, which had 40 foreign registered ships, with foreign crews. All the money it earns from that source is being channelled to Bermuda and London, England. Would the minister, under the circumstances, explain how he can accept advice from a group of people whose business practices have so consistently undermined the integrity and strength of the Canadian economy, and would the minister be prepared to replace Mr. Sinclair in favour of someone with a little more concern for the Canadian economy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not accept the member's allegations brought forward in his question. The purpose of the private sector six and five committee is not primarily to advise the government. The purpose of the committee is to encourage the private sector to follow the six and five guidelines in its operations, both with respect to wages and with respect to profit margins.

Ian Sinclair has undertaken the chairmanship of that important committee, and I believe that instead of undermining his role we ought to give him every possible encouragement in the important task that he has undertaken. In so far as I am concerned, I am quite thankful that a man of Ian Sinclair's leadership capacity has responded to the call of the government and has undertaken this important work.

• (1430)

Mr. Skelly: I thank the Minister of Finance for that kind offer. I think we would be prepared to stop undermining him if he would stop undermining us.

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SHIPBUILDING

PLACEMENT OF ORDERS IN JAPAN BY DOME PETROLEUM

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my supplementary question is directed to the Prime Minister. The Prime Minister some time in 1981, made a commitment to consider and respond to the idea of a marine industrial long-term development plan for the country. Dome Petroleum is ordering offshore, as indicated, five LNG carriers which would provide 12.5 million hours of work. In the province of Quebec 1,500 shipbuilding employees will be laid off in February. In British Columbia there is a tremendous number of unemployed individuals. There is a desperate need for some consistent, coherent activity on the part of the entire government to capture these benefits. Would the Prime Minister be prepared to make an announcement in the House about the activities the government would be willing to take to ensure that Dome does not send these 12.5 million hours of work away to Japan when they are so desperately needed in Quebec and in British Columbia?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have already indicated that the normal process is to have a hearing before the National Energy Board. This has not taken place as yet; the government is then called upon to assess the situation and make a decision. We will respect the process provided by the law, and we will respect the law of the land as passed by Parliament.

Mr. Skelly: I guess the Minister of Energy, Mines and Resources has been reading the Prime Minister's mail, so maybe we could ask him to look at his commitment again.

QUERY RESPECTING MARINE INDUSTRIAL STRATEGY

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I guess my final question is much broader than the terms of reference of the Minister of Energy, Mines and Resources. Basically the following companies have chartered foreign vessels to carry Canadian goods. The Norwegians have provided us with a vessel to carry oil into the Arctic for Dome. Also the Norwegians have provided B.C. forest—

Madam Speaker: Order. Really, the hon. member is exaggerating. I would ask him to go directly to his third question and not to repeat the preamble.

Mr. Skelly: On the basis of the broad involvement across many sectors of the resource industry, would the Prime Minister be prepared to provide us with some information as to whether any of these jobs will be available to Canadians through a government statement on a marine industrial strategy?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, despite the opposition of the New Democratic Party, last year we passed a bill called the Canada Oil and Gas Act which had very clear provisions requiring the procurement of Canadian goods and services every time this can be done competitively. In our negotiations with oil and gas companies operating in the Canada lands, we have made it a very clear requirement that every opportunity be given to the use of Canadian goods and services. We intend to follow up on this, and various agreements have already been achieved. We have seen a significant increase in the content of Canadian goods and services. This is something the government has done and Parliament has passed, despite the opposition of the New Democratic Party. I think members of the New Democratic Party should reflect a little upon their hypocrisy on this very issue.

PUBLIC WORKS

EFFECT OF RESTRAINT PROGRAM ON GRANTS TO MISSISSAUGA, ONT.

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the Minister of Public Works. The minister will know that the city of Mississauga receives considerable grants from the federal government in lieu of taxes for Toronto International Airport. Will those grants be reduced if the city of Mississauga does not confine its employees to the 6 and 5 rule, or what is the standard with respect to those grants?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the legislation dealing with grants in lieu of taxes was recently before Parliament, approximately a year ago. Of course there was no reference in that legislation of strings attached to grants. However, the provision of payment of grants in lieu of taxes is at the discretion of the Crown. Certainly there has been no indication to municipalities that that would be the case. On the other hand, the Minister of Finance indicated yesterday that the issue of leverage was one which the government was considering in a general way and on which the government would report to Parliament at a later date.

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INDUSTRIAL AND LABOUR ADJUSTMENT PROGRAM

REQUEST FOR DESIGNATION OF NIAGARA, ONT.

Mr. Joe Reid (St. Catharines): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. The minister knows that the Regional Municipality of Niagara has applied for designation as a designated community geographically under ILAP. The minister indicated in response to my question the other day that he was aware of the concerns of that community and that favourable consideration would likely be given. Will that favourable consideration be conditional upon the implementation of the six and five formula within the region, particularly as it affects local employees?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the decisions on designating a community under ILAP are made by cabinet. As I said to the hon. member's leader earlier in the question period, we are discussing now the exact nature of guidelines with respect to the 6 and 5 per cent program. As soon as final decisions are taken in that regard, we will be announcing them.

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REGIONAL DEVELOPMENT

GRANT FOR PEAT PROCESSING PLANT IN SHIPPEGAN, N.B.

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce as well. As the minister knows, recently Jiffy Products was awarded a DREE grant for the expansion of a peat processing plant in Shippegan, New Brunswick. The incentive grant is for an amount of $1,218,925, a sum which is very badly needed in this depressed and economically floundering section of the province. Will this grant, a grant that is badly needed to boost the economy of the region and to provide employment for 41 people, be withdrawn if the company does not comply with the 6 and 5 per cent guidelines to which the government is holding Canadians ransom? I ask the minister to address himself to the question because the people of northern New Brunswick are suffering drastically from unemployment due to the ineptitude of the government.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I do not accept the premise of the hon. member's question about the reasons for economic difficulties in New Brunswick, but I should like to repeat what I said to his leader. I do not envisage any guidelines for the application of federal government programs of support to business being retroactive. Also I would like to thank him, as I thanked his leader, for confirming the constructive activities in support of the economy in the province of New Brunswick by my department.

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WELFARE

CANADA ASSISTANCE PLAN FUNDING IN MANITOBA

Mr. Girve Fretz (Erie): Madam Speaker, my question is directed to the Minister of National Health and Welfare. As the minister knows, the cost of child care welfare services is shared between federal and provincial governments. If the province of Manitoba decides to increase allowances to foster parents by more than 6 and 5 per cent, will it be in danger of losing its funding under the Canada Assistance Plan?

Hon. Monique Bégin (Minister of National Health and Welfare): No, Madam Speaker.

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THE HANDICAPPED AND THE DISABLED

FEDERAL PAYMENTS TO MANITOBA UNDER REHABILITATION PROGRAM

Mr. Jim Hawkes (Calgary West): Madam Speaker, my question is also directed to the Minister of National Health and Welfare. The Department of National Health and Welfare is in a shared cost program with provinces such as Manitoba for the rehabilitation of disabled persons. The Government of Manitoba has said that it will not go along

with the six and five. Will the federal government's contributory share to that program be reduced or eliminated? Will disabled people in Manitoba suffer because their government will not go along with the 6 and 5?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, these questions give me an opportunity to practise the English language. This is another red herring thrown at disabled people, this time by a member from Alberta who knows full well that under CAP we will reimburse 50 cents on the dollar of all costs of social services and of welfare. These payments will not be reduced because these are not the programs which feed inflation.

* * *

TRADE

REQUEST THAT MINISTER ASSIST IN PROMOTING POTASH SALES

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is directed to the Minister of State for International Trade. It concerns the decline in the export of potash from Canada. I am sure the minister knows that production was down 56 per cent at the end of June this year over last year, that export sales were down 35 per cent, and that more than 1,000 workers have been laid off in the potash mines in Saskatchewan since the election of the Progressive Conservative government in that province in April.

• (1440)

The minister is aware that the previous provincial government has been trying to establish long-term markets for our potash through an export arm of the Potash Corporation of Saskatchewan. This goal has now been abandoned by the present government in Saskatchewan. Can the minister assure the House that he will intervene to ensure that there will be an aggressive sales policy that will find long-term markets for our potash in other parts of the world?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, obviously I do not want to get into a provincial political debate as alleged by the hon. member, but we are concerned with respect to the export of potash throughout the world. As late as last week, when the President of Brazil and several members of his cabinet came to Ottawa, the Prime Minister and several of our cabinet ministers raised the issue of potash sales to Brazil. At one time we had 40 per cent of the market in Brazil. We are now down to 10 per cent.

As well, the hon. member knows that the chairman of the Export Development Board is the president of Canpotex which is the export arm of the potash industry. He was invited to attend meetings with the Brazilian businessmen as well as with several Brazilian cabinet ministers.

RAILWAYS

POTASH FREIGHT RATES

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my supplementary question is to the Minister of Transport. I am sure that the minister is also aware of the tremendous decline in potash production in the last few months in Saskatchewan where over a thousand people have been laid off. In order to attempt to stimulate the industry, can the minister assure us that any freight rate increase for potash in the next couple of years will be within the guidelines of 6 per cent and 5 per cent? I ask this because we need that stimulus for the industry.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, that obviously will be the objective of the government, to maintain these rates at the increase indicated in the budget of June 28.

* * *

EMPLOYMENT

EFFECT OF CONTROL GUIDELINES ON TRAINING PROGRAMS

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is directed to the Minister of Employment and Immigration. His department purchases training from a number of community colleges across the country, such as Thebatcha College in my constituency. Does the government's new policy enunciated by the minister, and confirmed this afternoon by the Prime Minister, mean that the government will reduce or withdraw funding with respect to those institutions which raise either tuition fees or instructors' salaries by more than the 6 and 5 per cent guidelines?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am very pleased that the hon. member finally got around to asking a question as to what was actually said so that we can totally dispel the kind of stories put forward by the Leader of the Opposition and some of his colleagues.

We are simply trying to point out that it is very important at this time for all Canadians, provinces, municipalities and the private sector, to join in the objective and attempts to try to restrain the costs and prices of all goods and services within the 6 per cent and 5 per cent guidelines. As a federal government it is very important that in any discussions we have with any of those different sectors we remind them of how important it is to return the economy to health by establishing those objectives. We will be using the opportunities presented to us to hold those discussions and to have that kind of persuasive reminder which it seems only the members of the opposition have forgotten.

PETRO-CANADA

APPLICATION OF CONTROL PROGRAM TO RATES AND CHARGES

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. I would like to know what leverage the Minister of Energy, Mines and Resources is going to exert on Petro-Canada? I understand that under the bill employees of Petro-Canada will be covered by the six and five formula. Are rates and charges of Petro-Canada for its products going to be under the six and five formula?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, Petro-Canada will be in the same situation as any other oil and gas company.

Mr. Clark: What is that?

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INDIAN AFFAIRS

APPLICATION OF CONTROL PROGRAM TO CHIEFS AND BANDS

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. All Indian bands receive transfer payments from the government through his department. If chiefs and councils feel that their salaries, or salaries of their employees cannot be met by the six and five formula, will the minister use his leverage by reducing grants or the transfers to these bands, to determine that they will in fact follow the program?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I think there is precious little fear that the Indian chiefs and bands cannot abide by these guidelines.

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AGRICULTURE

APPLICATION OF CONTROL PROGRAM TO MARKETING AGENCIES

Hon. John C. Wise (Elgin): Madam Speaker, my question is directed to the Minister of Agriculture. I am seeking information and clarification with respect to the application of the 5 per cent and 6 per cent world, particularly as it applies to the three national boards under the supervision of the National Farm Products Marketing Council and the dairy farmers of Canada under the Canadian Dairy Commission. Has the minister sought the approval of the provinces with reference to the application and, if not, why not?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows that the price setting ability in the Dairy Commission is under federal jurisdiction and is under discussion at the present time. Their request for assistance for the next year, according to their programming, does not amount to 6 per cent. The formula is being worked on at the present time and we hope it will be announced on August 7. In the production of eggs, eggs were minus four last year. Therefore we are not that concerned about the price setting ability for eggs. For poultry products such as broilers and turkeys, they are under provincial jurisdiction as far as price setting authority is concerned. We have no authority for price fixing there. Each province runs that on its own.

I understand there has been some discussion between the national organizations on how they will work it out. An agreement should be forthcoming very soon, but again I am sure the hon. member knows that even those provincial boards, in the province he and I both come from, signed contracts earlier this year, the vast majority of them at around a 5 per cent increase. If everybody else follows that leadership we have nothing to worry about.

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PENITENTIARIES

ARCHAMBAULT INSTITUTION—REQUEST FOR EXPLANATION OF RIOT

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Solicitor General. Six weeks ago, on June 9, as reported in *Hansard*, at page 18278, the Solicitor General said:

—I can assure the House that the Correctional Service of Canada is taking all the steps that are appropriate to assure good order in our institutions.

Thirty six hours ago we had a major tragedy at Archambault. In light of the minister's statement in the House six weeks ago, why, in a maximum security institution, were there 200 hardened criminals in the work area, or the recreation area, at one time? Why did they have knives and poison and, according to press reports, molotov cocktails? In view of his statement in the House, what extra precautions did the correctional service in fact take in order to ensure a quiet summer?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, these very tragic developments have been constantly watched by me since they occurred the day before yesterday. I have had a series of reports on matters.

As the hon. member knows, there is an inquiry under way now. I expect to have the results of the inquiry by the inspector general within two weeks. As well, there is an investigation by la Sûreté du Québec, and I understand there will also be an investigation by the local coroner.

In view of that fact I do not think it would be proper or appropriate for me to start giving explanations of why the event took place. I understand, as has been indicated by the spokesman at the institution, that it seemed to have begun with an escape attempt that was botched up. We have no evidence at all to suggest there were festering grievances behind it or anything beyond that. I would like the opportunity to have this

investigation completed, to get its results, and then be able to answer questions in the House of the sort the hon. member just asked.

MINISTER'S POSITION

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my supplementary question is directed to the Prime Minister. All previous reports done on the correctional service have had total secrecy. I would like to ask the assurance of the Prime Minister that this will be an open investigation and, more pertinently to the Prime Minister, rather than to the Solicitor General, since the present Solicitor General has had this office in the two years there has been a multimillion dollar riot in Matsqui, prison staff saying that they cannot have confidence in the warden; there has been a major breakout in Edmonton, as well as the entire Olson debacle. Now we have had a major tragedy at Archambault. Why is this man still the Solicitor General?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, in so far as the matter raised—

Some hon. Members: Why?

Mr. Kaplan: —is concerned, I indicated when I appeared before the justice committee that there had been some substantial improvements in the level of order in the institutions. I tabled statistics, which I am prepared to share again with the hon. member, that show that in the last two years there has been a substantial decline in major incidents in the institutions.

Although tragic events occur and human behaviour is not completely predictable, and we are dealing with the most violent, dangerous people in the country, who are incarcerated in these institutions, I think we can show that the Correctional Service of Canada has functioned very well under the circumstances.

• (1450)

I can also remind the hon. member that, throughout the incidents he has described, there has been a high level of concern and security for the surrounding community. For example, in the tragedy which occurred the day before yesterday, at no time was there any danger to the community surrounding the institution. Considering the stress, and the tragedy that was occurring within the walls, a considerable amount of credit can be given to the officers in the Correctional Service of Canada who valiantly performed during the incident.

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INDIAN AFFAIRS

PROVISION OF FUNDS FOR CONNE RIVER INDIANS IN NEWFOUNDLAND

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. This past spring the minister made commitments both to the Conne River Indian people and also to the Standing Committee on Indian Affairs and Northern Development. He said that if negotiations with the Government of Newfoundland broke down, he would not have much choice but to get money to the Conne River Indian people directly. Negotiations have broken down, the Conne River people are completely without funding, and the minister appears to have welched on his commitment. Could he tell the House what he will do to back up his commitment and to see that the Conne River people get the funds intended for them?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Well, yes, Madam Speaker, but I am sure it is not the hon. member's intention to leave a false impression. The fact, as I hope the hon. member knows, is that the Indians at Conne River are receiving social assistance payments where this is required, the children are receiving an education and so on from the province, which is affording them the same social service benefits and infrastructure as people in the rest of the province. But with respect to our obligations under the agreement, the province has refused to flow the money or do whatever is necessary to trigger our obligations to the Indians of Conne River. To assist with respect to that aspect, I am quite prepared and do intend to meet with the appropriate minister of the Newfoundland government very soon.

Mr. Manly: More than simply meeting with the appropriate minister is required, Madam Speaker.

REGISTRATION UNDER INDIAN ACT

Mr. Jim Manly (Cowichan-Malahat-The Islands): Justice officials have said that funds cannot be given directly because the Conne River people have never been officially registered as Indians. When will the minister act to give these people their due and register them under the Indian Act? Although the government is not afraid of Newfoundland when it comes to jurisdiction over offshore oil, why does it back down on a question of fundamental human rights for the Indian people?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I have been prepared, as I explained in committee, to be sensitive to the concerns of the provincial government, not because of any fear of the provincial government—quite the contrary—but more on the basis that its assistance is required because it, too, has historically supplied funds in the millions of dollars for the social and economic welfare of the Indian people of Newfoundland. Before I take actions which are against the wishes of that government, I must be careful, because it has indicated that I should seriously consider, as Minister of Indian Affairs and Northern Development, one of the alternatives; that is, if I take certain actions of which it does not approve, the province will withdraw all funding to the Indian people. That may be something that the hon. member would like to avoid. I know I would.

EXTERNAL AFFAIRS

REQUEST THAT GOVERNMENT WIDEN CONTACTS WITH PALESTINE LIBERATION ORGANIZATION

Mr. Ian Watson (Châteauguay): Madam Speaker, my question is directed to the Prime Minister. In light of Mr. Arafat's signed statement Sunday, accepting all U.N. resolutions relating to the Palestinian question, will the Prime Minister now undertake to move toward implementing the recommendations of the 1979 Stanfield report respecting the Middle East, which urged the broadening of contacts with the PLO?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would certainly want to support the Secretary of State for External Affairs when he cautiously saw this alleged statement by Mr. Arafat as an interesting development. At this stage I think we are trying to ascertain what was actually said, and its significance. But I think it would be a very important step forward if the PLO were to recognize the right of the State of Israel to exist, because we think that would be an important step forward in recognition of a homeland for the Palestinian people, which is a position that this government supports.

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FISHERIES

WEST COAST HALIBUT QUOTAS

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans. The minister will perhaps remember receiving a letter from me last week concerning potential halibut quotas on the west coast. Can the minister tell us whether the report which has been drafted for him by the advisory group on the west coast with respect to halibut quotas has reached his desk? Can the minister tell this House what those halibut quotas will be and when they will go into effect?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I was advised this morning that the report was on the way, and it will obviously be the subject of discussion by the advisory council. At that time I will be able to answer the hon. member's question. I regret that I have not seen his letter.

Mr. Fraser: I thank the minister for his courtesy.

REQUEST THAT FISHERMEN BE CONSULTED

Hon. John A. Fraser (Vancouver South): The minister will know, when he checks with his officials, that I have received at least 108 letters from fishermen in the halibut sector on the west coast, complaining very bitterly about the proposed halibut quota. Can the minister tell us whether these people and others who would join with them in these complaints will have a chance to register their concerns with the minister before any final decision is made?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I would presume that these fishermen are represented by their organization at the council. The difficulty in this case is in determining whether there is enough halibut to go beyond those fishermen who are mainly dependent on halibut and whether it can be shared more widely with fishermen with other types of gear who have access to salmon, herring and other species. That is a debate which will be going on for some time, and we will try to come up with the best solution.

* * *

NATIONAL ENERGY PROGRAM

TAX ON PROCESSED ETHANE—EFFECT ON PETROCHEMICAL INDUSTRY

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. As the minister knows, Canada's petrochemical industry is in a severe slump. In the province of Alberta alone, some 12 petrochemical plants have either been cancelled or delayed indefinitely. One of the main reasons is the fact that under the National Energy Program, ethane, which is the basic raw product used in the petrochemical industry, is taxed when it is processed for export purposes but, while in its raw form, it is not. This creates an anomaly that militates against the further processing of this raw product.

Representations have been made to the members of cabinet, including the minister himself, by the minister of economic development of the province of Alberta, specifically on April 16. The minister of economic development in the province of Alberta warned the Minister of Energy, Mines and Resources that this tax treatment could inflict permanent damage upon the petrochemical industry in Alberta and, indeed, in the rest of Canada. Is the minister actively reviewing this tax treatment, and what response has he given to the minister of economic development of the province of Alberta?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I already answered the economic development minister of Alberta on this subject when I told him that a task force headed by the Department of Regional Industrial Expansion has been set up to review the situation involving the petrochemical industry. But I want to point out to the hon. member that the tax in question has a very minimal impact indeed on the petrochemical industry. The fact is that the petrochemical industry throughout the whole world is going through very difficult times at present.

The hon. member knows, for instance, that in Japan a very large part of the petrochemical industry closed down, that in the United States the petrochemical industry is going through very difficult times, and that the same thing is happening in Europe. So the problem is related to a situation of declining demand for petrochemical products throughout the whole world, due to the recession. The fact that Canada has an exchange rate advantage is helping our industry to compete in

the international markets. However, the tax in question is indeed a very marginal factor in the whole problem. The problem is much wider than the hon. member has indicated.

• (1500)

REQUEST THAT GOVERNMENT ACT TO REVITALIZE INDUSTRY

Hon. Don Mazankowski (Vegreville): Madam Speaker, since the minister believes that the tax treatment under the National Energy Program does not have a major impact, what is he prepared to do to revitalize the petrochemical industry in order to fulfil the commitment he made in October, 1980, under the National Energy Program, when he said that he would be concentrating on the future growth of the petrochemical industry in western Canada, principally in Alberta? He said he hoped this would begin a new era of western diversity. Surely it is because of the National Energy Program that in large part the petrochemical industry is in danger. What is the minister proposing to do to revitalize that very important sector and thereby create jobs for Canadians?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am afraid that once again my hon. friend has not understood my first answer. There is no National Energy Program in the United States, Japan or Europe, and their petrochemical industry is going through extreme difficulties at the present time, in fact difficulties that are more severe than those being encountered at the present time by the Canadian industry. As I indicated, there is a task force set up under the Department of Regional Industrial Expansion which, at the present time, is examining the whole situation of the petrochemical industry.

Our interest is to have a very bright, vibrant and dynamic petrochemical industry in this country. However, as long as the world is going through the recession that we are going through, there is no point in trying to sell products to people who do not buy. The demand for petrochemicals is down all over the world. What we have to fight for and support are the types of measures that the government has announced to get the Canadian economy on the road to recovery. We hope other economies of the world will follow the same steps.

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

APPOINTMENT OF DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE HOUSE

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I propose, seconded by the President of the Privy Council (Mr. Pinard):

That Rod Blaker, Esquire, member for the electoral district of Lachine, be Deputy Chairman of Committees of the Whole House.

Some hon. Members: Hear, hear!

Motion agreed to.

[*Translation*]

APPOINTMENT OF ASSISTANT DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE HOUSE

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I move, still seconded by the President of the Privy Council (Mr. Pinard):

That Eymard Corbin, Esquire, member for the electoral district of Madawaska-Victoria, be appointed Assistant Deputy Chairman of Committees of the Whole.

Motion agreed to.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,041, 4,193, 4,201, 4,255, 4,344, 4,349 and 4,364.

[*Text*]

ACTION BY GOVERNMENT ON REGULATORY REPORTS

Question No. 4,041—**Mr. Beatty:**

1. What action (a) was taken (b) is currently planned by the government on each recommendation of the (i) second report of the second session of the 30th Parliament from the Standing Joint Committee on Regulations and Other Statutory Instruments (ii) fourth report of the first session of the 32nd Parliament from the Standing Joint Committee on Regulations and Other Statutory Instruments (iii) report of the task force on Regulatory Reform (iv) reports of the regulation reference of the Economic Council of Canada?

2. For each recommendation on which action was not taken and is not currently contemplated, what is the reason for the government's inaction?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): The following indicates where action is either being taken or is planned by the government with respect to the recommendations of the following reports:

(i) Second report of the second session of the Thirtieth Parliament from the Standing Joint Committee on Regulations and other Statutory Instruments;

(ii) Fourth report of the first session of the Thirty-second Parliament from the Standing Joint Committee on Regulations and other Statutory Instruments;

(iii) Report of the Special Committee on Regulatory Reform;

(iv) Interim report of the Economic Council of Canada, Responsible Regulation November, 1979; and

(v) Final report of the Economic Council of Canada, Reforming Regulation 1981.

If action on a matter that was the subject of a recommendation has not been taken and is not currently planned, an explanation is provided.

Most of the recommendations in the reports noted above deal with matters falling within the general area of regulatory reform. As the House has been advised on other occasions, in October, 1980, the government endorsed an initial 18-month work program for regulatory reform which was comprised of 12 projects, each with clearly defined objectives. The government's intention, recognizing that not everything could be achieved or even attempted at one time, was to focus its energies on pursuing a selection of possible reforms that seemed to be both beneficial and achievable within an initial, limited time. The government will review the results and prospects of the program. Recommendations not dealt with in the initial regulatory reform work program will be reviewed again in the course of developing proposals for the next phase of the government's regulatory reform efforts.

With respect to those recommendations of the above named reports dealing with the matter of improved consultation on regulatory matters with the private sector, one of the projects of the current regulatory reform program has as its objective improved private sector consultation. The Office of the Co-ordinator, Regulatory Reform has been working with major regulatory departments to examine existing consultative procedures and techniques to improve the consultative procedures and techniques of federal regulatory departments.

With respect to recommendations on the matter of advance notice of new regulatory initiatives, we are currently assessing the feasibility of implementing regulatory agendas or a consolidated regulatory calendar.

With respect to those recommendations dealing with prepublication of draft regulations and notice and comment procedures, such prepublication, with opportunity for comment by affected interests, is encouraged under the government's regulatory reform program. Prepublication requirements for regulations are increasingly being incorporated in new regulatory statutes. In addition, Chapter 490 of the Administrative Policy Manual, which sets out requirements regarding socio-economic impact analysis of major regulations in the health, safety and fairness area requires prepublication of draft major regulations together with a summary of the analysis that has been prepared. A recent decision of the Treasury Board, incorporated in a new policy directive regarding compliance by federal departments with the GATT agreement on technical barriers to trade, requires that federal regulations incorporating technical specifications (e.g., standards) be subjected to a notice and comment procedure which includes prepublication.

With respect to recommendations dealing with improved *ex ante* analysis of new regulatory initiatives, we are assessing the feasibility of implementing an RIA (regulatory impact analysis) requirement for new federal regulatory initiatives. The essential objective in this area is to improve the information on the impact of regulatory initiatives that is being provided to decision makers. Work on proposals for an RIA system is continuing under the direction of the Office of the Co-ordinator, Regulatory Reform.

Regarding those recommendations dealing with the matter of parliamentary reform, and particularly parliamentary involvement in the regulatory process to ensure greater accountability for regulatory activities, the position of the government has not changed. The President of the Privy Council has advised the House on past occasions of his intent to initiate the process of examining possible reforms, and specifically those that were the subject of recommendations in the above-noted reports.

We have examined the recommendations dealing with reliance on the consensus process for developing technical specifications and referencing of external standards in legislation. We are actively promoting reliance on the consensus process as well as reliance on the technique of incorporation by reference. A recent decision by Treasury Board, incorporated in a new chapter of the Administrative Policy Manual, encourages federal regulatory departments and agencies subject to the directive to follow these practices.

Those recommendations dealing with accountability and control of, and appointments to regulatory agencies, including questions of the use of government policy directives and cabinet review of agency decisions are the subject of a major project of the current regulatory reform program. A special review group on regulatory reform of Crown agencies, based in the Privy Council Office, has recently completed an assessment of these and other recommendations regarding federal regulatory agencies. The findings of the review group are now being considered.

Support for public interest groups, including the question of provision of core funding, project specific funding, and cost awards by regulatory departments and agencies is also being examined within the regulatory reform program. An inter-departmental task force, headed by the Secretary of State, is examining the role of voluntary organizations and their relationship to the federal government. Issues relevant to interest group support in connection with the federal regulatory process will be covered in the report.

With respect to those recommendations dealing with the matter of reduction of paper burden and records retention provisions, one of the projects of the current regulatory reform program has as its objective implementation of a cabinet decision to standardize and reduce requirements in federal legislation (statutes and regulations) which impose obligations on the private sector to retain records. Work on this project is well advanced. A bill to amend the records retention provisions of seven statutes is nearly completed and should be available for consideration by Parliament in the very near future. Federal departments are also preparing amendments to some 50 regulations for the purpose of further adjusting records retention requirements. Cost savings to the private sector from these changes have been conservatively estimated at $100 million per year.

With respect to those recommendations dealing with *ex post* evaluation, several projects of the current regulatory reform program are aimed at ensuring *ex post* evaluation of federal regulatory activities. Government departments have now completed a legislative review in order to identify obsolete and unnecessary statutes. It is my intention to introduce in the House in the near future a bill that will provide for the repeal of 125 obsolete statutes identified through this process. In addition, major federal regulatory departments are now engaged in or have completed an initial review of their regulations in order to weed out obsolete, contradictory, unenforceable or duplicative provisions. This work should be completed prior to the termination of the current regulatory reform program.

The Office of the Comptroller General of Canada has been working with major regulating departments to review departmental program evaluation plans prepared in accordance with the requirements of the government's program evaluation policy. The purpose of this review is to ensure that the plans for the 1982-83 fiscal year comprehensively cover the regulatory activities of each department. The Office of the Comptroller General is reviewing its program evaluation guide and methodology for program evaluation to determine if adjustments should be made to facilitate evaluation of regulatory programs in accordance with the existing Treasury Board policy directive which requires periodic, systematic evaluation of all government activities.

With respect to those recommendations dealing with the matter of improved "service to the public", the federal task force on service to the public is continuing its work on implementing a program of initiatives in this area.

With respect to those recommendations of the Standing Joint Committee on Regulations and other Statutory Instruments not dealt with above, the Department of Justice is initiating a review of these recommendations as part of a general review of the law and legal policy relating to the use of statutory instruments and delegated legislative authority.

With respect to those recommendations concerning federal economic, social, and common property regulation, these recommendations are being assessed by the Office of the Co-ordinator, Regulatory Reform and by relevant departments and ministries with a view to potential adjustments to current regulatory arrangements.

With respect to all other recommendations of the above named reports, each recommendation will be re-examined in the course of developing new proposals for continued federal efforts in the area of regulatory reform after the termination of the current reform program in June, 1982.

LOANS TO CNR EMPLOYEES

Question No. 4,193—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of Canadian National Railways or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: (a) to (e) With the exception of special circumstances related solely to company initiated relocation, Canadian National and its subsidiaries do not provide loans to any officers or employees.

Assistance, by means of specific housing loans, has been granted for the acquisition or construction of housing units to meet employees' needs in remote locations where little or no housing was available (e.g. transfers to Northwest Territories and the Yukon) or in situations where employees were being relocated along with the transfer of their work. About 180 such loans aggregating about $3.5 million were made during the relevant period; less than half of those loans will be outstanding by the end of 1982.

Other specific information requested is considered proprietary and of a personal nature.

LOANS TO NAC EMPLOYEES

Question No. 4,201—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of the National Arts Centre Corporation or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Arts Centre Corporation as follows: The National Arts Centre Corporation does not loan money to its employees. However, since March, 1980 it has loaned money, totalling $50,650, to musicians of the NAC orchestra engaged on full-time contracts. Repayment of amounts loaned is effected by deductions from regular fee payments at interest rates consistent with prevailing money market conditions.

The purpose in making such loans is to enable musicians to upgrade the quality of their instruments, which they are required to provide, for the mutual advantage of both the musician and orchestra. Title to instrument purchased in this manner is vested with the corporation until complete retirement of indebtedness.

Other specific information requested is considered proprietary and of a personal nature.

FITNESS AND AMATEUR SPORT—CODE OF CONDUCT

Question No. 4,255—**Mr. Crosby:**

1. Does Fitness and Amateur Sport have written rules or regulations governing the conduct or standards of behavior for its employees and, if so, are they embodied in a code of conduct or other specific document and is the code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Hon. Gerald Regan (Secretary of State): 1. New employees are informed of the existence of the standards of conduct, discipline, which are contained in a chapter of the Personnel Manual which is available to the public upon request.

2. The list below indicates cases of disciplinary action from April, 1977 to March, 1982. To be consistent with the provisions of the Canadian Human Rights Act we are not providing names.

Discipline Cases

April 1977 to March 1982

Year	Month	Date	Suspension	Letter of Reprimand	Discharge
1980	March	24			
		25			
		26			
		27			
		28	4½ days	X	
1980	November	7			
		10			
		11			
		12			
		13	5 days	X	

COMMITTEE ON TAXATION OF NORTHERN BENEFITS

Question No. 4,344—**Mr. Nickerson:**

Was an interdepartmental committee established under the lead of the Department of Indian Affairs and Northern Development to study the questions of northern taxation and the isolated posts benefits and allowances remission order and, if so (a) what are the names, titles and departmental affiliations of the members of the committee (b) did the committee ever meet?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): (a) Please see below.

(b) The Interdepartmental Committee on Taxation of Northern Benefits held formal meetings on December 11, 1981, January 5, 1982, March 22, 1982 and April 29, 1982. Between the second, third and fourth meetings, there were a number of informal meetings on the topic of the taxation of northern benefits involving, for the most part, committee officials from the Departments of Indian Affairs and Northern Development and Energy, Mines and Resources. On May 4, 1982, a meeting of assistant deputy ministers from the departments represented on the committee was held to review and evaluate the work of the committee, which subsequently met again on May 26.

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ON-THE-JOB TRAINING PROGRAM

Question No. 4,349—**Mr. Parker:**

1. What was the total number of men trained on CPR under the on-the-job training program for engineers since December, 1980 and how many were trained at (a) Vancouver (b) Revelstoke (c) Calgary (d) Medicine Hat (e) Moose Jaw (f) Saskatoon (g) Winnipeg?

2. What was the total cost of the manpower program and what was the breakdown per engineer?

3. What formula is used for cost sharing?

4. (a) What was the total cost per trained engineer for training undertaken for CNR Gimli, Manitoba (b) how many graduates and how many failures were there?

5. Does CNR receive assistance under manpower and, if so, in what amount?

6. Has RTC initiated studies as to the effectiveness of CNR and CPR programs and, if so, are the studies available?

7. Has CNR and CPR made use of Manpower policies for training carmen and, if so, in what manner?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Canada Employment and Immigration Commission/Department, the management of the Canadian National Railways and the Canadian Transport Commission as follows: The information requested is available on a fiscal year basis. The data given are for the period from April 1, 1980 to December 31, 1981.

1. The total number of trainees, under industrial training contracts entered into with the CPR for the training of engineers, was 68. All of the training was in Ontario.

2. The total cost to Canada for this training was $221,357. The average cost per engineer trained was $3,255.25.

3. The formula used to calculate the costs to Canada are percentage reimbursements of wage costs incurred by the employer, CPR, during the training period. The applicable percentage for the above-mentioned training is 40 per cent.

4. (a) $8,474.69. (b) To date, 2,622 have graduated and 91 failed.

5. CNR did not receive any assistance in the training of engineers but it has received assistance under the Canada manpower training program in other occupations, with a total cost to Canada of $95,195.

6. No.

7. Neither CNR nor CPR has utilized the manpower program in the training of carmen since April, 1980.

REORGANIZATION OF DEPARTMENTS

Question No. 4,364—**Mr. Mazankowski:**

Since the announcement of the reorganization of the Department of External Affairs, the Department of Industry, Trade and Commerce, and the Department of Regional Economic Expansion, how many (a) senior managers (b) other staff in each department have (i) resigned (ii) taken early retirement (iii) been transferred to a government position outside of the three departments?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of External Affairs, Industry, Trade and Commerce and Regional Economic Expansion as follows:

	(i) Resigned	(ii) Early Retirement	(iii) Transferred to Other Departments
(a) Senior Management			
External Affairs	None	None	None
Industry, Trade & Commerce	1	1	3
Regional Economic Expansion	None	None	1
(b) All Other Staff			
External Affairs	15	2	21
Industry, Trade & Commerce	37	4	18
Regional Economic Expansion	44	3	31

These personnel changes reflect the normal day to day employee decision to improve or cease his or her career in the public service.

[*English*]

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

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

[*English*]

Mr. Taylor: Madam Speaker, I wonder whether the Parliamentary Secretary to the President of the Privy Council has had any success in finding out why question No. 2,329 is not being answered.

Mr. Smith: Madam Speaker, I am currently looking into that matter on behalf of the hon. member, and I am very pleased to do so.

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

UREA FORMALDEHYDE INSULATION ACT

PROVISION OF ASSISTANCE TO HOME OWNERS

The House resumed from Wednesday, June 23, 1982, consideration of the motion of Mr. Ouellet that Bill C-109, to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation, be read the second time and, pursuant to House Order (p. 19701), referred to a Committee of the Whole.

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I am pleased to rise briefly this afternoon to comment on Bill C-109, remedial legislation for victims of urea formaldehyde foam insulation. I realize that we are presently at second reading stage where we discuss the bill in principle. I plan to do just that, recognizing that we are all anxious to get this bill into Committee of the Whole where we can go through it clause by clause and raise many of the concerns that we on this side have regarding Bill C-109.

When the bill was first introduced on December 23, 1981 the minister responsible indicated that the government was prepared to set aside $110 million to provide remedial relief to those households suffering with the problems of urea formaldehyde foam insulation. It became clear immediately that the program was hopelessly inadequate. Considering the extent of the problems associated with this type of insulation, at best the program announced by the minister responsible is a band-aid for a very serious wound.

It is important that we see this bill as simply the first step in a very long march toward improving the situation for thousands of Canadians who, through no fault of their own, have found themselves in a situation that is bound to cost them many thousands of dollars and in some instances tens of thousands of dollars.

It is important that as Members of Parliament we do not consider Bill C-109 to be the final step in resolving this problem. It should not be considered the final offer. It is not a *fait accompli*. Bill C-109 is simply the beginning of a process by which the Government of Canada will make an effort to rectify a situation that has caused anguish to many Canadians.

I want to take a few moments this afternoon to relate to the House an example of how the plight associated with urea formaldehyde foam insulation has caused so much anguish to one of my constituents. The story begins in the city of Vancouver, British Columbia. A woman nearing her retirement had saved to improve her home. The woman had been widowed a number of years earlier. She had worked for many, many years and had saved her money. She placed her money in a fund which would eventually result in an improvement to her modest home in the city of Vancouver.

• (1510)

In the months approaching her retirement she decided to take money out of her bank account and improve the roofing on her modest home, replace the siding with aluminum siding, rewire the whole house, improve the plumbing and lay a new asphalt floor in the carport. I could go on and on, but the point I am trying to make is that here was a single woman about to retire placing all her life's savings into improving her home. She had lived in the home for many, many years, and that was where she planned to spend the remaining part of her life.

It was a comfortable home in the city of Vancouver. In her efforts to improve her home she decided to take advantage of a program the government introduced and to insulate her home thoroughly so that it would be cool in the summertime and snug and warm in the winter. She asked a contractor to instal urea formaldehyde to improve her home.

Needless to say, that was the beginning of the end. No sooner had the foam insulation been installed than she noticed symptoms of ill health. She found she could not breathe properly. Her throat and lungs were irritated. Her eyes began to weep after a short period of time in her home. Within a matter of days she could not stand being inside her modest home and had to move out into the carport. Luckily, it was a Vancouver summer; it was mild. She was able to set up temporary tent-like lodging; I suppose I can call it that. She went into her home to cook and so forth, but she could stay only 15 minutes before she would have to leave again.

Naturally, she went to her physician and inquired about her condition. When the physician found out that urea formaldehyde was the type of insulation she had installed in her home, he very quickly did the appropriate tests and found that this woman was suffering from severe illness directly associated with the urea formaldehyde insulation. The physician said that the only alternative was to remove the urea formaldehyde or move out of the home.

To remove foam insulation requires the expenditure of thousands and thousands of dollars. I suppose for some Canadians that would not cause a serious problem, but for others it creates a hurdle they simply cannot overcome. The woman to whom I have been referring had retired, but she was asked to spend $15,000 to $20,000 to remove the noxious urea formaldehyde foam insulation from her home. She was unable to do so. I believe it was her solicitor who advised her to place her home on the market, sell it, get what money she could out of the home and buy something else or move into an apartment, condominium or town house. This was a very difficult thing for this person to do. This elderly woman had lived in her home for nearly 20 years with her husband and then as a widow. After spending thousands of dollars of her savings to improve the home she was asked to sell it and move into an apartment.

That was very difficult for her to do, but she had no alternative. She placed her home on the market. Needless to say, as soon as prospective home buyers found out that the home was insulated with urea formaldehyde foam, they quickly walked away. They were not interested in purchasing a home with that insulation. By that time it had become extremely infamous because of its problematic nature.

After many, many weeks of attempting to sell her home and living in a carport or boarding with friends who would take her in, an individual came along and said he would be prepared to buy the home simply for the lot and that he would give her a certain number of dollars which would compensate her for the value of the lot. As far as her home was concerned, it would simply have to be bulldozed off the landscape. Can hon. members imagine how that woman must have felt at that point? She had no alternative, so she sold the lot and stood by and watched the new owner of that propery bulldoze her very nice home down and haul it away to the sanitary land fill. I do not suppose one can begin to appreciate the agony and sorrow which would have been attached by that woman to that scene.

However, that was not the worst of it. By that time this woman had spent a considerable period of time with her legal advisers who were, during the process, charging her for their services and for their advice. When she received the money for the lot, she had to pay her solicitors. By the time she paid for the advice given to her and for the lobbying of the federal government which was undertaken, she walked away from what was one of the nicest modest homes in Vancouver. She walked away with her suitcases, her personal belongings and a handful of dollars in her purse. Her entire life's savings had simply been devastated. She had no home, she had nothing, and the interesting part of this, for our purposes here today, is that this was through no fault of her own. She was a totally innocent bystander to this whole process. She now happens to be living in my constituency of Kamloops-Shuswap in a mobile home on which she must pay rental charges based on the income of a senior citizen.

I must say that the Minister of Consumer and Corporate Affairs (Mr. Ouellet) was sympathetic enough to ask me to write the details of this case down and to provide them to him for his consideration. I have done that, and for the minister's consideration I am very appreciative. I expect the example I have used is not a typical example, but I used it to indicate the human tragedy which has been associated with this disastrous urea formaldehyde foam insulation.

This woman came to me and said, "Mr. Riis, what will the government do to assist?" Because this bill was then before the committee, I suggested she might expect $5,000 in compensation. She said, "I have lost tens of thousands, perhaps $150,000, and is all the government going to give me $5,000?"

I said, "Yes, that is the way it looks." She told me that was inappropriate, unfair and unjust. I had to agree that it was for a woman who had lost her entire life's savings and seen her home bulldozed down before her eyes because it was insulated with urea formaldehyde foam insulation. She could not understand why the government would be so coldhearted and callous and would not have more compassion for people such as her.

I understand that this bill would provide a maximum of $5,000 to an individual after the individual has had the foam insulation removed and presented a certificate to the authorities. I hope the minister will respond to this later this afternoon because, if that is the case, that assumes that people have $5,000 to expend. I should not say $5,000; I suppose it will be $10,000, $15,000, $20,000 or more, and once people have expended those thousands of dollars, the government will see fit to reimburse them with $5,000 maximum. There are many, many Canadians who could not even begin to think about expending $10,000 or $15,000 to remove this foam insulation from their homes. I do not know what the figure would be, but if there are 80,000 people likely to apply, I suspect we are talking about 75,000 people who simply could not begin to consider borrowing an additional $15,000 to $20,000 to improve their homes, especially when nearly two million people are in a state of enforced idleness as a result of unemployment in our country. Many more are operating very close to the limit of their moderate incomes. There are people on fixed incomes and many others who during these difficult economic times are, at best, making a poor living.

• (1520)

As responsible Members of Parliament we have to ask ourselves if it is reasonable to expect Canadians to spend $15,000, $20,000 or $30,000 of their savings to clear up this insulation problem and then look to the government for a $5,000 reimbursement. This has happened to people through no fault of their own; and as a matter of fact, they were given the impression that it was quite a legitimate activity. The government indicated that it was the kind of insulation it wanted people to instal and that it was prepared to support the process through CHIP grants and so on. The offer of a maximum payment of $5,000 as provided in Bill C-109 is not a fair proposition at all.

We also have to address the long-term health problems. I do not suppose there is any member who has not spent time with constituents who have had urea formaldehyde foam insulation installed in their homes. We are all quite aware of the health problems associated with the insulation. As responsible Members of Parliament we have an obligation to see that adequate provisions are included in Bill C-109 for a follow-up on the health of the people involved, particularly those on modest incomes. Perhaps the minister will give his reaction when he has an opportunity to speak. It is likely that 80,000 home owners will claim the maximum $5,000 grant. That means a bill of $400 million. The minister has indicated that he has set aside $110 million, so that leaves a $290 million shortfall. We would all have to accept, of course, that the $5,000 maximum grant is hopelessly inadequate.

On a number of occasions the minister has said that he would give consideration to additional funding that might come from other federal programs, from provincial or industrial sources. Knowing the state of the Canadian economy and the financial plight of provincial governments, I do not think we should hold our breath waiting for them to support an error made by the federal government. It was the federal government's initiative and approval under which the program was implemented and this type of insulation installed.

While we are discussing this bill in principle, Mr. Speaker, I think it is important that we consider providing full compensation for those innocent people who now find themselves in a disastrous financial situation through no fault of their own. Anything short of full compensation and an admission that we have erred in putting the policy in place would not be appropriate.

We need also to give consideration to alternate housing for people required to move out of their homes temporarily while adjustments are being made to buildings insulated with urea formaldehyde. We should perhaps consider the vacancies in CMHC funded homes, or beyond that through the auspices of CMHC.

Through CMHC the government could help people who are having difficulty renewing their mortgages because of foam insulation or who are having difficulty selling their homes because of it. I think it is well known that urea formaldehyde insulation does not mean, by definition, that there is a problem in the home, but the name has become associated with the serious problem. People have become very suspicious of it. Any home owners unfortunate enough to have urea formaldehyde insulation in their homes, even if there are no problems, will have a difficult time selling that home or even renegotiating a mortgage. I believe that in some cases there is even difficulty getting insurance on these homes because there has been an increase in the number of fires in such homes—probably by accident, but I suppose this is open to question.

With the greatest respect to my Progressive Conservative colleagues, Mr. Speaker, I must say that some of their public utterances have left me confused and I hope they will clarify them. I have talked with representatives of the urea formaldehyde lobby groups that have been formed in virtually every large and small municipality in the country. They tell me that the Progressive Conservatives have lobbied long and hard to hold up this bill because its provisions are inadequate. Yet when I read the appropriate minutes of the committee, I get the contrary impression—that the Progressive Conservatives are quite anxious to see the bill go through and have co-operated with the government for its rapid passage. I hope I am wrong in this and I hope my friends to my right will clarify the issue. What is their position? Do they plan to vote in favour of the bill in spite of its obvious shortcomings, or will they behave as they did with Bill C-154, when speaker after speaker after speaker rose to rip the legislation apart, bad-mouth the government and then say that, in spite of all the

problems and criticisms that they had, they were going to vote for the bill and support the government. I think it is important that my Progressive Conservative colleagues set out their position on the various controversial elements of the bill. Have they abandoned the home owners who have this dreaded insulation problem? I would not want to suggest for a moment that they are hypocrites, although I know other people might use that term.

I appreciate this opportunity to speak, Mr. Speaker.

Mr. Stanley Hudecki (Hamilton West): Mr. Speaker, it is a special privilege to speak to the House today on a subject which has some relevance to the profession in which I hold a degree both at the graduate level and at the post-graduate level. Very often in this House subjects that have medical relevance and are important to the welfare of the country as a whole are debated. There are five medical doctors in the House, three on the government side and two on the opposition side. Rather than call on these people who have the experience, training and background to give support and help to clarify issues, over and over again these subjects are left to Members of Parliament who have training in fields other than the medical field and who have without prejudice attempted to define the meaning of these medical problems. But they attempt to exaggerate at times the problems which are presented. They give remedies which are very frequently not at all appropriate to the conditions discussed.

Those of us with a medical background find it very difficult to sit and listen to that type of thing, which very frequently not only misleads the public but over and over again creates unnecessary anxiety and despair. I think it is incumbent on us, when there are critical questions concerning medical problems, that we make sure those who have the background at least be consulted, that the problem is discussed, and that they be given an opportunity to speak on the issue as I am being given that privilege today.

• (1530)

Long before I came into politics, Mr. Speaker, I realized that the politician has a knack of appearing to be knowledgeable and conversant on practically every subject that comes before him. As a surgical consultant in a cerebral palsy ward, I had an opportunity to talk with the Prime Minister of the day, the Right Hon. John Diefenbaker. Certainly he was a man for whom I had great respect and I have fond memories of his day as Prime Minister. On this occasion I felt I had the opportunity to discuss with, and perhaps even educate, this distinguished parliamentarian on the subject of cerebral palsy. We saw a patient and I started my short harangue, but within about two or three minutes the Prime Minister took over. He told me his thoughts on cerebral palsy, how it should be prevented and treated, and what his experience had been on the subject.

It was then that I was introduced to the technique which is used so frequently in the political field. It is a situation frequently encountered that when subjects of medical interest are discussed, a particular politician will speak at great length and give his version of what should be done. However, my experience has been that it is only when these particular problems relate to the politician himself that he will listen. So again I might say that I am particularly pleased to have this opportunity to talk on this problem.

The problem of urea formaldehyde foam insulation, Mr. Speaker, has had a very major impact on the emotional status, fears and worries of the public. I would like to quote a constituent of mine, a very level-headed, hardworking and dedicated mother in my riding. She says:

> Do those who approved the program feel any remorse at all for what they have done? Do they suggest that we rent a hotel for seven people for six months so we can have our home entirely gutted and rebuilt because we felt that we could help ourselves and conserve at the same time? What is the future of our children and ourselves without the removal of urea formaldehyde foam? Where do we turn, to whom do we turn?

That is from a lady with a large family. Their home is paid for and at no time have they had any symptoms whatsoever. They are proud of the environment and setting in which they are able to raise their children. They have had this house for three years, they knew it was insulated with this foam, but at no time was there any suggestion of any ill effects from that particular type of insulation. Why should a lady of this mental capacity, whose husband is an executive at one of the local plants, suddenly have to be concerned about her residence because of this information which has so flagrantly been spread throughout my constituency and Canada?

Another constituent wrote me:

> —merely because we are not suffering overt symptons healthwise now, nobody knows what the long-term damage may be to one's health . . . cancer does not show up immediately.

Another constituent is worrying, not because there are any particular signs of illness but because of what they hear on the radio, see on television or read in newspapers.

What are the medical facts, Mr. Speaker? I do not intend to go into the administrative aspects of what the government intends to do, but I would like to acquaint you with the medical facts as those who are trained in medicine read, interpret and act on them. Most of us, if we have signs of ill health such as a rash, respiratory problems or gastrointestinal discomfort, will use our common sense and do what we feel is necessary. If that fails to give us the desired result, we go to our family doctor. For the most part, the doctor will either give you directions and support or he will say this is beyond his scope and refer you to an appropriate specialist.

In the Hamilton-Toronto area a colleague of mine, one Michael Newhouse, is a particularly skilful specialist in the fields of allergy and chest physiology. He is a professor of medicine at McMaster University and has written about 60 to 70 papers on the subject of environmental and occupational diseases referable to the respiratory system. I felt I should contact him and discuss his experience in this particular field. First and foremost he indicated that he had no cases referred to him from general practitioners in the Hamilton area with symptoms which could not be explained by causes other than urea formaldehyde foam insulation. He also indicated that there was no increase in cancer cases or any suggestion of

concern or worry on the part of those in the field of malignancy research.

• (1540)

He further surveyed the Toronto area. He talked to other specialists who come under the term of respirologists. None of these people had any cases referred to them that could be considered in any way related to insulation. These specialists trained in this field have the equipment, the expertise and the sophisticated support to pick up early changes. Out of a population of approximately 2.5 million people, I think a lack of problems is most significant. That type of information is necessary so as to decide what to do. This doctor has been looking for the particular disability created by formaldehyde insulation. He was not able to find it, and he is continuing his search.

The next question is how toxic is formaldehyde? At this moment in practically every hospital in the country there are doctors and technicians working with formaldehyde. I am referring to pathologists and their technicians. Pathologists deal with diseased organs. The diagnoses they make frequently lead to the form of treatment that will follow. If they decide a lump in the breast is malignant, they may recommend partial amputation of that breast. If they identify tumor cells in a lung it usually means partial removal of the lung. In the course of the pathologist's work, the tissue submitted to him, whether from a surgical operation or from an autopsy, is put into Formalin. Formalin is usually a 40 per cent solution which for the most part is diluted into a 10 per cent solution. Tissues are kept in containers filled with this solution. Every day doctors remove tissues from the containers. For an hour to two and a half hours every day, with the emanation of fumes they cut up the tissues and prepare them for slides. Tissues are stained for study microscopically. For two to three hours every day of their working lives the pathologists and their technicians are exposed to high concentrations of formaldehyde.

What effect has this had on the pathologists and their technicians? In the British Isles a study was carried out on 15,000 of them. The following questions were asked and analysed. Is there a high incidence of cancer in that group compared to doctors working in other fields and compared to the general population? No excess of cancer cases was found in that particular group. Second, do they have any extra respiratory conditions, such as frequency of colds or irritated sinuses? Again, there was no suggestion that this group had any greater number of respiratory infections or diseases compared to the average population and to other doctors. What about longevity? The record showed that this group of people lived longer than the average.

The answers to these questions and this study are not 100 per cent proof that there are no ill-effects from formaldehyde. But certainly a study of 15,000 people working in this type of environment over a number of years and showing no ill-effects—certainly not the effects so widely publicized—must make one think in terms of what is the effect of prolonged exposure to conditions where there is a high concentration of formaldehyde.

Why, then, are we so concerned? Why has this epidemic of fear been visited upon us? A number of factors can be considered, but probably at the back of it all has been some experimental work which has been done in the United States by a doctor in the Chemical Industry Institute of Toxicology in North Carolina. This doctor studied 2,000 rats and mice. The animals were subjected to various levels of formaldehyde six hours a day, five days a week for up two years. Of this group only the rats developed nasal cancer. The number was significant. The experiment was done on a threshold level; that is, the animals were exposed to a certain percentage of formaldehyde. If the formaldehyde concentration was below a certain level, a lesser incidence of nasal cancer was noted. This experimental study was done by an honest researcher and showed that cancer can occur in the nasal lining of mice if they are exposed to a much higher concentration of formaldehyde than is ever found in a normal setting.

This type of cancer can occur in animals and it has some very special characteristics. These characteristics relate to the breathing mechanism of the rat. A young mouse given a pungent or an irritating odour will stop breathing, or its breathing mechanism will diminish. On the other hand, a rat hyperventilates, which means that it breathes more rapidly and in doing so a mechanism comes into play causing considerable irritation of the lining mucosa of the nose. There is an explanation for it. However, it is difficult to say whether this is due to formaldehyde specifically or whether it is due to the irritation of increased breathing of any irritant.

But what correlation is there? Can one extrapolate the findings in animals to human beings? This question has been considered for many years. It has been debated in various scientific circles. The conclusion is that there is very little correlation or linkage between what is found in animals and what is found in human beings as far as the production of cancer is concerned. The American policy is that if some substance produces cancer in an animal over a fixed period, it is decided as a policy that the particular substance will be banned until it can be proven that it will not produce a similar condition in human beings.

• (1550)

During the past three to four years various studies have been conducted. One was conducted in Denmark, one in England to which I have alluded, and three in the United States. They concerned the effects on people working in an environment where there is a high concentration of formaldehyde. In none of them was it possible to find excessive cancer of any kind in the average population, nor was there any particular evidence of nasal cancer. Based upon medical evidence as a result of the work of accepted research workers, there was no direct evidence that human beings exposed to large doses of formaldehyde developed mucosa cancer.

These were not well-controlled experiments. Most human experiments cannot be properly controlled and cannot be taken

as scientific fact; but the results of these various studies must be available to average physicians and doctors so that they can advise their patients.

What is formaldehyde? How pervasive is it? Where is it found and in what concentration? Formaldehyde is a component of the human body. There is a certain percentage of formaldehyde in every cell of our bodies. Formaldehyde takes part in the chemical reactions of the body and is therefore one of the chemicals which constitutes our individual cells. It is not a foreign agent. It takes part in various chemical reactions in very minute quantities.

Also it is found externally in a number of items. It is found in plywood, chipboard, acrylic carpeting, various carpet binding agents which are quite extensively used in homes at the present time, car exhaust fumes, and also in very high concentrations in tobacco smoke. As I sit between two female members of the House of Commons in the conference room, whose names I shall not indicate, I feel I am in much more danger absorbing smoke from their cigarettes. Each of them is a chain smoker. I feel this is much more hazardous than living in any home with urea formaldehyde foam insulation.

Mr. Tousignant: I certainly agree with you.

Mr. Hudecki: The gentleman to my right agrees with what I am saying. Certainly smoking is a real hazard.

I should like to refer to some statistics. In 1978-79, 28,000 people in Canada died from smoke-related conditions. In the North American continent 150,000 persons per year die from smoking. Yet the number dying from any cancer which could be related to formaldehyde at the moment, and in light of current knowledge, is exactly zero. These statistics must be kept in mind when we deal with people exposed to formaldehyde and to urea formaldehyde foam insulation.

A study was conducted under government supervision concerning the concentration of formaldehyde in homes with this insulation. In fact, some 2,700 homes were studied. The average concentration of formaldehyde in homes with some form of insulation was .049 ppm. For those homes which had only formaldehyde foam, it was .034 ppm. The interesting fact is that one quarter of the homes without any foam insulation had formaldehyde levels much higher than the average foam-insulated house. It is possible to have high levels of formaldehyde above the acceptable level, yet have no formaldehyde insulation whatsoever.

I am not trying to indicate that people do not respond unfavourably to formaldehyde. Our human body is such that practically any one of us may show a most unusual reaction to any chemical. Those of us who expect to have our teeth fixed under local anesthetic or those of us who require minor repairs under local anesthetic are really at hazard and at risk. We may very well show a massive reaction to local anesthetic. Indeed this happens. Many of us have read of instant deaths occurring in the dental chair or in the emergency room. Certainly there are people who are sensitive, and we call them hypersensitive, to formaldehyde. These people are very, very rare. They are rare enough that they do not justify the problem being publicized as it has been recently. We should not terrify the major portion of our population because there are those among us who react violently to formaldehyde. These people must be diagnosed accurately.

In view of the fact that formaldehyde is so pervasive and is present in so many different areas of the home and in so many commodities in the home, a very careful study must be made to ascertain whether or not sensitivity is due to the insulation or to other causes. If there are other causes, they should be dealt with. If it is related to the home, on the other hand, then appropriate steps must be taken. In some cases the individual should even be moved from the home so that the necessary changes can be made.

• (1600)

It is very difficult to explain why this unfortunate situation has arisen in Canada. Perhaps one of the reasons for this general fear and depression over the situation is that much of the expert information has been blown out of proportion. This information has come from specialists in the field of toxicology, which is the study of different poisons; from the area of clinical ecology, which is the study of the environment; and from many research workers who have accumulated vast amounts of information on this subject. This information should be used constructively so it could cast light on the subject.

I believe that those who are genuinely concerned about this situation should have confidence in the medical practitioners who advise them. Those concerned people should consult with these specialists and have an accurate diagnosis made. Not only do these people who have spent their life in this science understand physical ailments associated with various poisons, but they understand people's personalities and the cause of their depression. They have access to very sophisticated information. Rather than being worried and writing letters to editors, they should be sure that the diagnosis is accurate by having it verified by qualified people. I would suggest to them that they have confidence in their family doctor and consultants. They should rely on the support which is needed in these situations.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, we have been waiting a long time for the government to introduce a fair solution to the UFFI problem. It appears that we are still waiting.

Before I commence my remarks on this bill, I would like to reply to some of the statements made by the hon. member for Hamilton West (Mr. Hudecki), who related a number of stories about his constituents not being affected by urea formaldehyde. He did not give us any stories about those who had been affected. It appears that he was attempting to have us believe that urea formaldehyde was good for us. I grew up on a farm many years ago when we used a lot of urea formaldehyde to treat grain. At that time we knew that the fumes from urea formaldehyde could make one ill.

At this point there seem to be two doctors in Canada who are willing to back the government's policy on urea formaldehyde. One of those doctors is the member for Hamilton West and the other is Dr. Newhouse, who is also from Hamilton. The hon. member for Hamilton West admitted that he is a Liberal politician and he very categorically stated that no politician should make medical statements under any circumstances. The government has been unwilling to retain the other doctor, Dr. Newhouse, who was willing to back the Liberal government's decision, in order to have his supposed expert opinion put on the record. Consequently, I suggest that we must question the credibility of the statements by the previous speaker.

While I have only a few examples, I note that there are a number of people who have taken a very deep interest in this particular problem and have staked their reputations as doctors to say that there is a problem with the use of urea formaldehyde as insulation. Some of these people include Dr. Albert Nantel from Laval University in Quebec City, and Dr. Kinlock, the city health officer in Vancouver. These doctors have been willing to put the facts in front of Canadians and state their belief that urea formaldehyde is a substance which can adversely affect people's health.

Over the years in Canada Canadians have come to depend on and, to some extent, trust the government to provide an environment where Canadians can make good use of the resources we have. Canadians have come to expect the government to make an effort to provide a standard of living which will enable us to meet our needs and enjoy the comforts of our society. For instance, we have learned that medicare should be and is available and is something that we expect the government to make available to us. It has been suggested recently that the government is gradually withdrawing from this field but most people still believe it is a responsibility of the government. We have also learned to trust the government to provide us with the kind of medical attention that will improve our health.

Therefore, it comes as a shock to have the government recommend an insulation, such as urea formaldehyde, which does anything but improve the state of our health. In this case, the government has created an environment which has made people ill instead of better.

Another expected function of the government has been to provide the opportunity for people to earn enough money to put food on the table. The government has not been very successful in this area either. We have 1.3 million unemployed, or a real unemployment level of almost two million. It is difficult to feed your family when you are unemployed, Mr. Speaker.

Heating a home in Canada is essential. This used to be a minor expense but during the last few years the government has turned it into a major expense, particularly for those people on low incomes or those who are unemployed.

This brings us to the subject of shelter. Canadians have come to consider housing as a right and something which they can expect to acquire during their life. Canadians take good care of their homes because they expect to have them for a lifetime.

The whole idea of Canadians owning their own homes is being undermined by the inability of the government to solve the housing problem. It is being undermined in other ways as well, because the interest rates which home owners are required to pay on mortgages have increased to the extent where many are having difficulty paying them. These people may be the same home owners who have urea formaldehyde within their walls and are trying to get rid of it.

• (1610)

The government has created by its policies a situation in which the rate of inflation is making it impossible for prospective home owners to buy houses. The cost of building has risen so high that many people who could have expected to own a home a number of years ago can no longer do so. Besides that, the costs of maintenance, heating and lighting have gone up to the point at which much more than 25 per cent or 30 per cent of a person's income is spent for shelter, which is not acceptable.

Through the years, people who have bought houses have planned to take care of them, to pay for them, to make them their own. We, as legislators, were sent here to help them do that. Instead, by recommending urea formaldehyde foam insulation and then refusing to do anything about its removal, we are helping them to foul their nests so they can no longer live in them.

There was a time and, I suppose, the time is still here to some extent, when people trusted the government, but that trust in government has been eroded over the last number of years. That trust was built up over generations. If the government said that something could or should be done, we accepted that that was probably correct. After all, those in the House of Commons thought about it, and the final result was supposed to be acceptable to the people of Canada. This government has been tearing down that trust. The treatment of those people with urea formaldehyde foam insulation in their homes is just one more case of the government misleading and then mistreating people.

The problem involving urea formaldehyde foam insulation has gone through a number of phases which have led us to the position we are in today. We started out with an acceptance of the substance by the people of Canada because the government had recommended it and we trusted the government. We therefore decided that urea formaldehyde foam was a good insulator and would be used. Those of us in the country who used urea formaldehyde foam insulation were ignorant of the substance, although some people began to think that there was some reason for complaint. During the first phase there were just a few complaints. During the second phase there were a number of complaints and eventually there was a flood of complaints. However, these people faced a negative reaction from the government, from real estate people and, to some extent, even from the medical profession. People who were bothered by urea formaldehyde foam insulation went to the

medical people and were told that it was probably just an irritation, but they went from one doctor to another and from one hospital to another.

By phase three, government agencies were receiving so many complaints that they thought it might be better to do something about it, or to look into the matter. So after being flooded with complaints for a fair length of time, they reacted by setting up technical evaluation facilities for the problem which measured the formaldehyde concentrations in the air and in the walls of houses insulated with the product. Whenever the air concentration was lower than .1 per cent, the home owners were told there was no reason that they should be sick. It did not matter that they were sick. Finally, during phase four, which is really a recent phase, it became quite clear that urea formaldehyde is harmful to health or does affect the health of a large proportion of people who have it in their buildings.

It was then necessary to ask the following questions: Is it possible to protect ourselves from urea formaldehyde foam insulation? What can be done to get rid of it? Can we neutralize it in any way? We have gone through all the possible questions which could be asked, without considering tearing down the buildings. But the final solution, as admitted by the minister and the government, is that the only way to get rid of urea formaldehyde foam insulation is to take it out. The cost of taking it out is the issue in this particular bill.

The discussion today of Bill C-109 is really part of an inquest procedure by which we are finding out how much it will cost to take this insulation out and how much it will cost to replace it with somethig else. Over the years, in the rush to reach energy self-sufficiency, the government made some grievous errors, and the promotion of urea formaldehyde foam insulation was one of them. This insulation was acceptable under the CHIP program and was given government authorization. Many people decided to use it.

What they have paid for in making that choice have been substantial health risks, not only the money they put into it. They received only a small rebate from the energy department of this government. They also paid for it in sharply reduced values for their dwellings. If they put them on the market now the chances are that they will be unable to sell them. They also paid for it in the long battle, which is not yet over, to try to make the government realize that it has a responsibility for putting and allowing unsafe products in the marketplace of Canada—in fact, not only allowing them, but pushing them, recommending them, suggesting them and paying people to use them.

Bill C-109 is therefore another bail-out bill for the government in a long series, the kind of bail-out in which the government opposite specializes. I am certain that the government sees this as a kind of response to the democratic process and an acceptance of the needs of the people. I see it, and the UFFI users see it, as a belated response to a national problem which was created by the government.

We now have the bill before us. First reading was given on April 27 and now, on July 27, we are in second reading stage. The government has not moved very quickly. It will blame that on the NDP. However, let us look at the story.

• (1620)

In December, the problem was major. When the bill was put before the House in April, it was a recognition that something had to be done. But what is going to be done? This bill sets a limit on the disbursement of funds until December 31, 1982. Therefore, the longer it takes the bill to pass, the shorter the time to make payments to those affected by UFFI contaminants. This is another ploy. This ploy has been placed in the bill to try and stampede UFFI victims into taking what the government will give now rather than what may be the evaluation after home owners have looked at the cost of removing it. Putting a limit on time short-circuits the input of many individual members of this House who have UFFI victims in their constituencies.

No one has done more than the hon. member for Comox-Powell River (Mr. Skelly) to bring the problem of foam insulation to the attention of this House and the minister. I might note in passing that when the noted Canadian journalist, George Bain, was writing a book on UFFI, while in Ottawa he visited the hon. member for Comox-Powell River for first-hand information on the problem. We in this caucus have similar confidence in the hon. member. When he tells us that a one-shot grant assistance which the government is proposing to pay UFFI victims is inadequate, we say to the minister: "Show us why and how he is wrong." Is it inadequate or is it not?

The minister may say, and I have heard him say, that victims of UFFI want their money now. We say that members of the minister's own UFFI home owners' council are telling us and other people privately that the amount proposed is inadequate. The minister may say that there may be more money in the future, but from where and from whom? We suggest that once a bill is passed, there will be no further assistance. The government is trying to get the bill through, saying it will pay a maximum of $5,000 and then look around for other money; but the chances of getting it are very slim.

Bill C-109 does not terminate a vcitim's recourse to the courts, but it does give the public a fairly low evaluation of the worth of this kind of suffering. In return for exposing yourself to a health hazard and subjecting your house to the most extreme reconstruction problems, the government of Canada will pay you $5,000. This is a miserly amount.

My experience with government compensation has been somewhat similar. My most recent experience was compensation for the grain and oilseed producers of Canada for the damage they sustained as a result of our ill-conceived and economically catastrophic grains embargo on the Soviet Union. That embargo represented a substantial loss to farmers, particularly western grain farmers. The government said it would pay compensation, just like it says it will pay compensation to UFFI victims today.

The compensation was difficult to calculate, but the government said it would make a fair stab at it. The University of Saskatchewan, the Department of Agriculture and the Library

of Parliament all did studies on the situation and came up with a substantial amount of money which represented the cost of the embargo to the farmers. When the studies were completed, there was a variation in the cost, from $81 million up to $150 million and more. In my view it was not enough, just as the $5,000 today is not enough. But that is not the point. The point was that the federal government said it had arrived at that figure with the benefit of a computer model and exhaustive calculations by departmental officials. They reached the $81 million figure, the low side of all the studies.

I asked for those calculations. I placed a question on the Order Paper asking for the relevant calculations. I am still waiting. So far the government has condescended to send me only one document which has anything to do with the problem. It is the same document which was distributed by the government to the press at a briefing when the embargo compensation was announced. I am still no wiser as to what calculations led the government to pay the Canadian farmers $81 million, half the amount it was suggested was required.

I can talk about other situations. The same problem was faced by the hon. member for Skeena (Mr. Fulton) in his dealings with the Minister of Fisheries and Oceans (Mr. LeBlanc). Despite the inquiries, the parliamentary questions, the pressure from the joint committee on statutory regulations, this government releases what it wants to release through a policy of evasion, delay and stonewalling, as it has done with this bill.

This bill establishes what the government says is a maximum level. How does the government justify a $5,000 grant? Do we have any studies, calculations or computer models that will enlighten us on how it reached the $5,000 figure? Will such evidence be tabled in the House? What we need is some kind of natural justice based on facts which can be backed up.

• (1630)

In this particular case, natural justice would be to give the home owner what it costs him to replace the urea formaldehyde foam that he installed at the behest of the government to begin with. I doubt very much whether there is natural justice in this bill or whether home owners will get it from the government, and neither does the hon. member for Comox-Powell River.

I think the UFFI home owner deserves better. UFFI home owners have been very active and co-operative in getting the government to listen to their plight. Of the 30,000 registered at UFFI centres after the program was announced on December 3, 15,000 returned completed forms. They played ball with the bureaucracy at every turn. They played ball with the government and with the bureaucracy put in place by the minister. Now it is the government's turn. Instead, what the government is saying is, "You can have $5,000; take it or leave it." We do not think $5,000 is enough.

I would like to read a small excerpt from the May-June, 1982 *Alumni News* as follows:

CCA says that all UFFI-affected home owners, including those who didn't insulate under the CHIP program, will be eligible. It is estimated that less than 5 per cent of all affected homes will require an amount as great as the $5,000 grants, but there will be houses where that figure will be exceeded.

Estimates made by reliable construction people in the city of Toronto are that the average cost of replacing urea formaldehyde in a home in Toronto would be approximately $22,000. We did not believe the department in December when the program first came out, and we do not believe it now. A friend of mine who insulated one floor with urea formaldehyde was required to pay something over $10,000 for material alone; he did the work. I think that is a fair estimation of the needs of the people who have to replace this insulation.

What does $5,000 mean to a person who has a problem? Some of the people who have problems are the 15,000 home owners who have registered, as well as the other 15,000 who have urea formaldehyde foam insulation but have not registered. To get that $5,000, a person must spend an average of $22,000. Before a person is eligible to get the $5,000 he must spend that amount. If a person does not have the money, what does he do? He goes out and mortgages his house. To get the $22,000, he must put a mortgage of $17,000 on his house. At present interest rates, $17,000 would cost approximately $260 a month just to pay the interest. The $5,000 grant would pay the interest on the mortgage for a year and a half but nothing off the principal. Two years down the road he is still paying for this $17,000 mortgage; the $5,000 is gone, and there is nothing to show for it except payments of $260 a month for the next 20 years.

But if a person has UFFI in his house, what mortgage company will give him a mortgage? A previous speaker told us what happened to a home owner in Vancouver. She could sell only her lot and had to bulldoze her house away. Consequently, she ended up only with the value of the lot.

I would like to make a couple of other points before I sit down. I do not think we should talk only about the position of the government. I think we should also recognize that the official opposition has not aided in solving this problem.

Mr. Lewis: Come off it.

Mr. Hovdebo: Members of the official opposition failed to put forward any concrete policy which had any effect on the mind of the government or the minister. They have refused to accept the kind of process which is necessary. They have not met with home owners to obtain the understanding they require. They have run away from the situation to the extent that they have not been of any help in reaching a solution to this problem.

Let us look at the bill. The bill has an income barrier. If a person does not have money, he will not be able to take advantage of the $5,000. The bill has a cut-off date which would disqualify as many people—

Mr. Fraser: Mr. Speaker, I rise on a question of privilege. Hon. members will know that I do not often rise on questions of privilege or even points of order, but the hon. member for Prince Albert (Mr. Hovdebo) has just said that members of the Conservative Party have not met with people representing

organizations who have banded together because of the fact that they have urea formaldehyde in their houses. I am sure the hon. member did not mean that. I have met with these people for many, many months. I know that many other members of the Conservative Party have also done that. I spent all last Sunday afternoon—two days ago—with representatives of groups in my city.

I am sure the hon. member got a little carried away but would not intentionally want to leave the impression that he really believes members of the Conservative Party have ignored this matter or have not been listening to constituents who have come to them, because that is just not the case.

Mr. Hovdebo: Mr. Speaker, I recognize the fact that urea formaldehyde home owners have visited many members of the Conservative Party. I did not intend to say that those members did not see them. What I mean is that after seeing them, members of the Conservative Party did not come forward with the kind of pressure which was necessary to change the mind of this government. I apologize if I left the impression the hon. member mentioned.

This bill has a cut-off date which would disqualify as many as 60,000 people from taking advantage of the program. The bill makes no provision for a long-term medical follow-up. Regardless of what the hon. member for Hamilton West says, most doctors in the country recognize the dangers and possible long-term effects of living in a home insulated with urea formaldehyde.

• (1640)

The bill requires that only one payment be made. There is no allowance for commitments in the future, regardless of the findings of the committee. These are real problems and they need real answers.

We in this party think the government can do a lot better in providing assistance to UFFI victims. That is why my colleagues and I are bringing to light the injustices contained in this bill. The government must deal with them as quickly as possible.

[*Translation*]

Mr. Marcel Roy (Laval): Mr. Speaker, I am very pleased to be able to speak at this stage of the proceedings on this very important bill. I think we shall finally reach today that decisive moment we have all been looking forward to for so many months. If Bill C-109 is passed today on third reading, we shall be releasing total funds of $110 million for use by UFFI victims. I think that is the correct figure, and I am grateful to all the members of this House for their unanimous consent, so that UFFI victims will no longer be penalized. Mr. Speaker, I was impresssed with the speech of our Liberal member who discussed the scientific aspect of the matter, since he himself is an expert in the field, namely Dr. Hudecki. He clearly explained the scientific side and showed us how complex the problem really is. We were aware of the fact, but just the same, I want to appeal to all the members of this House to refrain from playing politics with this question, because it is an excessively complex issue and since it is a scientific problem, we have had to obtain technical data and we have had consultations with various groups. Obviously, before establishing a policy worth $110 million, as a responsible government we had to proceed with a serious analysis, including samples taken from numerous homes, not necessarily in order to reach a final decision but at least to finish the debate in Parliament and enable the people who need assistance to benefit from the $5,000 government grants earmarked for UFFI victims.

With your leave, Mr. Speaker, I shall go over the past history of this product which has aroused considerable concern here in Canada. However, I shall not go beyond the historical confines of the problem, unlike the member who spoke before me, the member for Prince Albert (Mr. Hovdebo), who tied this question in with the unemployment situation and interest rates, blaming the government for all our ills. Instead, during the time I have been allotted I shall go over exactly what has happened since the official announcement under the Canadian Home Insulation Program.

What happened to the program? The CHIP program was announced in 1977 and its purpose was to improve insulation in Canadian homes. I may refer the member for Prince Albert, who was talking about housing conditions in Canada, to the results of several surveys that were published. In fact, regarding satisfaction of Canadians with the quality of housing in Canada, as measured by a survey that was held about two years ago, I previously mentioned this item in the House, when I said that nearly 85 per cent of Canadians were satisfied with housing conditions in Canada. I think it is hard to find countries where the rate of satisfaction with the quality of housing is as high as that. Then, in 1977, as we all know, the Canadian government announced a special Canadian home insulation program, aimed at cutting down on oil consumption, at a time when prices were rising fast. It is clear now that five years ago, the government was being extremely provident, because we know how much home heating oil costs now. At that time, the government set up a home insulation program.

Specifications were set by the Canadian General Standards Board, and some 100 products were suggested or recommended by the Canada Mortgage and Housing Corporation for use as insulation. The 100 products suggested or recommended included urea formaldehyde foam. What is the Canadian General Standards Board? Is it a purely governmental organization? Is it a private organization? Not at all! I think that for the benefit of hon. members and the public, I should explain what the Canadian General Standards Board is. It is a committee on which consumers are represented. It also includes members of private industry and representatives of provincial governments. It is a committee that includes, as I have just said, the private sector, various professions and members of the Canadian government. It was this specifications committee

which recommended or suggested some 100 products for use as home insulation. It did not say that one particular product was the ideal solution, so that the consumer was given a choice.

The specifications for urea formaldehyde foam were approved by the Standards Council of Canada, and information was published on possible uses of this product. That was in 1977. In 1979, two complaints were registered following possible harm caused by urea formaldehyde. By September of 1980, 100 complaints had been registered. From then on, the government would be taking various steps to protect the consumer. After the 100 complaints in September, 1980, in December of the same year, the Department of National Health and Welfare conducted an investigation into the possible hazards of this product. So at that time, there was some reason for concern, and we proceeded to determine what hazards were involved. The Department of National Health and Welfare took action. That was in December 1980. A report was published, and the product was put on the list of hazardous products. Under the Hazardous Products Act, the product was banned for commercial use. Here again, we see that the government acted very responsibly. However, when the product was put on the list of hazardous products, the private sector appealed the decision in order to be able to go on selling the product. At this point, we may well ask, who was going to pay the legal costs of consumers in the courts? It was, in fact, the Department of Consumer and Corporate Affairs which paid the legal costs under the Hazardous Products Act, and the product remains banned. Mr. Speaker, these are just a few historical data which I have recalled to determine whether, as some members of the opposition, and especially the New Democratic Party members, are saying, the government shirked its responsibilities with respect to the use of this product.

• (1650)

So what happened next? There were all kinds of reports and it seems that the use of this product, the manner in which the product was installed, created certain problems. However, not all home owners who used the product are now suffering ill effects as a result. During the debate on second reading of Bill C-109 to provide for payments in respect of dwellings, the member for St. John's East (Mr. McGrath) was, I believe, the spokesman for the official opposition on the Committee on Health, Welfare and Social Affairs, and as reported in *Hansard* of May 31, at page 17917, he himself used the product and did not have any problems. I shall quote what the member for St. John's East said during the proceedings on second reading:

—I believe the government also has a very serious obligation to tell the House exactly what it feels is its responsibility to those who do not have health problems as a consequence of urea formaldehyde foam insulation, and I am one of them. There is no problem in my home. I do not live there all year round. It is in my constituency, but I have no problem there. Indeed, the insulation has worked very well. It has served me very well, but if I were attempting to sell my home, I would have to state that it has urea formaldehyde foam insulation because that is now a regulation of most real estate companies in the country.

That is another aspect. But then we can both accept the fact that there are home owners who have suffered ill effects and also that we cannot ban the product outright and say that it was 100 per cent harmful. We are aware that there were victims and there still are. If the product was properly installed, according to the specifications, those people or those home owners have solved their insulation problems, and I think the member for St. John's East probably reflects the circumstances of the vast majority of home owners who insulated their homes with this product. But, Mr. Speaker, that does not solve the problem of other Canadians who have been practically enticed to use that product. The New Democratic Party may very well claim that the amount of $110 million is not enough, but then again perhaps $500 million would not be enough either, so in its wisdom the government has to keep in mind the fact that the money comes out of the pockets of the taxpayers and that it must then be redistributed once we are sure that those grants are relatively proportional to the moral responsibility of the government. I will come back to that aspect in a moment.

Of course, some people will echo the New Democratic Party and say that it just is not enough. The fact remains, however, that not one of 30 countries in the rest of the world has agreed to grant $110 million to people who have used this product. Not a single country has agreed to do that, only Canada's Liberal government has accepted that moral obligation because it is aware of the significance of this issue for the victims. Mr. Speaker, I could talk for another hour about cases which I have heard about in my riding from people who came to see me in my office. I have files, including this one whose importance cannot be denied because it is one inch thick, nothing but letters to and from Mr. Guy Chevalier of Sainte-Dorothée who has given me permission to mention his name. This goes to show to what extent members have received representations from people who have been victimized by this product. I think that all members fully grasp the significance of this problem which has made headlines week in and week out, sometimes as a result of publicity, sometimes because of changes in temperature and humidity. But it is a fact that the issue has evolved considerably and we are still unable to say what is the exact cause of this problem and what is the ideal solution. I am sure we all want to help the people who have used this insulation and I think that all members are now fully aware of the situation.

I want to single out and commend all the organizations that have made representations, either to their Member of Parliament or to the minister concerned, the Minister of Consumer and Corporate Affairs. (Mr. Ouellet). Setting all political considerations aside, I think each one of us ought to make an objective effort to solve this problem which takes a new dimension practically every day. We have physicians in the House as well as on the Health, Welfare and Social Affairs

Committee, not to mention engineers and representatives of all disciplines and professions, even lawyers. I do believe we should forget the political aspect and work honestly and objectively with a view to finding an acceptable solution to the problem. Earlier I extended my congratulations to the Federation of the committees of victims of Quebec. I had an opportunity to meet with that group and so did all other members from Quebec. Those people asked us to give them some information about the situation. As a result of that meeting, we were asked to declare the problem of urea formaldehyde "a national emergency situation." Mr. Speaker, I suggest that nobody would hesitate to call that situation a national emergency problem because we have no idea of the extent of the damage. In my riding, the association did urge, and I quote their text word for word:

• (1700)

We urge our Members of Parliament Marcel Roy and Yves Demers as well as the hon. Jeanne Sauvé to bring pressure to bear upon Mr. Ouellet so that he will declare UFFI-insulated houses a "national disaster".

With respect to the first item in the claims of Laval UFFI victims committee, it was agreed, and the minister himself referred to this in the health, welfare and social affairs committee, that we could declare the situation of UFFI-insulated houses a national disaster. Speaking of national disaster, I think it is appropriate to recall that Laval was heavily damaged by floods in the past. In various regions of Canada, people took action under the existing national disaster legislation to estimate the damages, and the provinces shared on a per capita basis with the Canadian government the cost of the damages paid to the victims. Since I have been a Member of Parliament, I believe that legislation was used two or three times by some provinces. We agreed with the first item of their claims that it is a national disaster and we urged them to make similar representations to the provincial members and their ministers because the Canadian government, through the Minister of Consumer and Corporate Affairs, did agree to call it a national disaster. I have asked the Laval members of the Parti Québécois to agree as we did that the situation of UFFI-insulated houses be considered as a national disaster. I trust that the hon. member for Joliette (Mr. La Salle), whom I see over there, will also be able to support the claim put forward by the members of the Quebec federation of committees of UFFI victims, to the effect, that the situation be considered a national disaster; therefore, under the existing legislation, the provinces will contribute on the basis of their population to the amount paid the victims. That was accepted. The second claim was taken from a brief presented to me on June 15.

We require our MPs to vote against the bill unless its regulations are changed.

Well, after several discussions, we did not want to play into the hands of the NDPs, and organize a filibuster talking about unemployment, talking about interest rates and housing conditions, when in fact we should be deciding whether, today or three months from now, we should grant $110 million worth of assistance to UFFI victims.

For our part, this is what we said: "You can oppose this bill if you want to, but you will not have a penny from the Treasury Board before fall when the session is adjourned, while $110 million would be available under this legislation, which would mean $5,000 per housing unit." The minister has stressed several times the flexibility of Bill C-109, saying that the terms of financial assistance will be prescribed by regulation rather than by legislation. You are asked to support this legislation, and then we shall see whether the provinces are willing to co-operate since the minister has stated that the situation may be viewed as a national disaster.

After that meeting, Mr. Speaker—and this shows how objective the committee has been—the following was published in the *Contact Laval* newspaper on June 30:

UFFI victims satisfied with their meeting with federal MPs.

While no formal commitment was made by the three federal Members of Parliament for Laval, the Laval committee of UFFI victims has said that it is fully satisfied with the results of the meeting it had with its federal representatives last Sunday to look into the situation. The meeting lasted over three hours and followed the sit-in in the office of the Member for Duvernay, Yves Demers. The Laval committee stated that the three Members of Parliament had sympathized with the predicament of its members and that positive results could be expected in the near future in response to the representations made by the Federation of Victims to the minister concerned, the hon. André Ouellet.

"I believe that some progress has been made because of this meeting," stated Mrs. Emilie Morais-Deschênes, who was expressing the views of the committee.

Many questions were discussed during the meeting, including the matter of the bill which Mr. Ouellet plans to introduce in the House of Commons and of the program to decontaminate UFFI-insulated houses.

According to Mrs. Morais-Deschênes, the Laval members of Parliament agreed to ask Mr. Ouellet for amendments to his bill and were interested by the request of the victims to have UFFI-insulated houses declared a national disaster.

The hon. members will note how often this request comes up and how much the federation of UFFI victims insists on having UFFI-insulated houses declared a national disaster. I continue with the article:

"The meeting has had positive results for both sides and I believe that we can look to the future somewhat more optimistically," concluded Mrs. Morais-Deschênes.

All this shows that no one has taken the limelight on this issue. I believe that all members of this House have met their responsibilities and received representations from their constituents, and I think this is one of the reasons why the minister has agreed to make many amendments to his regulations concerning the taking of samples, the amount of $5,000, the clean-up of houses and the possibility of removing the insulation from between the walls of these houses. I believe that the minister has been very flexible because, once again, this is a new problem, a new rapidly changing situation, and our efforts must be sustained because how are we to know what the harmful effects will be in six months. I believe that the government has shown great caution, but before declaring a national disaster, we would need the support of the provinces. The

Minister of Consumer and Corporate Affairs, when appearing before the Standing Committee on Health, Welfare and Social Affairs, made a presentation in which he stated:

As promised when I appeared before your committee on Tuesday, May 11, 1982, you will find enclosed copies of the telex messages which I sent on December 9, 1981, to my provincial counterparts concerning the Urea Formaldehyde Foam Insulation Victims' Assistance Program.

• (1710)

The message dated May 20 was a telex addressed to all the provincial ministers responsible for housing and consumer protection. The particular telex Addressed to Quebec Minister of Housing and Consumer Protection Guy Tardif, referred to a meeting that had taken place in September in Quebec City; through this telex, the content of which I will spare you, the Minister was seeking the provinces' co-operation. When asked whether he had received replies, the minister said that unfortunately he had received none at all. I therefore urge all hon. members of the House, because there are not so many provinces with Liberal governments in Canada, to prevail upon the governments that have the same political philosophy or affiliation as their own to declare a state of national disaster and provide the victims with a certain amount of money to which the $5,000 may be added. The idea would be to co-operate fully, and not to blame the government for this or that. I suggest that the government was responsible in its decisions. And in connection with provincial co-operation I should like to refer to the case of the City of Laval. I quote:

UFFI: Laval offering home-owners a 20 per cent reduction of their assessment.

This is an article that appeared in the *Le Devoir* on March 30, 1982.

The City of Laval feels that UFFI houses on its territory have lost an average of one-fifth of their commercial value. *Le Devoir* heard yesterday that 408 houses have been fully reviewed and that their respective owners should receive a new assessment within the next few days.

According to our information, the ratepayer would be left with three possible choices:

If he agrees with the reduction proposed by the city, he would have ten days to let them know. The Laval Assessment Service would then advise the Quebec Land Assessment Review Board (BREF) of the change;

If he feels entitled to further reduction, he should turn down the City's proposal and make personally an application to the BREF before May 1. In this case, he would have to contend with the City's Assessment Service which would defend its new assessment;

And, finally, if the owner preferred to keep his previous assessment which did not take into account the presence of UFFI, he would need only to turn down the city's offer.

This, Mr. Speaker, is a very good illustration of the whole issue. The City of Laval, the second largest city in the province of Quebec, is willing to co-operate with us on this program. How is it that the provincial government chose to ignore the telex the Minister of Consumer and Corporate Affairs had sent on December 9? This is the problem we shall have to solve together. Although I do not intend to pursue this point any further, Mr. Speaker, I should like to mention that the department has provided more than $120,000 to several organizations, so that they may keep the government up-to-date on further developments and advise it on the most scientific and practical ways to help these victims, either through National Research Council Canada, the Department of National Health and Welfare, or the recently formed advisory committee to the government, so that no unproperly researched decision may cause further harm. This is why, Mr. Speaker, as a member of this House who has lived through these problems together with other UFFI victims in his own region and who is aware of their impact on them, I feel I am entitled to rejoice at the prospect that relief measures are on their way. I saw crumbling brick walls, houses which were considerably damaged and I agree that in some cases $5,000 is not enough.

I think that the legislation will be passed today for the benefit of all victims and I am pleased that an order of reference to the Standing Committee on Health, Welfare and Social Affairs has been made by the House. I mentioned that the minister who provided under Bill C-109 some $110 million for the victims of UFFI was flexible and that we would not proceed under the legislation but rather through regulation. Once again to reflect that flexibility, the government has decided and this in response to the member for Prince Albert who suggested that once the bill was passed everything would be over, to make an order of reference and I quote:

That the Standing Committee on Health, Welfare and Social Affairs be empowered to consider urea formaldehyde foam insulation including:

And the first point is as follows:

1. The process used to approve the material for use in Canadian homes;

2. The question raised on the health effects and the nature of the research being conducted or contemplated on these questions;

3. The questions raised on remedial action and the nature of the research being conducted or considered;

4. The question of the number of homes affected, specifically attempting to identify the reasons for the discrepancy between the number of homes estimated and the number registered;

5. The question of use of the foam in schools, public buildings and rental accommodation and recommendations on possible courses of action where remedial action is required;

6. The identification of home owner groups with special needs and recommendations on how these special needs could be met;

7. The report of the Hazardous Products Board of Review on the aforementioned matters.

I specifically mentioned that committee in my preliminary comments.

8. Any changes or additions to the regulations deemed advisable with regard to the aforementioned matters.

That the committee be instructed to report on the aforementioned matters no later than December 1, 1982;

Mr. Speaker, I have the duty and honour to chair that committee. I have already got in touch with a spokesman for each opposition party in order to hold a first meeting next Thursday to be followed on Tuesday next by a meeting of the Standing Committee on Procedure and Organization which

will be asked to draw up a specific schedule and call up witnesses as soon as possible so that we may notify those wishing to submit a brief to the committee and give them enough time for research. We shall have to sit all through the summer if we want to be ready to table the report on December 1 as requested by the government under the above-mentioned order of reference.

I must admit, Mr. Speaker, that scientific research will be necessary because it is important for the victims of those conditions to be well informed. We will of course ask the provinces for their co-operation and as I said before, by calling the situation a national disaster we hope to get their co-operation thus following the example of the city of Laval assessing its property owners. It is in that context that I will chair the Committee on Health, Welfare and Social Affairs which has been empowered today to investigate urea formaldehyde in Canada.

• (1720)

[*English*]

Mr. Jim Manly (Cowichan-Malahat-The Islands): Mr. Speaker, I appreciate this opportunity to speak on Bill C-109. At the outset I would like to express my thanks and appreciation to my colleague, the hon. member for Comox-Powell River (Mr. Skelly), who has been our party critic on this issue. The hon. member for Comox-Powell River has taken a fair amount of flak on this question because he has insisted upon the best possible deal for UFFI home owners. In spite of the combined pressure from the Liberal and Conservative Parties to rush the bill through as though this were some kind of gift package they were placing under the Christmas tree to surprise people, the hon. member has kept insisting that the people will be surprised, because when they open the package they will find there is nothing there for them. As a matter of fact, the pressure to have the money spent by December 31, 1982, means that by this coming Christmas many UFFI home owners will be sadly disappointed about any hopes they had that this bill will meet their needs.

I believe that the bill coming in at this time emphasizes the slowness of the government in responding to the situation and its slowness in accepting its responsibility. We remember that this program was actively encouraged and promoted by the government. However, when problems arose with this program the government ran for cover and hid. It has been very slow in accepting its responsibility. When it did accept its responsibility it did so in a very halting and inadequate manner.

Perhaps one of the major concerns is that the maximum $5,000, as it was orignally termed, is completely inadequate when one considers that the cost of removal of urea formaldehyde in most urban areas is estimated to be between four and five times that much.

Perhaps the situation faced by UFFI home owners can best be illustrated by reading a letter from a widow who signed herself as "a very disturbed citizen". She sent this letter to the Prime Minister (Mr. Trudeau) and I think it outlines better than I or other members can the real situation facing many UFFI home owners. Many find themselves in a similar position. The letter states:

Dear Sir:

Re: Urea Formaldehyde Foam Insulation

As one of many home owners who was encouraged by way of advertising and government grants to upgrade the insulation of my home and being concerned with energy conservation I now find myself in very serious circumstances for having proceeded.

First, I had the attic insulated, then proceeded to check out what type to use in the walls.

Some of the loose fills were reported to settle greatly, were not moisture resistant, did not fill all crevices and would deteriorate if becoming damp.

Foam insulation on the other hand, was supposedly easier to install, more economical and because it was inserted when moist, would fill all cracks and crevices.

However, the polyurethane foam was reported to expand after insertion, thus warping or bulging the walls. A company (Rapco Foam) was highly recommended by Mr. Dalgleish of Winnipeg when guesting on a local radio program.

I contacted the company to check out their insulation. I was told:

It would not settle or expand;

It resisted moisture;

It would enhance the comfort and value of my home;

Its R Value (3½ inches inserted in the wall cavity would increase that of my house by 18.12;

It was chemically stable, and

It was government tested and approved (CHMC approved *SAç8209).

I still have the famous brochures on hand.

The wall insulation was completed April 20, 1978 at a cost of $652. Apparently the most costly $652 I have ever spent! Now I find:

The insulation has toxic effects which can result in severe medical problems.

My house has depreciated 30-40 per cent of its otherwise market value.

It would be most difficult to sell (if a buyer could be found) because real estate and mortgage companies are just not interested!

For those who are financially able to remedy the problem, there is still no guarantee the house will ever return to its previous market value; real estate companies are now asking "does this house have, or has it ever had UFFI?"

A medical doctor has advised that I don't inform the neighbours UFFI is in my house.

If the hazards to the people living in the house are as minimal as government is trying to say, why would it be of concern to neighbours?

She then gives something of her life history, which I think is interesting and relevant in view of the background of many of the people who are suffering because they accepted this government program:

Married in 1949, we had our first child in 1950. In July of 1951 my husband became ill and remained so, passing away in 1965.

It is now 31 years since I became the family supporter. During these years I worked a full-time job, at times a second part-time job, as well as caring for my two children, paying child care for 11½ years (no grandparents, or uncles to lend a hand) and put a down payment on a house.

We never owned a car after 1952—my children and a house were my first priorities. They had music, skating and swimming lessons, both completed grade XII and had further education. Thus they never had time on their hands to become problems to the community. Believe me on a salary of $125 per month in 1951 to $463 per month in 1970, it did not come without strict budgeting and much sacrificing.

As a result of an automobile accident (being a passenger in a car that was hit), since the end of 1970 I have been on a medical disability of under $278 a month (private insurance) and not subject to increase. However I rent a suite to

supplement my income, for mortgage, utilities, taxes, repairs and general upkeep. Without the rental income, I could never afford to keep the house.

In August, 1980, I paid off the mortgage—the accomplishment of a lifetime! The increased market value seemed a Godsend; compensation for the previous sacrifice. I was assured of security until I became a senior citizen in 1988, and even after. I could hardly believe it was mine and I had finally accomplished my objective.

I have never applied for any assistance such as UIC or welfare, nor did I have a grant for the insulation. It is absolutely contrary to my upbringing, however, as a result of having my house insulated, and in view of my personal circumstances, I am asking now:

1. The federal government is offering up to $5,000 if the house test indicates gas over .1 PPM and if you can prove medical problems therefrom.

I had skin irritation, kidney (edema) and respiratory conditions previously—the symptoms with thyroid and arthritis are interrelated, thus I cannot prove the UFFI has caused them; however, having had a very bad winter, who is to say it has not greatly increased or aggravated my problems. But, on the surface it would appear I would not qualify for even a portion of the grant.

● (1730)

2. It has been suggested that people with medical problems move. Where to? How can I rent, plus live on $278 a month, and plus my rental income?

3. If I stay in the house, and continue to rent the suite, could I be held responsible if a tenant should have medical problems?

4. I understand estimates to completely remove the UFFI treatment of the 2 *SA& 4d, and restore the walls, perhaps change electrical wiring and boxes if they have been affected, range from $14,000 - 25,000.

I do not have the money for this, nor would I be able to obtain a loan at my income level.

5. It has been well publicized that the Research Council advised against the use of UFFI—then why would the representatives of the people approve its use; and having done so, not accept full responsibility for the results?

6. Once approved federally, companies have to be licensed and/or approved provincially and municipally; then why are the people not protected from false advertising and misrepresentation?

A Rapco Foam brochure given to me in April, 1978 indicates an R Value of 4.35 per inch in summer; 4.80 in winter, "stays dry", "repells moisture;" another indicates its chemically stable and another indicates an R Value of 18.12 (foam only) in a 3½ inch wall cavity.

However, an Energy, Mines and Resources booklet, dated August, 1976 "Keeping The Heat In" contradicts most of the information still being advertised in 1978. The foam had then been derrated by 40% to account for shrinkage; the R Value being 2.5 per inch and, "But may only be applied to walls with no insulation whatsoever".

Rapco was aware my house had some fiber glass insulation.

7. As a bonus, my bathtub was insulated! Recently, I learned UFFI contains corrosive substances, attacks mortar and metal and promotes wood rot. Is my bathtub being corroded? Are the two *SA& fours and joists with wood rot?

8. There is also a question of the toxic effects on NA/SO *in3' recommended for treating wood cavities. The sodium herein could be harmful to edema patients.

I know of one man who said he would never use this on his house as it would be as dangerous as UFFI.

How can any level of government which has approved and/or licensed use of such material and allowed advertising which has been contradicted in 1976 to be distributed in 1978, not be liable to those of us who felt responsible enough to respond to conservation pressures being requested by our government, federally and provincially? How can a $5,000 grant, at most, compensate for 30 years of struggling and erasing the future security of the citizens who respond to the needs of the country? My home was the only asset of real value I've been able to acquire in my lifetime. I await your response as to the amount of assistance your level of government or party would assume in this regard:

—financially, to restore our property to proper market value; obviously $5,000 is completely inadequate.

—Are you prepared to support these home owners in obtaining justice where it is due? Or would you preferably overlook the situation because it happened to someone else?

As children, our parents raised us to be honest, independent and compassionate, to respect the rights of others, respect the law, police, and our country (my only brother was killed overseas in the RCAF, I served in the CWAC). In turn I try to teach my children similarly.

But the many changes in our country in the last few years frighten me; perhaps it is time to realize our greatest fear is the justice, or lack of it, from within.

That letter was signed, "A very disturbed citizen". In it, the widow asked what the different parties were prepared to do on behalf of the UFFI home owners. I am pleased that the critic for our party did not cave in and want to rush this matter through when the provisions are completely inadequate. The position of the Conservative Party, however, falls far short of what is required. It is outlined in a memo distributed by the hon. member for Hamilton-Wentworth (Mr. Scott). It begins by describing the remedial relief to home owners with UFFI as "woefully inadequate". That is very true. "Woefully inadequate" means that it is inadequate to the point of being filled with woe for the people who are supposed to benefit from it. The Conservative Party realizes this, yet continues to support it. It is filled with woe for the people who are supposed to be benefiting from it because there is nothing in it for a great many of them. Realizing that it was woefully inadequate but that there were possibly some PR advantages, the Conservative Party agreed to give it speedy passage and minimal opposition.

The Conservatives have attacked the hon. member for Comox-Powell River (Mr. Skelly) for trying to hold up the bill and get a decent deal on the matter. In return for giving speedy passage—and every sweetheart deal has two sides—the Conservatives said that they wanted the government to table the regulations which will administer the program. That is very well and good. Second, they requested that a special subcommittee of Parliament be struck immediately after Bill C-109 was passed. My understanding is that the New Democrats had already won that concession, and then the Tories added an amendment which only further explains the concession that the committee be empowered to recommend amendments to Bill C-109 and its regulations and that expert testimony be heard into the whole subject matter of UFFI.

Mr. Fraser: Mr. Speaker, I rise on a point of order. I wonder whether the hon. member for Cowichan-Malahat-The Islands will permit me to ask him a question.

Mr. Manly: I would be very happy to attempt to answer a question at the end of my speech, Mr. Speaker.

Mr. Fraser: Mr. Speaker, I think he should allow a question at this point.

Mr. Manly: Very well, then. If the hon. member wishes to ask a question, I will attempt to answer it now.

Mr. Fraser: Mr. Speaker, I thought the hon. member rose in the House to make a speech about the bill. Instead, I have heard nothing but complaints about so-called alleged positions taken by the Progressive Conservative Party. The complaint

seems to be that, somehow or other, the Conservative Party is not opposed enough to the substance of this bill or the limitations in it. I must ask the hon. member why, then, if the hon. member is complaining about us having said that we would let this matter get through, did his party unanimously agree yesterday to finish this bill in all three stages tonight? I just do not understand where the hon. member is coming from.

Mr. Manly: The facts are very clear. The Tories have tried to push this legislation through for the last three or four weeks. The hon. member for Comox-Powell River has received a great deal of criticism because he kept insisting that this bill had serious inadequacies and that he was right, and we are still right. We are trying to point out some of the inadequacies of the bill and the fallacies of the Tory opposition.

Mr. Fraser: You agreed to finish the bill off tonight. Now, you cannot have it both ways.

Mr. Manly: If I could just continue with some of my comments, Mr. Speaker, I would like to point out that all three of these things that the Tories say they won as concessions are all very well, but they give absolutely nothing to the UFFI home owners.

• (1740)

UFFI home owners have been very concerned about this bill. It appears to promise something, but in fact gives them nothing. One of the major problems of the bill is that there is an income bias. The $5,000 will be paid after the UFFI is removed.

As I mentioned already, the cost of removal will be four or five times greater than that. In homes in urban areas across Canada, it is estimated that the cost of the UFFI removal will be between $22,000 and $25,000. This means a great many low and middle-income people will not be able to have the insulation removed from their homes. Therefore, they will not qualify for the program. There is no help for those who need it the most.

Another concern is that more and more evidence is accumulating that UFFI creates long-term problems but that this is a short-term program. The moneys have to be spent by December 31, 1982. The idea of an ongoing committee is fine. It is said to be open ended and flexible, but there is no commitment. Our party would like to see some commitment in addition to flexibility.

I would like to place on record some questions from the president of the British Columbia UFFI home owner's action group, Penny Tilby. She is one of the members who met with the minister over the weekend. They ask that there be further government confirmation of some matters raised where there is diffusion, confusion, contradiction or mistrust. There is a great deal of that.

The minister agreed with the objective of UFFI home owners to hold compensation for removal of UFFI. He agreed to approach companies, provinces and other federal departments for additional assistance. In order to show proof of his sincerity, will the minister amend the regulations now to state that the $5,000 is the minimum and not the maximum? We would like some confirmation that what he said yesterday was not simply a slip of the tongue as it is recorded in *Hansard* but that it represents a real change in policy.

Second, the minister originally agreed with home owners that Part I formaldehyde gas or proven health problems is not a fair criterion for assistance to UFFI victims. The National Research Council states that there should be removal from all groups as a minimum. After agreeing, the minister went back on his agreement, has not done anything to back up his commitment, and did not change Draft 13. Will he maintain good faith with the advisory council and remove this criterion as he promised?

Third, the minister promised there would be help from other government resources to add to the UFFI assistance program. Will the minister back his personal commitment? For example, will CMHC come to the aid of these people? Will there be help from the Canadian Home Improvement Program to top up the $5,000?

The minister said he would study the question of income bias. Home owners feel that simply to look into this question is not good enough. Will the minister make a commitment now to ensure universal access to the $5,000 assistance so that lower-income Canadians will not be excluded? Will he (a) guarantee contracts for persons who cannot advance $5,000, or (b) will he give the low-income person an interim loan of $5,000?

There are some 1,300 members of the UFFI action group in B.C. On an initial questionnaire, some 10 per cent of the people have replied, and more replies are coming in every day. Of the 10 per cent who replied, 10 per cent said they would be able to scrape up or somehow raise the $5,000 in order to have this money up front, and 71 per cent said they would not be able to. We are talking about a bill that at present will not meet the needs of 71 per cent of those it is supposed to help.

The Manitoba home owners said that 50 per cent of their home owners were on a fixed pension or low income. These people cannot afford this kind of help. It is absolutely essential that the minister make a commitment that he will remove income bias from this $5,000 grant. It is not good enough that he look into the problem. We would like a definite commitment.

Fifth, with regard to the establishment of a committee on health and welfare to continue to study and recommend, the home owners ask whether the minister and the government will guarantee to pay the future medical costs of any proven UFFI-related disease.

These are some of our concerns about this bill which we share with UFFI home owners. With these inadequacies in the bill, we cannot support it. We would like some real commitment on the part of the minister. It is important that there be help for these people. The government has come forward with a package that looks good. It is a package that they can put

under the tree. The Tories want to help. We say there is nothing in that package for 70 per cent of the people who need help from the UFFI program. I hope the government will listen to our concerns and take some positive action.

[*Translation*]

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, may I say first of all, that I am very happy to have the opportunity this afternoon of speaking to Bill C-109. I should also like to congratulate you on your appointment as Deputy Chairman of Committee of the Whole, and your colleague, the hon. member for Madawaska-Victoria (Mr. Corbin) on his appointment as Assistant Deputy Chairman on this first day in your new duties respectively.

Mr. Speaker, after those few words of congratulations, I must say that I found the speech of the hon. member opposite rather surprising. I thought the remarks of the hon. member for Vancouver South (Mr. Fraser) quite appropriate with regard to some of the comments made by the representative of the NDP about the bill now before the House, when he pointed out that unanimous consent was given by the House to pass the bill at all stages and refer it to the Standing Committee on Health, Welfare and Social Affairs. Moreover, when my hon. colleague for Laval (Mr. Roy) spoke after our colleague of the NDP, the hon. member for Prince Albert (Mr. Hovdebo), saying that after that stage, study of the bill would be completed, to my mind the order of reference passed yesterday by the House, that is on July 26, as reported on page 19701 of *Hansard*, should have been referred to in order to ascertain what would happen to the bill. All that leads me to point out to the House that the bill having been introduced in April, 1982, I wonder why my colleagues of the New Democratic Party should now claim that we want to rush this bill through, that it is not complete, and that it should be discussed further. I wonder about it all the more that when on July 7, I personally proposed a motion, under Standing Order 43, suggesting that the House consider passing the bill through all stages, they refused unanimous consent, thus rejecting the motion as reported on pages 19084-5 of *Hansard*. Some of the comments made by the Progressive Conservative House leader dealt with the situation of the committee empowered to deal with certain aspects of the matter as a result of passage of the motion yesterday.

• (1750)

This motion was rejected by the New Democratic Party. The same thing occurred on July 8 when I introduced another motion under Standing Order 43 to have the bill go through all stages. A surprising development took place on that same day when the New Democratic Party also introduced a motion under Standing Order 43. They were really on the defensive concerning this bill, I imagine in view of the comments which had been made and the fact that certain English newspapers had even said that they were responsible for delaying this bill. However today when they take this kind of holier-than-thou attitude, we should point out to them that had they agreed at the time, they would have had more time to discuss this bill in the House and they could have shown more foresight as concerns this bill since we are about to adjourn.

I am therefore very glad that we are going through all the stages of Bill C-109 this evening and having the vote at 9.45 since I introduced motions under Standing Order 43 on July 7 and 8, and put some questions to the Minister on February 2 about the UFFI situation, and I also questioned the Minister of Consumer and Corporate Affairs (Mr. Ouellet) last week, on July 20, about the Lamoureux report. The Minister replied that the report, which will be in a more complete form at a later date because of the illness of one of the Board's members, maintained the ban on the use of UFFI.

Mr. Speaker, UFFI victims will certainly be very happy to learn that the bill will finally be passed this evening following their meetings with members on this side of the House and in most Quebec constituencies; later on these members met with the Minister of Consumer and Corporate Affairs to make representations and recommendations. I would like to give the background of what has happened ever since the Canadian people and afterwards Parliament were made aware of this situation. Mr. Speaker, as you will recall, on December 23, 1981, the federal Minister of Consumer and Corporate Affairs, announced a federal assistance program for Canadians who had their houses insulated with urea formaldehyde foam. This material was banned in Canada in December 1980 when it was discovered that it could cause health problems. What was important at that time was that the program included free tests, technical advice and nontaxable financial assistance—I believe that this is very important—up to an amount of $5,000 to pay for the work to correct the problem.

The federal government therefore made this announcement on December 23, 1981. While I am explaining what followed to the Canadian people, and especially to Quebecers in my constituency of Lotbinière, I would like to point out that, because of the flexibility and understanding shown by the government in response to the representations made by Members of Parliament, especially those of the Quebec caucus, following their meetings with associations of UFFI victims, changes will be made to the regulations. That is why in my speech this afternoon, and later this evening—because I shall not be able to conclude my speech now in view of the time allotted to me—I would like to tell the House about the changes that will be made in the regulations, because it is mostly through them that the situation will be corrected. In December 1981, the national testing program of 2,400 houses in Canada showed that in nearly 9 out of 10 houses insulated with UFFI, the average level of formaldehyde gas was lower than the acceptable level of 0.1 part per million.

The Department of National Health and Welfare had then decided that a level of 0.1 was acceptable in homes, and it has stood by its decision. What was said in December 1981 was that if this test carried out at the request of the home owner showed a level of formaldehyde gas higher than 0.1 parts per million or if the home owner stated that a lower level was causing medical problems, a certified laboratory would make a complete test of the house. This second test included the analysis of air samples in the house itself and inside the walls and a humidity check inside the walls as well. The government paid for the tests which cost between $400 and $500, except that the home owners would have to pay $100 themselves, which amount would, however, be reimbursed under the government financial assistance program. That was in December 1981.

At that time, the Canadian government was therefore offering to home owners a non-taxable grant of up to $5,000, as I mentioned earlier. As for those whose houses, while insulated with UFFI, showed a level of formaldehyde gas lower than 0.1 parts per million, they also received financial assistance and technical advice if they could prove that a lower level was harmful to their health. The Department of National Health and Welfare was convinced that relatively few people would be affected by levels lower than 0.1 parts per million. This was therefore the situation when the Canadian government made its announcement on December 23. Let us now take a look at the technical aspects of the federal assistance program. I would like to do so before six o'clock to show the Canadian people what changes we have asked the Canadian government to make.

First, there was a universal free test. On request, home owners were to receive a dosimeter to test the level of formaldehyde gas. Second, a complete test was subsidized. If the level of gas shown by the free test was higher than 0.1, a second complete test was to be made. The government paid most of the cost of this test and the home owner's share was $100, which amount would however be reimbursed later on. Third came technical advice. The Canada Mortgage and Housing Corporation gave home owners technical advice about corrective action to be taken, and the level of financial assistance provided by the government would be based on such advice. Fourth was the matter of financial assistance. Subsidies were paid in cases where the level of formaldehyde gas was higher than 0.1 or when the home owner could produce medical evidence showing health problems related to UFFI at levels lower than 0.1. The amount of the assistance offered was $5,000. The UFFI Centre authorized certain contractors, testing companies and laboratories to carry out the work. Seven, Mr. Speaker, after this corrective action, the government made technical and financial checks to ensure that the work had been thoroughly done and according to standards. This was a very important point, namely that the corrective action would actually be checked. Mr. Speaker, I would like to call it six o'clock. I can proceed at eight o'clock.

The Acting Speaker (Mr. Blaker): I assume that the hon. member for Lotbinière (Mr. Dubois) would like to proceed this evening at eight o'clock. The Chair will therefore recognize the hon. member for Lotbinière at eight o'clock or shortly afterwards.

It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Deputy Speaker: When the House rose at six o'clock, the member for Lotbinière (Mr. Dubois) had the floor.

[*English*]

Mr. Scott (Hamilton-Wentworth): Mr. Speaker, I rise on a point of order. We in the official opposition have been waiting patiently throughout this afternoon, expecting Bill C-109 to move quickly out of second reading stage and into—

Mr. Deputy Speaker: The hon. member is making an argument, hardly a point of order.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

DISPOSITION OF BILL C-124

Mr. Pinard: Mr. Speaker, I have had consultations with the House leaders, and I think I know what the hon. member wants. Perhaps he will be satisfied once I have disposed of the following.

[*English*]

At this time I would like to have unanimous consent to tell the House the result of those talks.

Mr. Deputy Speaker: Is there unanimous consent for the minister to make a statement at this point?

Some hon. Members: Agreed.

[*Translation*]

Mr. Pinard: First of all, I wish to inform the House that notwithstanding consultations which took place among party representatives, we were unable to reach agreement under the provisions of Standing Order 75A or 75B in respect of the committee stage of Bill C-124, respecting compensation in the public sector of Canada. I therefore wish to give notice that, at a future sitting of the House, I shall propose a motion, pursuant to Standing Order 75C, to allocate one additional sitting day to the said stage of the said bill.

Such notice being given, Mr. Speaker, I think the Minister of Consumer and Corporate Affairs, in a few moments as soon

as the hon. member for Lotbinière (Mr. Dubois) has finished his comments, will be willing to allow consideration of the bill now before the House, namely Bill C-109, to proceed from the second reading stage to consideration in Committee of the Whole. If that is what was worrying my hon. colleague from Hamilton-Wentworth, I can give him and his colleagues the assurance that the Minister of Consumer and Corporate Affairs will be available in Committee of the Whole in a few minutes, as soon as the member for Lotbinière has finished his remarks.

[*English*]

Mr. Deans: Mr. Speaker, I just want to raise one tiny point with regard to the notice of motion put forward by the government House leader. Having looked into the history of motions under Standing Order 75C, I believe this is the first time the House has ever voted to restrict hearings in committee.

Mr. Pinard: Mr. Speaker, I think my hon. colleague will agree with me that by inadvertence he did not read the report of 1971 when a motion was made while the House was sitting in Committee of the Whole.

Mr. Lewis: Mr. Speaker, in speaking to the remarks of the government House leader, not with respect to the motion under Standing Order 75C and the notice thereon but with respect to the bill that is presently before the House, I must say that the Progressive Conservative Party has been ready for some time to deal with this matter at the committee stage. We are anxious to question the minister, as there are a lot of important matters that must be brought out at the committee stage. We regret very much—

Mr. Deputy Speaker: With all due respect to the hon. member, the minister has made a statement with the unanimous consent of the House. If there are further remarks relating to the statement the Chair is prepared to entertain them, and if not, the Chair will recognize the hon. member for Lotbinière (Mr. Dubois).

GOVERNMENT ORDERS

[*Translation*]

UREA FORMALDEHYDE INSULATION ACT

PROVISION OF ASSISTANCE TO HOME OWNERS

The House resumed consideration of the motion of the Minister of Consumer and Corporate Affairs (Mr. Ouellet) that Bill C-109, to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation, be read the second time and, in accordance with the provisions of the order made on Monday, July 26, 1982, be referred to a Committee of the Whole.

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, when the House took recess at six o'clock, I was dealing with the program announced on December 31, 1981, and mentioned its main points. Following representations made by the President of the Privy Council (Mr. Pinard), I shall cut short my comments so that we may proceed to third reading since there seems to be an agreement to that effect.

Mr. Speaker, following the announcement made on December 23, 1981, I had the opportunity, along with a number of members, to meet a group from my riding actually called the ACEF of the Bois-Franc area. It was made up of UFFI victims, people from the Victoriaville and Bois-Franc areas, from the Richmond riding and part of the Frontenac riding who had insulated their homes with that foam. Representations were made to the effect that the federal and provincial governments should appropriate funds and provide immediate assistance to UFFI victims associations. We were told that the provincial government should provide human and technical resources as well as medical and legal assistance to UFFI victims. At the meeting held in my riding on January 25, and attended by other federal and provincial Members of Parliament, among others the provincial member for Richmond, Yvon Vallières, those representatives made all kinds of recommendations about urea formaldehyde. Of course, we were then in a position to refer to the program which had been announced in December as well as to the provincial program.

Needless to say those federal and provincial programs were well received, some criticisms were levelled, while some tried to absolve the provincial government from any responsibility. It was then pointed out that the committee which had approved UFFI included members from the Quebec Order of Architects and representatives of Quebec Industrial Research centres. We were also told that the federal government was mostly responsible. Anyhow, Mr. Speaker, following the representations that were made, I was asked as a lawyer whether it would be possible to take legal action and how to go about it. I told those people at the time: "Listen! If you want to sue the federal and provincial governments, go ahead! You ought to fight for your rights!" I think that it is a most legitimate right for them to fight for. They had mentioned the statute of limitation on all proceedings against the federal and provincial governments. They were wondering if the program we had announced on December 23, 1981, could jeopardize their right to take legal action against the Government of Canada and get more than the maximum $5,000 made available to them.

• (2010)

Needless to say, the ACEF people in my own riding, represented mainly by Mr. Richard Leroux, also a representative of the UFFI victims of central Quebec, who works for the ACEF in Victoriaville. We were asked those questions and later on, on February 2, 1982, I directed a question to the Minister of Consumer and Corporate Affairs (Mr. Ouellet) in connection

with this situation, and more specifically, as reported on page 14557 of *Hansard* for February 2, 1982, I asked the minister whether his discussions with the provinces and especially with Quebec, as well as with the industry were still going on and whether there was a statute of limitation. The minister then replied that his discussions with the provinces and the industry were going on but they were not bringing about the results he had hoped for any more than they are now.

It is unfortunate that in this respect, we have been unable to obtain—we had other communications, Mr. Speaker, but we obtained neither the participation of the provincial governments, nor that of the industry. An important aspect at this time is the statute of limitation; the Minister of Consumer and Corporate Affairs confirmed that any payment made to UFFI home owners would not deprive them of their right to take legal action against both levels of government, and as to the statute of limitation, he assured us that the bill that is now before the Quebec National Assembly would have the same effect on the Government of Canada as on the Quebec government, which means that the statute of limitation under this bill was set on July 1, 1982.

In view of this situation, I must say that I was proud of the reply made by the Minister of Consumer and Corporate Affairs who, in connection with this problem, has made a tremendous contribution. His job has not always been easy, for he has received a great many representations and met many people in his office who have not always been kind to him, but I think that if we have now reached this stage in our study of this bill, following certain changes that have been made at the request of the Quebec caucus, it is due to a great extent to the Minister of Consumer and Corporate Affairs who has paid particular attention to the remarks made by government members in general and by the 74 members of the Quebec caucus in particular.

Following this most important question I put to him, I was delighted to see that, on April 27, the bill which is before the House this evening was introduced and it covered in fact that matter of $5,000. One thing is extremely important in the bill, and that is Clause 6. The department states that under the terms of this bill, home owners will retain the right to start proceedings against the government if they so wish, even if they avail themselves of the benefits of the program, or receive financial assistance.

This bill gives the government enough leeway to make such changes in the program as could become necessary in the light of new developments or technological breakthroughs. In short, with regard to that situation, the bill having been introduced on May 25, 1982, the flexibility granted by the government with regard to instituting proceedings was discussed, and the government agreed that it would not prevent them even in cases where the complainants had received financial help. I feel that point is extremely important because many of the victims feared that receiving $5,000 would preclude their taking action against anyone as acceptance of the money would be equated with a settlement. Such is not the case, Mr. Speaker, as stipulated in Clause 6 of the bill.

Another important thing occurred on May 25th, 1982. Members of the committee dealing with the matter at the level of the National Advisory Council on UFFI, as advisors to the minister, also announced on that day that $40,000 would be paid out in direct financial assistance to the Quebec Federation of UFFI Associations. That was in keeping with the bill of April 27 which raised the possibility of government flexibility in that respect. Discussions went on after May 25, 1982 and then I had the pleasure of moving under Standing order 43 that the bill be adopted at all stages. Unfortunately it was rejeced, shot down by one of the parties, the New Democratic Party. But eventually I introduced it anew and on that day of July 7 we were given more details, and that is the very important thing I want to tell the House before concluding my remarks. With respect to the bill or the program we had announced on December 23, 1981 and the items I enumerated before six o'clock, we agreed to numerous changes in the regulations so that first of all we would accept applications from all people who had urea formaldehyde foam insulated houses. In other words, all home owners who wanted to take the necessary steps to remove some of the foam from their houses would be eligible for non-taxable financial assistance of up to $5,000.

Every home owner is perfectly free to decide what type of corrective measures he wants to take for his house, and he is also be free to decide to remove the foam if he wants to and the government will retroactively pay for such expenses up to $5,000. That is another aspect of the changes we made in the regulations. The people who have already removed the foam or who are in the process of doing so will also be eligible under this program, provided they can produce the appropriate receipts required under the regulations. That, Mr. Speaker, was announced in a communiqué made public on July 7 by the Department of Consumer and Corporate Affairs.

Some people referred to the costs of the tests and before six o'clock I mentioned the famous $100 cost. Well, we have done away with that $100 charge so as to reduce as much as possible the expenses incurred by home owners. It was decided, Mr. Speaker, to eliminate the $100 required for the exhaustive test. The cheques, which have already been mailed and received, will be returned or the amount refunded.

I see that my colleague for Lévis (Mr. Gourde) is also very happy about this situation. He certainly received many representations from his constituency, as did my colleague from Missisquoi (Mr. Bachand). There were certainly many UFFI victims in their ridings. I can also see that my colleague for Joliette (Mr. La Salle) looks very happy across the aisle. They were all very glad to learn that home owners would no longer have to pay $100 for the test. Moreover, with regard to

the additional financial assistance mentioned earlier, this same committee, with the assistance of the UFFI centre, will consider obtaining additional financial assistance from other federal and provincial agencies and the private sector. These were the changes made to the regulations and announced on December 23, 1981. What has brought this matter before the House today is the very important agreement reached yesterday, on July 26, 1982, to go through all stages of this bill today and refer the legislation to the Standing Committee on Health, Welfare and Social Affairs, which will look into the process used to approve the material, the question raised about the effects on health, and so on, as reported in yesterday's *Hansard* on page 19701. I feel this is very important. The public made representations, the members of the Quebec caucus then made certain recommendations, the announcement was made on December 23, 1981, and we now have this bill before the House and there is also the matter of the regulations. There are now and there will be following the study by the committee very important points to be considered by the victims. I feel that these victims, under the circumstances . . . of course, other sources of financial assistance are possible and this is what the committee will consider—but I think that at this stage, Mr. Speaker, this legislation meets the wishes of the victims themselves and of members on this side of the House. Because of this, Mr. Speaker, I shall have no hesitation in supporting this bill.

• (2020)

[*English*]

Mr. Lewis: Mr. Speaker, in order to provide the House with the time available to go into what should be gone into in Committee of the Whole, and in view of the fact that the minister is here to answer the very important questions that are to be put to him, I suggest you put the question.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I have a few comments that I would like to make before you put the question with regard to matters relating—

Mr. Deputy Speaker: Order, please. The hon. member for Simcoe North (Mr. Lewis) is rising on a point of order.

Mr. Lewis: Mr. Speaker, I rise on a point of order. I understood that there was unanimous consent to move to Committee of the Whole on this measure, and I think we should do so immediately.

Mr. Deputy Speaker: The hon. member for Hamilton Mountain (Mr. Deans) will be recognized if he wishes to have the floor.

Mr. Deans: Mr. Speaker, we will be moving to Committee of the Whole almost immediately, but first there are two or three matters that I want to raise. You know that I have not spoken at any point on this bill, neither previously nor publicly, Mr. Speaker. I think it is important, given that I have a number of constituents within my own personal constituency and within the area immediately adjacent to my constituency, as the hon. member for Hamilton-Wentworth (Mr. Scott) well knows, who will be directly affected by the bill. I do not intend to take a long time. I never do, as you know. But I do want to put some matters to the minister that I consider are questions of principle, quite different from questions relating to the clauses. Clauses, important though they are, are not necessarily appropriate ways of dealing with the principles of the bill.

Let me first say to the minister that I must confess some degree of disappointment in the way this matter has been handled. I am not talking about the technical way of handling it but I am talking more about the way the government has approached the problem that has confronted so many people. Without restating the obvious, a large number of Canadians place a great deal of faith in the government, not necessarily in the government of the day, but in government in general. They believe that when the government says something is okay, it has good reason to say that. When the government puts its stamp of approval on a particular measure, it believes that that stamp of approval carries with it the full weight and commitment of the government.

I know a great number of people in Hamilton, and I have received communication from a great number of people from all across the country, who are vitally concerned that in spite of the fact the government encouraged them—and encourage is not too strong a word to use—to take advantage of the urea formaldehyde method of insulating their homes and in spite of the fact the government's stamp of approval appeared on the advertising and that government funding was available to assist them in this task, Canadians across the country were quite rightly led to believe that this was a safe and reasonable way to cut down on their heating costs, protect their families from the environment and to protect their homes.

The difficulty with all of this is that, probably inadvertently—I am prepared to concede that, although without having sufficient knowledge—the government did allow the situation we now have to develop. The government did not know there was a hazard attached to urea formaldehyde. The government, therefore, did not appreciate that the people who were being encouraged to take advantage of it were being encouraged to place their health in jeopardy. We can argue as to the correctness of that statement. Some people believe there is a health hazard, others dispute that. But certainly there is something wrong with the urea formaldehyde method of insulating homes.

The difficulty now arises that if a person cannot trust his government, and if a person cannot trust that the government stamp of approval is indeed worth something, then who can be trusted?

Mr. Lewis: Not you. We have tried that.

Mr. Deans: The hon. member for Simcoe North (Mr. Lewis) says not me. Of course, he is entitled to his opinion. There are those who trust him, there are those who do not. I do. I think the hon. member is a very trustworthy person.

Let me come back to my main point. People were encouraged, and in many ways they were financially

encouraged, to take advantage of this particular method of insulation. It turns out that it is not a very desirable method. Who then is responsible? Are the people responsible? Was it within the power of the individual's family to research adequately the appropriateness of urea formaldehyde insulation? I do not think there is a member in the House who thinks that any family could ever have undertaken such a task.

Was it within the responsibility of the individual insulator, the person who installed the foam? We all know that people move in and out of those businesses as the occasion arises. I think there is a degree of responsibility upon them, but they too might have assumed that since the government was giving its stamp of approval it was legitimate for them to provide that foam and to put that foam into the homes of families all across the country. You can hardly levy all the blame on those people.

Was it the fault of the manufacturer? In substantial part, yes, it was the fault of the manufacturer. There is no question that there are far too many products made available in this country in particular, and in North America in general, that are not tested as to their hazardous material composition. It is to a large extent the fault of the manufacturer that this product was not properly tested, that all of the potential hazard was not identified, that all of the likely side effects were not found and that adequate safeguards were not introduced. But then, to come back to the point, the government, having the advantage of all the information, all the conventional wisdom, all the testing and all the lab results, still decided that it was proper for the Government of Canada to approve this particular insulation within the insulating program for funding purposes. It is not, therefore, unreasonable to think that even the manufacturer—culpable though the manufacturer is and culpable though he must be held, still has the benefit of saying that, in the final analysis, the government okayed it. It did not have to, but it did.

• (2030)

Now we come to why I insisted upon rising on principle. I know Mr. Speaker has read the bill, and I know that people in Ottawa are vitally concerned about it. Also I know that were you in a position to do so, you would want to place before the House the concerns of the people of Ottawa which have been raised with me, those being that no matter where one turns, in the final analysis the approval or okay was given by the government.

Now, what does the bill do? The bill recognizes that the government was marginally at fault. The government says that, to some extent, it was to blame for this and therefore it will make amends. But how will it make amends? It will do this by ensuring that anyone who does not need assistance will get it.

An hon. Member: How is that?

Mr. Deans: Anyone who does not really need assistance will be able to obtain a grant, but anyone who needs assistance and has no financial backing to enable them to do the job themselves will not get assistance because it is not in the bill.

If one happens to be one of those poor souls in a position of not having sufficient income or being able to obtain a loan and repay it at the exorbitant rates of interest currently being charged, one cannot take advantage of the legislation. If one is retired, living on a meagre pension income, and took the government's view that one ought to insulate one's home, cut down on fuel consumption, and that in order to do that it would be appropriate to put in urea formaldehyde and obtain a government grant, and then one found it was causing a health hazard, there is nothing in the bill for him. If a young family bought an older home and decided that it would be appropriate, in this time of energy conservation, to put in insulation, if they took the government's advice and installed urea formaldehyde and were therefore able to take advantage of the loan grant offered by the government, and if they suddenly discovered that it created intolerable health conditions but their income was not sufficient to enable them to go out and borrow money to have it taken out, this bill does nothing for them.

In this bill up to $5,000 only will be made available if one can borrow the additional $15,000 or $20,000 necessary to take the foam out of one's house. This is the problem with the bill. This is the difficulty with it. This is why we are having so much trouble with it.

The minister says to those people who are now faced with those situations, such as the elderly who cannot afford to take it out, those who may be on pensions because of disabilities and cannot afford to take it out, or those young families who are not required to have an income capability which would enable them to borrow and therefore cannot afford to take it out, that despite the fact the government guaranteed that it was good foam and good insulation and it turned out that the guarantee was wrong, they are now supposed to accept its word. The government says that they are supposed to trust it and perhaps in a year or two, if they live that long, it will try to be of some help. I say to the minister that that is not good enough.

I see the minister smiling. He smiles so kindly. I understand why people are taken in by that very kindly smile, but what is behind it? The minister does not seem to appreciate that the commitment he is making is no commitment at all. I am not suggesting that he does not believe it or that he does not mean it. I think he means it. I think he believes it. I think his commitment is honest. I am not questioning his integrity on this matter. I do not doubt for a moment that, if he had the power, he would like to be of more assistance. But let us take a look at the truth of it.

If the minister had been able to convince his cabinet colleagues that they should have undertaken their full responsibility, he would have done it by now. If he had had the persuasive power to convince the balance of the Treasury Board that there should be more money available for victims of urea formaldehyde who are now feeling the tremendous problems which result from having it as insulation in their homes, or if

he had had the power to convince his cabinet colleagues that, given the government's initial inducement to use the product, they therefore had an equivalent responsibility to ensure that no one would suffer as a result of that inducement, he would have done those things by now. If he could not convince his cabinet colleagues over the course of the last year that more money should be found, that the federal government's responsibility was to ensure that that foam was taken out of each and every home where it was causing a problem and that it was, therefore, the government's responsibility to pursue the manufacturer and to recover from the manufacturer whatever was recoverable by way of liability, why should we believe he can convince his colleagues in the future?

If he could not convince the industry of its responsibility until now, why should we believe he can convince the industry between now and some date off in the future?

If he cannot convince the provinces on the basis of the evidence which is currently before us, then why should we believe that he will be able to convince them sometime between now and some obscure date in the future? I see the hon. member for London West (Mr. Burghardt) sitting and nodding his head in agreement, and I understand why.

Mr. McCauley: He is falling asleep.

Mr. Deans: I mean, that is the crux of it. I feel confident that if it were within the power of the minister to dig into his own personal treasury to hand out the necessary funds, he would do it. But we know that is not the case. If the minister has not been able to convince those other participants up to now, what is there in the offing which will bring about a sudden change of heart? What is there in the offing which will bring about a reversal of the opposition which is so strongly held by both the provinces and the industry?

Mr. Ouellet: Wait until Committee of the Whole.

Mr. Deans: If the minister rises and suggests that he is just on the verge of getting those agreements, we can sit another week and off he can go and get them.

Some hon. Members: Hear, hear!

Mr. Deans: If the minister is of a mind to rise and suggest to us that it is just a matter of time and the agreements will be signed, the provinces will participate and the industry will chip in, then why does the government not just simply go the full distance, provide the necessary funding, recover from those people who are just on the verge of providing assistance, put the money back into government coffers and ease the burden on every citizen across the country?

• (2040)

When one stops to think, it is almost unbelievable. The reason I rose to speak tonight, when I had no intention of rising and knowing that you are not able to rise, Mr. Speaker, is that my honest worry is that once the bill is passed, notwithstanding the committees, investigations and all the best intentions of the minister and his cabinet colleagues and all others involved, by the time summer is over and winter sets in around 1982 or 1983, the government's commitment to people who still have UFFI in their homes and are suffering as a result of it will be less than it is today. It will have waned, the same as their commitment in other matters. That is my worry.

When I pass this provision for $5,000—which is not in the bill but the avowed intention according to the minister's statement—that will be it. There will be no more. Whether the government's austerity program is right or wrong is not to be questioned here tonight, but we will probably talk about it on another day. That program will take over and there will be no assistance, and the government, in spite of the best intentions of the minister, will renege on its vague promise of other help. It will say that it has done the best it can. It would like to do more but it cannot because these are tough times for everyone and if you have to die because it did the wrong thing, well, that is tough.

Some hon. Members: Oh, come on.

Mr. Rossi: You are in show business.

Mr. Deans: I am sorry that it bothers some Liberal backbenchers because I understand that Liberal backbenchers tend to get a little aggravated in July and August, but we on this side of the House take the work seriously. We do not care whether or not it is August.

Some hon. Members: Oh, oh!

Mr. Rossi: You are in show business.

Mr. Skelly: Serious business.

Mr. Deans: If that member would care to identify himself and to suggest that publicly, I would demand that he deny it. He knows it to be totally untrue. To say such a thing from obscurity and anonymity of a backbench from where he will never go further is disgusting.

However, I will ignore it considering where it comes from. It does make me want to say a few words more, I will have you know. I had considered stopping at this point, but let me pose two or three more questions to the minister. They relate directly to the principle of the bill. The principle of this bill is to make sure that those who can afford to remove urea formaldehyde from their homes will get $5,000 or less. Those who cannot afford to remove it will get nothing. That is the principle of the bill. It is not a principle which we can support.

I put to the Liberal backbenchers that many of their constituents for whom they are fighting so hard have an average income capacity which will make them unable to take advantage of this legislation because there is nothing in it for them. So do not sit there yapping about why we should get on with things. This is far too important a matter to pass in the blink of an eye.

Let me suggest to the minister that there are some problems with this bill. The minister talks about his leadership and his commitment. I want to ask him some questions which were related to us. They are very relevant to how this matter will

ultimately be resolved, if at all. I stress the point, if they will be resolved at all. I honestly do not have much faith in an ultimate resolution which will be satisfactory to anyone who does not qualify today under the bill.

Will the home owners' representatives be invited to participate directly in the negotiations which will take place with the other so-called partners in this problem? Will they be at the negotiating table? Will they be there as spokesmen, or will they simply be allowed to attend?

Mr. Lewis: On a point of order, Mr. Speaker. We have seen a lot of cheap tricks lately. I would draw Mr. Speaker's attention to the member sitting directly behind the present speaker and to the T-shirt she is wearing. I think it is unacceptable in this chamber. I would ask you to rule on this, Mr. Speaker. Is it permissible in this chamber to wear a T-shirt which says "I support UFFI victims?"

Mr. Deputy Speaker: The hon. member has made his point. The Chair has been called upon to make a ruling that is, shall we say, one of the more delicate ones. The tradition of the House has been to remove the display. In the circumstances, I think that the decorum requirements are such that I will rule that this is not a display.

Some hon. Members: Shame.

Mr. Deans: Mr. Speaker, you can see that the Conservatives are nit-picking, playing games, and are unconcerned about the problem. For a moment I was worried that they might demand my hon. colleague to take her shirt off.

Some hon. Members: Oh, oh!

Mr. Deans: Let me continue, Mr. Speaker. I want to talk about the time-frame for a moment. Through you, Mr. speaker, I ask the minister what provisions are there to put in place a full review of the responses obtained within the process that will be undertaken? What time-frame will there be in which to come to ultimate conclusions with regard to that? What assured alternatives will the minister provide today should these projected negotiations to which we are hanging on so much fail to satisfy the objectives for total compensation of the cost of removal?

I think that I am likely speaking for the Conservatives as well; I hope that I am. I think we are all committed to total compensation for the full removal of UFFI. I think that is the stand of most members. However, I worry because there is no guarantee or way of making sure that this will happen. Will the minister respond to the very serious concerns that have been expressed by all the members of the advisory council? Has he committed himself to provide relief to financially deprived victims? What will he do if a senior citizen on fixed income, an unemployed person or a low-income individual is unable to remove the insulation? Where is the commitment to those people? What is the minister prepared to tell us about the government's commitment to ensuring—

Mr. Ouellet: Mr. Speaker, on a point of order, I have been receiving numerous questions from the hon. member which are in the form of a speech. I want to assure him that I am ready to give him answers to all his series of questions. I hope that it will be possible to do so as soon as we reach Committee of the Whole stage.

Mr. Deputy Speaker: The hon. minister has made his point.

Mr. Fraser: Mr. Speaker says on behalf of myself and, I am sure, on behalf of other colleagues here that the questions which the House leader of the New Democratic Party is asking are questions that we want to ask—

Mr. Deputy Speaker: The hon. member is not making a point of order.

Mr. Skelly: Mr. Speaker, on a point of order, I suggest that there are numerous opportunities to speak in the House today and these questions are certainly valid and could be answered by anyone over there.

Mr. Deputy Speaker: The hon. member is not making a point of order.

Mr. Deans: I want to thank the hon. member for Vancouver South (Mr. Fraser) for his support in this matter.

• (2050)

Mr. Deputy Speaker: The hon. member for Vancouver South (Mr. Fraser) asks the hon. member for Hamilton Mountain (Mr. Deans) if he will accept a question.

Mr. Deans: I have only about five more minutes in which to speak, Mr. Speaker, and then I will be happy to accept any number of questions. I will be very happy to accept any number of questions in about five minutes, and then the hon. member can take the rest of the evening to question me or the minister, depending upon whom it pleases him to question. I probably know more about the answers than the minister does. In fact, so does the hon. member for Vancouver South, probably.

I wanted to go on and say to the hon. member for Vancouver South that I am delighted that he thinks these questions are the appropriate ones. I think he is right. These are questions to which we all want the answers, and we need only ask them once and then we will get the answers.

Considering the problem of access, when the minister responds at the end of second reading, I would like him to state what provision will be put in place, through either an amendment to the bill or through the regulations, to ensure that the victims of UFFI will have access to qualify for the grant of up to $5,000. I think we have all agreed that it is up to $5,000. Yesterday, the minister indicated that that was the minimum amount. I think we all understand now that in fact $5,000 is the maximum amount. The $5,000 is available now only to those with adequate financial resources. How will we ensure in the regulations that people of limited means will have access? How will we—

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

Mr. Deans: I am having trouble tonight. What is the matter with you people.

Mr. Deputy Speaker: The hon. member for Sherbrooke (Mr. Pelletier) rises on a point of order.

[*Translation*]

Mr. Pelletier: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: The hon. member for Sherbrooke (Mr. Pelletier) on a point of order.

Mr. Pelletier: Mr. Speaker, did I understand correctly what you said earlier? You allow us to wear T-shirts in this House? Did I understand you correctly?

Mr. Deputy Speaker: Yes. The hon. member understood correctly.

[*English*]

Mr. Deans: I seem to be having some difficulty. Just remember, though, that if one happens to be male, one must wear a tie with one's T-shirt.

I want to ask the minister what, if any, provisions we will have in the regulations, or what kind of amendment the minister is prepared to provide which will ensure that those people who have expended their financial resources in the installation of urea formaldehyde foam in the first place will have some additional funding made available to them to cover the difference between the $5,000 grant and the full cost of removal. I do not have to remind the minister, I am sure, that the full cost of removal, at least in metropolitan areas in Toronto—and I suspect it is probably equally true in most metropolitan areas across the country—ranges in the order of some $20,000. That is in large areas. In a brick home—

Mr. Burghardt: That's not true.

Mr. Deans: The hon. member for London West (Mr. Burghardt) says I am wrong. Well, I have been wrong before and I am therefore open to be questioned on that. But the information I have, and I think it is shared by the minister, is that total removal of the insulation from a brick home costs up to $20,000. In fact, I may be wrong on the low side. It may, in fact, cost far more. However, we will not quarrel about that. Even if it costs $10,000, for someone with no money the difference between having an encumbrance of $10,000 and an encumbrance of $20,000 is hardly worth quibbling about tonight, especially when one cannot get a mortgage on one's home because one does not have the income to pay for it.

What I am worried about is not the numbers so much as the principle, because it is to the principle that I am speaking. Therefore, I think it important that we address that principle. There are certain problems which must be addressed, not in private consultation, not in letters and not simply by a nod of the head and a wink of the eye. There are issues which are not directly related to the removal of the urea formaldehyde foam insulation. I know a family extremely well, with whom I have met to discuss this problem. There seems to be no doubt but that urea formaldehyde foam insulation has seriously affected the health of the woman in that household. I use the words "seems to be" because I am not a medical doctor, I do not pretend to be one, and never have. What do we do? What are the provisions to assist those who might suffer acute or long-term health problems which may well be, and which some people claim are, directly related to urea formaldehyde foam insulation? I am being tentative because I am not positive, but there are those who claim there are health problems which are directly related to the use of this particular product.

What about assistance for those whose homes have been structurally damaged as a result of the UFFI? I think that hon. members recognize there is a distinct possibility of structural damage. What about property value losses? I know that the hon. member for London West and other hon. members are aware there are any number of appeals pending and some which have been won concerning property taxes and relief from property taxes. But one must bear in mind that the reason this relief is to be given and therefore paid for by the other property taxpayers in the municipality is that the federal government approved the use of urea formaldehyde foam insulation and encouraged people to take advantage of it. Then, of course, there is a whole range of health questions. I will not go into detail on all the questions, but they are vitally important.

Mr. Skelly: Someone over there wants you to go into detail. I think they said, "Bravo".

Mr. Deans: No, I do not want to abuse the time of the House. However, I do want to say there is a wide range of health-related problems. Where does the Minister of National Health and Welfare (Miss Bégin) fit in? Where is the tie in? What is the responsibility of the Ministry of National Health and Welfare? To what extent will the ministry assume financial responsibility for those problems? Let me say to the minister that I can remember, some years ago, battling a case involving asbestosis which was directly related to the operations at Johns-Manville. I remember the battle we had trying to convince people that there was indeed a health hazard in the early years. I have been at this business a long time. In the early years, we had a very serious problem trying to convince doctors and others of the seriousness of the fibers or particles which were in the air within the Johns-Manville plants in the manufacture of asbestos. I know of people who died from lung disease and who could not prove, while they were alive, that they were suffering from a disability which resulted from their employment, and who received no compensation.

I want to say to members in the House: do not cast aside the potential of serious health problems resulting from the continued use of and exposure to urea formalydehyde foam insulation. Do not be as people were ten and 15 years ago when they were blind to the seriousness of the difficulty. For God's sake, do not come back ten years from now and tell us it is very, very unfortunate that we did not know. That is the whole problem.

These are matters which are new to me. They are new to most of us, and we do not fully understand the implications of them. But we require an absolute commitment from the Minister of National Health and Welfare as to the ministry's full participation in and covering the potential and real hazard. It is therefore important that we recognize it.

Mr. Deputy Speaker: I regret to interrupt the hon. member, but the time allotted to him has expired. I now recognize the hon. member for Vancouver South (Mr. Fraser).

Some hon. Members: Filibuster!

Hon. John A. Fraser (Vancouver South): Mr. Speaker, as belated as it is in the evening, it is certainly a privilege to rise to speak on this bill. I do not doubt that my fellow colleagues in the New Democratic Party feel very strongly that the bill before us tonight is inadequate. In fact, I believe some of our colleagues on the government side feel the bill is inadequate. There was a general understanding many hours ago that each party would be brief in the speeches in the second reading stage in order to get this bill into Committee of the Whole. The reason we wanted to get the bill into Committee of the Whole was so that questions which members have to ask the minister could be asked.

• (2100)

What we have been subjected to in the last 40 minutes is a display of mock words by the New Democratic Party House leader. The purpose of the display was to push this debate on until we reached the point where there was really little time to ask the questions of the minister which the minister already said he is in the House to answer.

Hon. members who have known me for many years know that I have always been on pretty good terms with many of my colleagues in the New Democratic Party. I am not quick to cast aspersions in this House. Anybody watching this performance tonight maybe wondering what is going on. I feel very badly about this. Regretfully, I do not think the House leader of the New Democratic Party has served the people who are suffering from urea formaldehyde by his display tonight which took the last 40 minutes.

Mr. Deans: Mr. Speaker, I rise on a point of order. It is my understanding that on second reading a member is entitled to 40 minutes, entitled to express concerns—

Mr. Deputy Speaker: Order. The hon. member is not making a point of order.

Mr. Fraser: I never said that members are not entitled to 40 minutes. I am saying that if this place is to function and when it is clear that members are trying to co-operate to get the debate to the stage where questions that are appropriate to ask are to be asked, and somebody else plays games to stop it, it is inappropriate that they get up—

Mr. Skelly: Mr. Speaker, I rise on a point of order. I regret the intervention and I will not make another. I wonder if the minister—the member—might accept a question that would clarify the situation.

Mr. Fraser: Mr. Speaker, the difficulty is that my friends in the New Democratic Party are now finding out what it is like to have their little game exposed. They do not like it so they are jumping up and down. They now want to ask the minister a question. They have had hours and hours to ask the minister and they have been careful not to do this.

The House leader of the New Democratic Party posed a lot of questions that all members in the House know have to be posed and answered. However, he did not pose them at a time and in a place where the minister could answer them. That is the game he has been playing.

Earlier the suggestion was made that other members in this chamber are not sincere in their worries about this issue, that somehow or other some members in the House do not care as much about the problems and limitations in the bill as do our friends in the New Democratic Party. Let me say this.

No one would ever accuse my friends in the New Democratic Party of having, nor would they claim to have, a monopoly on wisdom, perspicacity and intelligence. They have never done that. However, they have always claimed a monopoly on virtue, and that is what they have been trying to do tonight.

That is regrettable because I have received hundreds of letters from people in my province on this issue. I have met with people who are suffering from urea formaldehyde. I think that the bill presented by the minister is inadequate and there are some questions that have to be asked.

I will accept an assurance if it is given to me because I accept assurances solemnly given by hon. ladies and gentlemen. I will cut off my speech if my friends in the New Democratic Party will now rise and say that they have had their fun, they tried to make a point and they now want to move into committee of the Whole. If the House leader of the New Democratic Party wants to interrupt me to say that is what they will do, that is fine. However, why should I now sit down and let them get up and make the same speech over again, knowing that what they are going to do is ensure that all of those people across this country who want the answers to the questions that the House leader of the New Democratic Party asked will not be answered? If the New Democratic Party speakers get up after I sit down and carry on making the same kind of speeches, because of the terms of the House order which they agreed to yesterday, it will guarantee that the minister will not be allowed to give any answers in the House.

Some hon. Members: Hear, hear!

Mr. Fraser: That is a game that is being played. My friends in the New Democratic Party have been shouting at me. They always shout when I get upset because I do not usually go after them. I try to get along with them because I am a very patient and tolerant fellow. They are now saying, "Oh, you are supporting the Grits". Isn't that interesting? Let me say this.

I have run in five elections and have been elected in four. If they want to find out the great degree to which I have supported my friends on the Liberal side—there are a lot of them in the House tonight—they can ask them whether I have spent the last ten years supporting them. They can ask some of their colleagues who are no longer sitting because they cannot get elected in the lower mainland of British Columbia whether I have been supporting the Grits.

I see them smiling. I know the answer they will give. Sometimes we get along very well personally, but there is not a member on that side, including the minister, who is ever going to accuse me of unduly supporting the Liberal Party, and they do not expect me to.

What I do not expect are cheap shots from those fellows in the New Democratic Party. I do not expect that from them and I do not have to put up with it. We can just see how sincere the members of the New Democratic Party are. I believe it is fair to let those who have been watching know just what kind of a game they have been playing. I do not know who will rise following me. It may very well be a member of the Conservative Party. It may as well be a member from any other party because time is running out.

• (2110)

I say seriously to the minister that this bill is defective. It does not set out even the so-called $5,000 maximum amount. It is very limited with respect to the amount of money the minister has been able to persuade the Treasury Board to commit to this very urgent and serious problem. We do not have the regulations in front of us, although I understand there are some drafts of regulations. By merely reading the bill we cannot tell what it will do until we see the regulations. However, the minister is here, and we could ask these questions of the minister, if my hon. friends in the New Democratic Party would allow us to get to that stage of our procedure in which we would be allowed to ask questions of the minister. Ordinarily, if there was not a House order made yesterday, I would not care. Members of the New Democratic Party could talk as long as they wanted at second reading. That would be their choice. If they wanted to talk all this week and all next week, they could continue to talk at second reading. If that is what they wanted to do, why did they agree yesterday to a House order which, I think Your Honour would probably rule, makes it mandatory to end all debate on this bill tonight by 9.45? Members of the New Democratic Party cannot have it both ways. The only thing I can conclude is that the New Democratic Party does not want to give hon. members a chance to get up in the House in the special Committee of the Whole for which we have been waiting and ask the minister questions. Not only do I as a Member of Parliament have the right to ask questions, but the minister also has an obligation to try to answer them. There may be government members who would like to ask some questions too. They are entitled to do so. I see some hon. members opposite nodding. I will not continue any further. I am deeply sorry—

Mr. Deans: On a point of order, Mr. Speaker—

Mr. Fraser: Mr. Speaker, I think the House leader of the New Democratic Party has thought up another point of order.

Mr. Deans: Mr. Speaker, the hon. member has indicated that somehow or other we are abusing debating time. On a point of order I want to ask him if he is aware that it was at my insistence that there was a debate. The Tories were prepared to let the bill go without debate.

Mr. Fraser: Mr. Speaker, my response to the hon. House leader of the New Democratic Party is that if he thinks what he has been playing around with for the past couple of hours is a debate aimed at eliciting any answers, that is a fraud on the public watching this debate.

I do not like this bill for many reasons. I do not like the way this whole problem has been dealt with, but I want to ask some questions. What we are really getting down to is that if the New Democratic Party wants to carry on speaking for the rest of the evening, there will be no questions asked. The whole Committee of the Whole stage will have to be forced through in the last couple of minutes because that is the House order to which the NDP agreed. It will be on the heads of members of the New Democratic Party when we start to get telephone calls in an hour or so from people all across the country asking how the dickens this happened and why we did not get any answers from the government.

Mrs. Mitchell: Talk about the issue.

Mr. Fraser: Members of the New Democratic Party are very jumpy. They come in wearing fancy T-shirts bearing slogans. I do not quite understand why that is suddenly all right for some people to do but not for other people to do—

Some hon. Members: Hear, hear!

Mr. Fraser: —but I do say that there is a serious problem connected with this bill. The bill is not adequate. We do not have the regulations. The minister has an obligation to answer questions, and the intention of members of the New Democratic Party to talk this bill out to the last minute and to depend on the terms of a House order is a cheap fraud on Parliament.

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, in my opening remarks in this debate on Bill C-109 with regard to urea formaldehyde foam insulation I want to say that I think what we just heard was one of the poorest examples of an elected member. An hon. member stood in the House and almost pleaded with Liberal members to stand up and take their places here so that the debate could swing to the other side of the floor because of some kind of mechanism worked out between the two parties.

Some hon. Members: Oh, oh!

Mr. Parker: Last August I sent out a questionnaire to people in my riding because I was concerned about this matter, and I would like to read that questionnaire into the record as follows:

Urea Formaldehyde Foam Insulation

Do You Have a Problem?

I believe the government is sidestepping its responsibility to Canadians whose homes are contaminated by UFFI. I intend to press for compensation for home owners who are victims of the government's mistake in approving the use of this dangerous substance. I need facts and figures about the extent of the problem in Kootenay East-Revelstoke. If you are affected, please complete the following questionnaire, give it to me when I am in your area, or send it to my office in Ottawa.

I want to talk a little bit about that. At that time the defeated Conservative member decided he should do something. He decided to attend public meetings in my riding to hear about the concerns of the people there. At least he had a little more gumption than members of the Conservative Party here this afternoon. Not one Conservative fought for the full compensation for UFFI victims which this bill does not provide. Shame on the Conservative Party of Canada.

I would like to read into the record some of the answers to my questionnaire. I think it is well worth putting some of them on the record. The following is a letter sent to me from Revelstoke:

Thank you for taking up the cause of those of us who are "stuck" with this problem.

For myself, it is difficult to say whether or not the health problem I have had since about last Christmas is due to the formaldehyde gas or is due to a virus and as I have had a sinus problem for many years . . . for the past nine or ten months I have suffered more severely with it and with recurring muscle and joint pains.

Mr. Gurbin: Mr. Speaker, I rise on a point of order. I wonder if the hon. member who has the floor now has considered the possibility that the person about whom he is talking who is getting sick might be getting sick from watching the NDP on television.

Mr. Parker: Mr. Speaker, that is the kind of comment and concern the Conservative Party has for people who are suffering from these kinds of problems.

The letter goes on:

From a purely economic point of view those of us with the insulation are at a distinct disadvantage:

(a) We paid income tax on the grant money from the Government.

I do not know whether that has been mentioned yet. People who received grants paid income tax on those grants. The letter continues:

(b) We paid the labour costs to instal the insulation.

(c) Worst of all, no one will buy a house knowing it has been insulated with urea formaldehyde foam—if one wishes to sell it would be necessary to have the foam removed, new insulation put in and, depending on how it would be removed, either the exterior or the interior walls redone.

That is a letter from a widow who needs assistance, and she does not need just $5,000. She needs full compensation and assurances from the Minister of National Health and Welfare (Miss Bégin) that regulations will be set forth to protect people such as herself. I should like to put on the record a reply from a constituent in Kimberley, British Columbia which reads as follows:

• (2120)

We are both over 70—Last 6 months neither one of us has been well.

These are the things that people are saying. Another reply reads this way:

My husband who is a kidney patient has contracted emphysema.

These are the kinds of replies we are getting. As I toured my riding I visited some of these people. One lady in Kimberley had several small children. The walls of the house had bulged over 12 inches and they were in the process of moving out of the home. They did not know whether anyone was going to pay the expense of their staying somewhere else while they had the testing done on the house. Now the government has the gall to offer $5,000 in compensation and say that perhaps there will be more money later on and perhaps there is some way they will be able to deal with the problems.

As I toured the riding, people asked me when the government will finally recognize that it created a serious problem when it guaranteed to pay for the installation of this insulation. The government gave a lousy $350 grant, which has resulted in as much as $15,000 or $20,000 damage to some homes.

Some people want to sell their home but the real estate agent has told them that they must acknowledge that urea formaldehyde has been used and that the agent must tell the new buyer of this. If that is not done and it is revealed at a later date, the sale could be null and void.

The representative of the Kinsman Club came to see me with a sample of the material, asking that it be tested. It was installed in their hall and they wonder if people are being contaminated. We have heard of problems in the schools as well. I think the government has a responsibility to trace these problems and introduce programs of full compensation in the realization that there could be very serious medical problems.

A house in Revelstoke is very close to the track. All of the sudden the plaster and the gyprock in that home started to crack. The residents became very ill. They began to get nosebleeds, the children were sick and the housewife was more sick than usual. They went to the doctor about their problems. The urea formaldehyde in their home was starting to deteriorate and it was creating the problems.

In most cases the people have mortgages and because of the high interest rates now in effect, they are paying up to the hilt. To ask them to try to raise another $10,000, $15,000 or maybe $20,000 to have urea formaldehyde removed and then the government will reimburse $5,000, is hypocritical.

I do not think the Conservative party has done justice to this House of Commons by not putting up one speaker on this bill, Mr. Speaker. This is a very serious injustice not only to their constituents but to the people of Canada. For them to accuse this party which is trying to get the message out to the country that this is a lot more serious than the government is leading us to believe, is hardly fair.

Those are the kinds of things that are happening, Mr. Speaker. I want to say that it has been a privilege for me to represent Kootenay East-Revelstoke and to have the opportunity to stand up in this House and speak for the people of my riding.

Mr. Friesen: A point of order, Mr. Speaker. If the hon. member would spend some time in the House he would know that we have put up speakers. I am glad that he put in the past tense that he represented the riding because he will not be here next time.

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to have the opportunity to speak in this debate. It is important to point out what has been going on in the House today. Earlier the Conservatives agreed that there would be no House order—that the only House order they would agree to was no debate at all. Then the hon. member for Vancouver South (Mr. Fraser) got up and said they wanted time to ask the minister questions. That is completely new. It is interesting that the minister is now back in the lobby dealing with the Conservatives, trying to figure ways of getting them out of this pickle.

I should like to go through the history of the urea foam problem because it is a very serious one. For Parliament to pass a bill that does not deal effectively with the concerns of people who have urea foam in their homes, is inappropriate. There are many people in the country who cannot borrow the $5,000. The cost of taking the foam out of most homes massively exceeds $5,000. On average, contractors' bids in the city of Toronto amount to about $22,000, and for brick homes it is much more.

We have to look at the history of this problem, Mr. Speaker. It was a government that promoted the placement of urea foam in homes. It was installed at home owner's expense but many of them took advantage of the government grant and paid income tax on it.

If you buy a car or a washing machine you have an opportunity to go after the producer if the item turns out to be damaging to your health or if it does not work properly. Because of case law you have a right through the court system to go back to the producer of the item for the cost that you have incurred. In this situation it is a product sponsored by the government which has been demonstrated to be unsafe, so it is important that the government, and the official opposition too come clean and state their positions. The government is offering a very limited program that is only accessible to people who have cash in the bank or who can remortgage their home because they have other assets.

This is completely a class-oriented bill which addresses the wealthier people in the country, not those who are poor, who are on pensions or who would have difficulty refinancing a mortgage.

The question of the value of homes is not addressed in the bill. There are homes in Vancouver, in every city and province in the country that basically are black-listed by the real estate market. People cannot get anything near the price they want for their home, and indeed they should not be able to sell them to unsuspecting buyers.

The consumer has a right, in any legislation brought before the House, to have equal access, but that principle is not contained in this legislation. Perhaps the owners of some wood frame homes in Nova Scotia would benefit from the bill because the cost of removing exterior or interior walls is relatively low. There is a vapour barrier and the insulation can be removed. This is nearly impossible in larger brick dwellings.

We have to look carefully at how the problem evolved, Mr. Speaker. The foam is an insulating material that is injected in liquid form into the wall cavities of buildings and expands in the wall. The problem seems to arise as the material breaks down after installation, releasing one of its components which is formaldehyde gas, into the surrounding atmosphere. Factors such as improper mix, high temperature, improper placement, moisture, humid conditions or associated fungus activity, have accelerated the decomposition process, resulting in increased gas levels in homes.

As has been pointed out by an expert committee that looked into the problem, the gas can cause eye, nose and throat irritation, nosebleeds, headache, coughing, nausea, asthma-like conditions, vomiting and dizziness. It has been related to cancer in laboratory animals, and I intend to deal with that later.

It is estimated at this point that from 80,000 to 100,000 homes are affected. In about 25,000 of those homes material was installed under the provisions of the Canadian Home Insulation Program. When properly installed in the outside walls, with the right mix and good ventilation, the material has frequently not been a problem. In adverse conditions, however, where one of the many factors above come into play, it has been proven to be a very serious problem indeed. Removal has been difficult and costs already have ranged anywhere from $10,000 to $30,000 and above, and it has often proven to be unsatisfactory even after removal. People can be affected and be unaware of the problem.

• (2130)

Let me go back a moment in history, Mr. Speaker, because tonight is one of the last opportunities for Parliament to address itself seriously to this issue. Regardless of whether problems are put to the minister or not we all as Members of Parliament recognize that this legislation cannot be changed tonight. The hon. member for Vancouver South was very eloquent in pointing out that we were putting up speakers and the Conservatives were not. It has been clear for a number of weeks, Mr. Speaker, that the Conservative Party was not seriously interested in getting a bill back before this House which addressed the problem in an equal way regardless of the income factor. In 1969 this product was first accepted in this country by CMHC and was used during that period in some states of the U.S., and in Europe since the 1950s. By 1970 CMHC acceptance was withdrawn because of shrinking and instability of the product. The foam simply was not demonstrating itself to be a good insulating factor.

In August, 1977 CMHC reaccepted urea foam as a safe product, and Rapco Ltd., a company partly owned by the Canada Development Corporation, claimed to have solved the shrinking problem, and Rapco has since been a major producer. In September, 1977, the CHIP program was put in place and the foam was approved for use. In August, 1978, Dr.

R. Viau of the Consumer and Corporate Affairs chemical directorate warned of problems and advised caution in its use. Reports of complaints from across Canada of nausea and irritation, etc., started to come in. Dr. Viau stated at that time that the government was aware of the dangers and aware of reports in Europe some ten years earlier which described the problem. He referred to a U.S. report entitled "Urea Formaldehyde Based Foam Insulation—An Assessment" done in 1977. By October 1979 a North Carolina lab test showed a link to cancer in rats at relatively low emission rates. What happens when it is in the walls, Mr. Speaker, is that gradually, due to moisture, the type of vapour barrier and depending on which wall faces sunlight, and so on, you get decomposition of the foam and release of the gas which at low emission rates has been shown, in mammals at least, to be linked to cancer.

In November, 1979, over two years ago, the "Marketplace" program raised the concerns to the Canadian public. That same month the state of Massachusetts banned the sale and use of the foam and moved to have the material removed from all public buildings.

In January, 1980 the final report on lab tests indicated a definite correlation with cancer in rats, and the Department of National Health and Welfare received the report but did not respond. In April, 1980, the province of Saskatchewan began an investigation into the problem. At the same time the Washington hearings on urea foam led to an investigation and a recommendation that a warning be included with each and every contract signed by the U.S. Consumer Products Safety Commission. In September, 1980, the present Minister of National Health and Welfare (Miss Bégin) indicated that a special committee would be formed to study the problem, 11 months after the first reports on the cancer link and two months after the first warning by Consumer and Corporate Affairs officials. On November 24, 1980, the U.S. Consumer Products Safety Commission's report indicated there was a cancer threat to humans. That particular problem, Mr. Speaker, and that particular report has yet to be addressed seriously either by the minister or by the Minister of Consumer and Corporate Affairs (Mr. Ouellet), or for that matter by the Conservative Party in this House. On December 17, health and welfare finally put a temporary ban in place on the foam.

In January, 1981, my colleague, the hon. member for Comox-Powell River (Mr. Skelly), responded with questions to the Minister of National Health and Welfare, the Minister of Consumer and Corporate Affairs, as well as with letters, press releases, travelling across the country and appearing on "As it Happens" on BCTV and any other media outlet which would carry the story. Finally, on April 23, 1981, a permanent ban was put in place.

The Liberals and Conservatives want to go after the New Democrats in the House tonight for saying that for some reason they want to speak about the issue, that for some reason they have some questions which they have organized with the minister and they think, for some reason, that will be useful in dealing with householders or the media. Well, this issue has been before the House and any Canadian can refer to the public record in *Hansard* and see what kind of questions the Conservatives have put forward and what kind of answers the minister has given. There has been abundant opportunity here, in committee and in public, for both sides to get their answers on the record.

The minister is saying that it is $5,000 minimum, maybe there is going to be more, maybe some will come from the provinces or the municipalities, or maybe some money is just going to drop from somewhere, maybe from other federal programs. If you live in a small home and you have this foam in there and you have had to move out into the backyard and your children have nose irritations and you have emphysema from it and so on, you do not want Members of Parliament sitting here passing legislation which may not even apply to you at all. If you cannot borrow the $5,000, if you cannot remortgage your home, if you cannot sell your home, you are in a position where you have to walk away. Certainly in a democracy such as this, where the government is complacently trying to pass a piece of legislation which does not address the problem, it would be completely appropriate for at least one group of Members of Parliament to stand up in this House and make it clear to Canadians that there is a proper approach to this problem. There has to be an approach which deals with the medical and scientific side, and one which deals with the complete safe removal of this material at the cost of all taxpayers. In the next election the voters can reflect upon the enormity of the government's bungling in getting involved in recommending and helping to pay for the installation of this dangerous product.

All physicians in this country, Mr. Speaker, should be notified of all of the problems with urea foam, and that has not been done. As I said earlier, there are still thousands if not tens of thousands of home owners, residents and renters who are unaware of the fact that the foam is in their walls and that part of the medical problem they are experiencing is directly related to that foam being there. All home owners should be formally notified that they have the material installed in their homes, whether they are owners or renters, as many are suffering without knowing the cause. The government should provide testing facilities in all regions of Canada with programs to provide some level of testing, programs that are set up to monitor it accurately in the medium and long term. This is because the release of the gas into the atmosphere of homes depends upon the amount of moisture in the walls, the temperature, the ventilation, and whether or not doors have been opened and closed a lot. There are a lot of variables and it requires some very accurate testing.

A committee must be established to determine an appropriate compensation mechanism to assist all those who have had the material installed and have a problem. The government's response to the questions in the House prior to April 23, following a great deal of urgency raised on this matter by the hon. member for Comox-Powell River, was to refer the matter to a special investigative committee. I think it is worth while for those home owners who are watching and who want to

refer to the public record to know just exactly what this committee had to say. The report says:

> Urea Formaldehyde (UF) foam is prepared on site from the mixture of urea formaldehyde resin, an acidic hardening agent (usually phosphoric acid) and a propellant (usually compressed air). The fresh UF foam contains approximately 75 per cent water by weight. During the curing process of UFFI following installation, formaldehyde gas is released.

● (2140)

> The release of formaldehyde from the foam is a complicated and poorly understood process. Most experts agree that there are continual forward chemical reactions occurring. Formaldehyde molecules may cling to the surface of the foam and cause a vapor pressure in the foam. The presence of the formaldehyde also encourages the forward reaction and retards the reverse reaction (breakdown). Air passing through the foam can sweep the formaldehyde from the foam. Increases in temperature and humidity and the presence of greater amounts of acid in the foam can accelerate the breakdown.
>
> Installation:
>
> It would appear that the UFFI gassing problems referred to this committee could indeed relate at least in part, perhaps in large part, to improper installation, improper vapor barriers in foamed houses etc. There is evidence that under controlled conditions the material (UFFI) shrinks and is essentially not a defined and stable product.

Health hazards are associated with living in urea formaldehyde foam insulated homes. This is really the most important point because we are talking about applying a piece of legislation and passing it through the House. We can see the headlines across the country "UFFI bill passes through House of Commons." Everybody can wave their hands in joy. They have access to funds and they can take out the insulation. But this is a great misconception. People who have UFFI in their homes and want to take it out will know that this bill is a sham. It is the general public and the taxpayers who will think that the government created a problem. The government funded the program and supported it, and somehow or other the government has come up with a solution.

It is our job in the opposition, at least of those of us in the New Democratic Party who take the job of opposition at this point seriously, to make it clear to the general public that what is being proposed in Bill C-109 is not a solution. It is a shell game. It affects only a very small portion of the population and only the wealthiest portion of those who have been stuck with this terrible problem.

The report continues:

> Potential and real health problems resulting from exposure to formaldehyde include eye, nose and throat irritation, cough, headache, dizziness and in very high concentrations bronchopneumonia and pulmonary edema. Generally the degree of reactivity depends on formaldehyde concentration and duration of exposure. Prolonged or repeated exposure in those who are predisposed to asthma (airways irritability) may produce asthma or worsen an already existing asthmatic state. Indeed the potential to cause life threatening status asthmaticus exists. Contact with UFFI may cause skin irritation or ultimate sensitization to formaldehyde.

Before going on, I would like to congratulate the home owners across Canada who have organized and worked very hard to try to get all parties in the House to respond to the serious problems they have faced. To all of the UFFI home owners in every province these people have worked their guts out for years, and I would like to thank each of the following: Dr. Penny Tilby, Vancouver, B.C.; Fred Palen and Robert Gahan, Calgary, Alberta; Glen Markowski, Winnipeg, Manitoba; Ed Smee, William Tell and Henry Wakeley, Ontario; Nicole Lamer, Pierre Bergeron, Len Coccolico, Quebec; Carl Wentzell, Garnet Wales and Dan Williams, Newfoundland. These are the real and only heroes of this continuing battle. I am confident that they will continue in the battle to get appropriate legislation and appropriate compensation. The report continues as follows:

> Formaldehyde is principally an irritant, but by combining with human proteins it may produce an immunoreactive hapten protein complex resulting in antibody formation (allergy). To this property, as well as to chemical irritation, are attributed many of the problems of dermatitis and respiratory tract reactivity with bronchospasm.

I do not think I need to go on at too great a length in relation to the terrible problems that have arisen across Canada. But I would like to touch briefly on the detailed evidence of carcinogenicity or cancer that was found in the studies on animals by Doctor L. Golberg and Doctor J. Clary. This same evidence was presented at the Third Chemical Industry Institute of Toxicology Conference on Formaldehyde Toxicity in November, 1980 held at Raleigh, North Carolina.

A risk assessment was undertaken and it is clear to the general public and to any member of this House who wants to read the report of the mutagenicity, the teratogenicity, the epidemiology and the other health considerations that we are dealing with a very serious chemical problem and to try to sweep it under the rug to allow just a fraction of home owners to remove this kind of insulation is not the way to deal with the problem. We have to go to the very root of the problem and remove all this insulation from all the homes where it is going to cause problems.

Mr. Deputy Speaker: Order, please. It being 9.45 p.m., pursuant to order made Monday, July 26, 1982, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the bill now before the House.

[*Translation*]

Is it the pleasure of the House to adopt the motion?

Some hon. Members: On division.

Motion agreed to, bill read the second time and the House went into committee thereon—Mr. Francis in the chair.

[*English*]

The Chairman: The House in Committee of the Whole on Bill C-109, an act to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation.

Shall Clause 2 carry?

Some hon. Members: On division.

Clause 2 agreed to.

The Chairman: Shall Clause 3 carry?

Some hon. Members: On division.

Clause 3 agreed to.

The Chairman: Shall Clause 4 carry?

Some hon. Members: On division.

Clause 4 agreed to.

The Chairman: Shall Clause 5 carry?

Some hon. Members: On division.

Clause 5 agreed to.

The Chairman: Shall Clause 6 carry?

Some hon. Members: On division.

Clause 6 agreed to.

The Chairman: Shall Clause 7 carry?

Some hon. Members: On division.

Clause 7 agreed to.

The Chairman: Shall Clause 8 carry?

Some hon. Members: On division.

Clause 8 agreed to.

The Chairman: Shall Clause 9 carry?

Some hon. Members: On division.

Clause 9 agreed to.

The Chairman: Shall Clause 1 carry?

Some hon. Members: On division.

Clause 1 agreed to.

The Chairman: Shall the title carry?

Some hon. Members: On division.

Title agreed to.

The Chairman: Shall the bill carry?

Some hon. Members: On division.

The Chairman: Shall I rise and report the bill?

Some hon. Members: On division.

Bill reported.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs) moved that the bill be concurred in.

Mr. Deputy Speaker: Shall the motion carry?

Some hon. Members: On division.

Motion agreed to.

Mr. Deputy Speaker: Pursuant to order made Monday, July 26, 1982, the motion for third reading shall be put now.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs) moved that the bill be read the third time and do pass.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: On division.

Motion agreed to and bill read the third time and passed.

[*Translation*]

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

Mr. Deputy Speaker: The hon. President of the Privy Council on a point of order.

Mr. Pinard: Mr. Speaker, I think that if you were to ask for the unanimous consent of the House to call it ten o'clock, chances are you would get it, at least from this side of the House.

[*English*]

Mr. Deputy Speaker: Is there unanimous consent that the House shall call it ten o'clock?

Some hon. Members: Agreed.

[*Translation*]

Mr. Deputy Speaker: It being ten o'clock, the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At 9.51 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, July 28, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

LOUIS RIEL

REPORT ON POSSIBLE PARDON—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, the Department of Indian Affairs and Northern Development and the Department of Justice have had a complete and comprehensive study undertaken on the implications of a pardon for Louis Riel. Under the provisions of Standing Order 43 I move, seconded by the hon. member for Athabasca (Mr. Shields):

That the government and the minister immediately make that report available to members of this House and the public in order to assist those who are interested.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

ISRAELI BOMBING OF BEIRUT—TRIBUTE TO COURAGE OF CANADIAN AMBASSADOR AND STAFF—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, in light of the bombing in Beirut and the heightened danger to all civilians in the city as a consequence, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That this House commends the unflinching devotion to duty demonstrated by Canada's ambassador to Lebanon, Mr. Théodore Arcand, and the members of his staff who, despite having to face danger both day and night, have remained at their post to serve as a channel of communications in both directions between the Canadian government and the Lebanese government and also as a means of obtaining information for Canadians about their relatives who may be in Beirut, and further, urges the government to give consideration, because of this response by those stout-hearted Canadians, to proposing their names for an appropriate form of recognition by Canada for their actions.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Mr. Munro (Esquimalt-Saanich): Madam Speaker, I think we have all been moved these last few days by the outstanding performance of Canada's ambassador in Lebanon and serving as a means of communication between Canada and Lebanon and reporting to Canada on the very significant and disturbing events which are taking place in that area. I feel it is right that this House should mark, by this motion, its recognition of that performance not only by the ambassador but also by his staff in the performance of their duty.

As one who has lived in Beirut in happier days, I find it very sad that these events should be taking place and that we should be watching the loss of life of Lebanese citizens, and the destruction of buildings. I feel that our ambassador and his staff deserve our highest commendation.

[*Translation*]

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, unfortunately, until this very instant I was not aware that my distinguished colleague and friend would raise this question. However, I cannot let this moment go by without adding a few comments to the words spoken by my distinguished colleague.

Madam Speaker, I am, of course, speaking only for myself, and certainly not in my capacity as chairman of the Committee on External Affairs and National Defence, and I do not think I am necessarily the spokesman for the Liberal Party of Canada. But I do know that I will be reflecting the views of many of my colleagues from all three parties in the House.

Madam Speaker, I think the time has come for us to realize, and I know many of us do, that we shall finally have to address ourselves to the problem: what are we going to do about the Palestinian question? What is now happening in West Beirut is totally unacceptable.

Some hon. Members: Hear, hear!

• (1410)

[*English*]

I want to say, Madam Speaker, that I, too, share the great admiration expressed by my distinguished colleague for Ambassador Théodore Arcand, and I am asking too if the time has not come not only to send a letter of protest. I know how difficult it is to address ourselves to the question in Canada, but our consciences dictate that we should address the question of the Palestinians.

Some hon. Members: Hear, hear!

Mr. Prud'homme: Madam Speaker, I want to say as a Canadian—and I repeat, as a Canadian—that I profoundly

believe that everybody should be allowed to live in peace in the Middle East. You may add in secure boundaries and you may add everything you want, but I must say, Madam, that the Palestinians also have a right to live in the Middle East.

Some hon. Members: Hear, hear!

Mr. Prud'homme: I am willing to say that the time has come when we should not only send a letter of protest to the Government of Israel for the incident that took place at our embassy and the search of our ambassador's car, but that perhaps the time has come to call our ambassador back from Israel for consultation. That is number one.

Number two, I believe that we should leave to Ambassador Arcand the decision on whether to withdraw from west Beirut for security reasons. He is one of the last ambassadors of the western world, if my information is correct, to carry a flag inside west Beirut, and that is the Canadian flag. That is why my colleague so rightly stood up to say that we are with him in these difficult times in showing the flag of Canada in a very hazardous place indeed.

I should like to add that if we truly believe, as many people in this country do, that we are friends of the state of Israel, that the best way to address ourselves to the important problem is to address the question of what is making things so difficult over there, and that is, what to do in regard to the Palestinians. It is not a question of absolutely taking sides; it is only a question of basic justice.

What is to be done with these people who are not recognized, who surely make a lot of noise, and who are known as the Palestinians, or the PLO? Is it not perhaps time to recognize them and ask people to put pressure on both sides so that they recognize each other's existence—

Some hon. Members: Hear, hear!

Mr. Prud'homme: —that the PLO recognize the state of Israel and that the state of Israel recognize that there is a group of people known as Palestinians who have a main spokesman? I am not going to waste the time of the House by saying that they are the only spokesmen, but they certainly are—

An hon. Member: Don't talk it out.

Mr. Prud'homme: The hon. member is very impatient. I will sit down, Madam Speaker, because I know some of my colleagues want to address the question. I will leave it to my colleague in another party to join in the debate.

Some hon. Members: Hear, hear!

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I simply wish to endorse what has been said today. I believe that the feelings of members of the House have been expressed. I should like to go on record as supporting the motion. I hope it passes.

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

Some hon. Members: Agreed.

Motion agreed to.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

HOWE INSTITUTE'S REPORT—QUERY RESPECTING GOVERNMENT POLICIES

Hon. Don Mazankowski (Vegreville): Madam Speaker, I should like to direct a question to the Minister of Finance. The C.D. Howe Institute in its latest report has condemned the federal government and has blamed Canada's economic ills on a decade of federal economic mismanagement. It has also dismissed the latest budget as ineffectual, particularly in restoring sagging business and investor confidence. I ask the Minister of Finance what new initiatives his government is considering to address this very central problem which is key to economic recovery and the creation of jobs? Or is the minister and his government simply going to rely upon the restraint program and the threat of imposition of mandatory controls?

• (1415)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I read a good part of the C.D. Howe Institute's report. I do not agree with a good part of it, but I doubt whether the hon. member has read it himself. He must be relying on newspaper reports which I think, at least in part, misrepresented that report. So if the hon. member will quote a bit more from the report, I would like to read a few quotes myself.

Mr. Mazankowski: Madam Speaker, I would be very glad to quote from it where it says:

> The latest budget message is an abysmal stewardship report on the results of past economic policy for which the federal government must take responsibility ... This kind of leadership has placed Canada in a very serious economic predicament.

Some hon. Members: Hear, hear!

Mr. Mazankowski: Need I go any further, Madam Speaker?

REQUEST THAT GOVERNMENT WITHDRAW INTERVENTION IN ECONOMY

Hon. Don Mazankowski (Vegreville): Madam Speaker, it would appear, with the federal government prepared to intervene further in the economy and the marketplace, that

that is part of the problem which now affects this country, the economic disaster we are experiencing.

Given the fact that the minister and his officials grossly misread the fortunes of Canada's economy as reflected in his latest budget, has he seriously considered the prospect of taking the opposite approach of withdrawing from further government intervention and encroachment? Does he not consider that perhaps that is central to the loss of business and investor confidence in this country? Would he not agree that the government should seriously consider a massive program of de-regulation, and thereby reduce the burden of government?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, maybe I should be permitted to read one or two quotations from the document which the hon. member referred to, as follows:

The budget was innovative in the face of the current severe recession—

Some hon. Members: Oh, oh!

Mr. Crosbie: How did we get to the recession?

Mr. MacEachen: The hon. member has not mentioned that quotation.

Mr. Clark: Do you have a better one, Allan?

Mr. MacEachen: Yes, I will try another one. Perhaps it will better suit the Leader of the Opposition. The hon. member has been talking about intervention and intrusion by the government into the economy. The document goes on to say:

There has been no increase, and possibly some decline, in the federal government's share of spending in a high-employment, low-inflation Canadian economy.

They go on to say that at the present time productive resources are not being diverted to pay for the deficit. So I believe the hon. member ought to give a balanced account rather than rely upon what I consider to be a misrepresentation of a document which I find offensive in certain sentences.

GOVERNMENT REGULATIONS

Hon. Don Mazankowski (Vegreville): Madam Speaker, the Minister of Finance should listen to the question I addressed to him, which deals directly with the matter of sagging business and investor confidence.

If I may be allowed to quote again from the document, at page 5 it says, referring to the budget:

Little was done to restore badly sagging business confidence—

Need I go any further, Madam Speaker?

Mr. MacEachen: Yes, please.

Mr. Mazankowski: In view of the fact that a large part of the business and investor confidence problem has to do with the massive amount of regulations and red tape which are part and parcel of the Canadian economy, would the minister seriously consider the suggestion of the Canadian Manufacturers Association for a two-year moratorium on further regulations? Would he consider looking at the costs imposed upon the Canadian economy as a result of duplication of services between the two levels of government, the federal and the provincial? Would he look at ways and means of reducing the over-all burden of government, which is hampering business and investor confidence and thereby job opportunities in this country?

• (1420)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member read half a sentence, and then asked the question "Need I read on?" Maybe I should read on. He read "Little was done to restore badly sagging business confidence—" Then he conveniently asked the question "Need I read on?" Why did the hon. member not read on? Why did he not complete the sentence if he were interested in a total report of the views of the C.D. Howe Institute? If he had read on, the sentence would have concluded as follows: "—but some indications of a shift in tone were signalled".

Mr. Clark: A shift in tone? We don't know about the tone but there was certainly a shift.

* * *

EDUCATION

INCREASE IN STUDENT LOAN APPLICATIONS

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, my question is for the Prime Minister and it relates to the genuine future of this country, namely, the young people of Canada. The Prime Minister will know that as of July 23 more than 53,000 students in Ontario alone have applied for financial help to continue their education. This figure is up 25 per cent because these students cannot find jobs at the college and university level. Many of their parents are also unemployed at this point. What does the government plan other than the very inadequate budget proposals of November and December, last year, and of April and June this year, along with several other announcements? What real announcements is the government going to make to help the youth of this country continue their education?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, many of the hundreds of millions of funds set aside by the budget will be used to create jobs for the unemployed youth of Canada. The Minister of Employment and Immigration has given details of that and he will give more as money is spent.

Mr. Thacker: Madam Speaker, the proposals are totally inadequate. We have an unemployment rate of 10.9 per cent and a youth unemployment rate of over 19 per cent.

REQUEST THAT GOVERNMENT GIVE INCREASED ASSISTANCE

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, a problem has developed with the banks imposing quotas on students. This is because the banks are effectively subsidizing student loans by about 3 per cent or 4 per cent. Something the government could do—and the Prime Minister could make an announcement today in the House, if he just would—is to make up the 3 per cent. It is clearly in our best interests. If the government does not do that, the students will quit university and go on full welfare. Will the government, through the Prime Minister, give a commitment today to increase government assistance toward these subsidized interest loans?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is not only talking about young people but students. I would remind him of the figures that were made public at the time we met with the provinces in February to discuss federal assistance to post-secondary education. He will recall from those figures that, in the last five years, the federal government's share of the operating costs of post-secondary education across Canada had risen from 42 per cent to 58 per cent, whereas the provincial share had fallen from 43 per cent to something in the area of 30 per cent. It is the students who have to pay a higher percentage of the costs along with the federal government. This is in an area of provincial jurisdiction. Therefore, the hon. member should be expressing his concern, which is justified, not to the federal government, which is picking up an increasingly large part of the tab of post-secondary education, but to the provinces that have sorely neglected their duty in that area.

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THE ECONOMY

DECLINE IN CONSUMER SPENDING

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Prime Minister. We had another economic report recently. Yesterday the Conference Board of Canada noted that there had been virtual stagnation in the real income of Canadians and, as a consequence, there has been a fall off in consumer spending which has worsened the unemployment situation. Will the government admit that the principal consequence of its budget, with its wage control policy, will be to take even more money out of the economy, to reduce further consumer spending, and therefore to increase unemployment? Will the Prime Minister admit that the budget will worsen the unemployment situation in the country rather than help it?

• (1425)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am afraid the hon. member during his absence did not take time to study the budget, which was perhaps too complex a document for him. If he did, if he took the time to do that, he would see that the Minister of Finance in his budget did not increase the deficit and did not reduce it either. The deficit, through the operation of the June budget, has not been changed. The money which has been taken out of the economy is being put back into the economy by various ministers precisely to create jobs across the country. That is a perfect expression of what the government intended to do—to take money from those who have incomes and those who have jobs and to use it in order to help create jobs. Therefore it is not as though the government is reducing something. The government is just taking money from those who have it and spending it to give jobs to those who do not.

Mr. Broadbent: Madam Speaker, before I ask my second question, I want the Prime Minister to know that I took the ten minutes out which were required to read and understand the budget. Even with that ten minutes of attention, one noted that with the increase in taxes on all Canadians, the reduction in pensions and the reduction in family allowances, there will be a major withdrawal of spending from the economy, no matter what the Prime Minister says.

UNEMPLOYMENT FORECAST

Hon. Edward Broadbent (Oshawa): Madam Speaker, at the time of the budget the government refused to give us a percentage forecast of unemployment for the coming year. The Conference Board has now told us that in its judgment, in addition to the judgment of the New Democratic Party, unemployment will remain above 10 per cent not only for the rest of this year but all of 1983. Does the Prime Minister agree with this forecast of the Conference Board that it will remain above 10 per cent to the end of 1983? If he does not agree, why not?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member says that he took ten minutes to read the budget and concluded that there will be a major withdrawal. I submit that perhaps he needs more than ten minutes to understand what is taking place with this budget.

An hon. Member: He can't concentrate that long.

Mr. Trudeau: Perhaps that is true.

Money is to be spent over the year by citizens who have incomes and pay taxes. It will be withdrawn from those citizens over the year and spent over the year in order to give jobs to those who do not, in order to give support to those who do not, and in order to create employment opportunities for those who are unemployed. That is the purpose of the budget.

If the hon. member wants to argue that we should have increased the deficit further and injected more funds into the economy, perhaps that would be an unsound economic position but at least it would show that the hon. member had understood the budget. I am afraid he has not, and I must ask him to return to the budget figures.

In so far as the forecast is concerned, I am not in a position to comment on those statistics. First of all, I have not seen them. Second of all, I would be very cautious in predicting any

reduction in unemployment because so much of the unemployment is caused by the fact that it is world-wide, that unemployment has gone up by five million over the past year in OECD countries alone, and that many of our trading partners are not in positions, as the hon. member knows, to buy the goods produced by our mines and our industry. Therefore one cannot be certain that, unless there is a world recovery, Canada will surge ahead.

Mr. Broadbent: The point is that we are all aware in the House, as indeed the people of the country are aware, that there are problems outside Canada as well as within our borders. But the point the Conference Board has made, and the point that we in this party have made, is that the budget produced by the Liberal Party of Canada, rather than improving the situation, only worsens it. That is the reality.

REQUEST FOR JOB-CREATION MEASURES

Hon. Edward Broadbent (Oshawa): Madam Speaker, since we will have, between now and 1983, more than a million and a half Canadians remaining unemployed, and at least another 10,000 companies going bankrupt, according to the Conference Board—not simply according to us—when will the government produce a single measure which will produce an additional job for an unemployed miner, an additional job for an unemployed auto worker, or an additional job for an unemployed construction worker anywhere in the country? When will the government live up to its obligations to the workers of this land?

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member asks when those single measures will be produced. I would point out to him that the measure which is now in committee and which is being reported to the House, today or tomorrow, I believe, will have that precise effect of creating jobs in Canada, because it will bring the cost structure in Canada down to a competitive level. It is important for the hon. member and his party to realize that the OECD figures, the figures of the Conference Board, the figures internationally accepted, indicate that inflation in the OECD countries will be at an average of 7.5 per cent in 1982. In Canada it will be around 11 per cent.

We will not be able to create jobs, nor will we be able to sell our products unless we can bring our inflation down. That is why we want to go from an 11 per cent society to a 6 per cent society. It is because the hon. member is not supporting that, that he is more guilty than the government in creating the kind of conditions which make recovery difficult.

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EXTERNAL AFFAIRS

ISRAEL BOMBING OF BEIRUT—CANADIAN POSITION

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Prime Minister. In Lebanon, Israeli forces have cut off water and electricity to West Beirut. They have launched air attacks against West Beirut, including civilian targets. We are told that the Canadian ambassador's residence has been badly damaged. The Israeli Prime Minister says that he wants an unequivocal commitment for the PLO by Friday that they will leave Beirut.

As far as we can see, Canada has taken no initiatives or actions that might help arrive at a solution in that area. Would the Prime Minister tell the House what actions or initiatives we have taken, if any, other than protesting the destruction of our embassy? Could he tell the House why the Canadian ambassador is remaining in Beirut? Is he involved in important negotiations to help get a solution? Why is he being exposed to further danger there if he is not? Could the Prime Minister tell the House what is happening?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the hon. member honestly wants a recital of initiatives I will ask the Secretary of State for External Affairs to give the details of those initiatives. I must say that I welcome the hon. member for St. John's West, the opposition spokesman for external affairs. He has at last awakened to the reality of the situation in the Middle East. I think it is pretty shameful that for months we heard questions from both opposition parties about El Salvador, Poland and Afghanistan, but nary a word about the Middle East.

Mr. Broadbent: That is not true. You had better read your *Hansard*.

Mr. Crosbie: I have asked the Prime Minister a serious question about a serious subject. On June 8 I moved a motion in the House at the same time that he sent a letter about this issue. I am asking him a question about a serious matter affecting the peace of the world. He wants to take some partisan political advantage out of it.

Mr. Clark: As he did in Iran.

REQUEST THAT CANADA UNDERTAKE NEW INITIATIVES

Hon. John C. Crosbie (St. John's West): Madam Speaker, I would like to give the Prime Minister another chance to take a serious attitude about this crisis. Would he tell us what initiatives he has taken? He met with a group, last week, including Mr. Stanfield and ex-ambassador Barton, who urged the Prime Minister to take a more active role in this situation in the Middle East. They appealed to him to do that. They asked for Canadian participation in new initiatives to negotiate a political settlement. Is the Prime Minister prepared to do this, or has he done so? If he has not, will he, and if so, when? The time is running out for the one half million civilian people living in West Beirut. It is time for the Prime Minister, the great international statesman, to act if he is concerned about this and not just about his own political neck here in the House of Commons.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, we deplore the violence which has

taken place in the Beirut area. Both because of this atmosphere of violence and the unprecedented statement over the weekend, which was a combination of a written statement by Mr. Arafat and an oral statement by Representative McCloskey, we took what I believe is a very important initiative in contacting the PLO to try to determine exactly what they meant by that statement. We have their reply. I regret to say that they were not able to confirm that the Arafat declaration represented any change in the PLO policy of non-recognition of Israel. This is a disappointment to us because we had hoped that this statement might open the way to a new series of developments in the Middle East.

In addition, I might say that we have now received a reply from Israel with respect to the bombing of our premises and the inspections of the ambassador's car. They have apologized, and have undertaken to try to ensure these things do not happen again.

* * *

PENITENTIARIES

SHOWING OF PORNOGRAPHIC FILMS AND STAGING OF TOPLESS DANCING

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Solicitor General. Some time ago I asked him about the practice of showing pornographic films in federal penitentiaries. At that time the parliamentary secretary told me, "I am told such films are shown. I therefore believe that prisoners are treated like people living in remote regions, in any case, in a community which is not like ours, I think that those prisoners should be treated like normal human beings, that is, capable of judging the merits of a film." In fact I thought that the practice had stopped. There is now a report that they are showing these films in Archambault and, I am told, in one of the western penitentiaries as well. There were topless dancers at Archambault.

First, is this report true, and does he agree with the practice of showing these films. Third, does he agree with the former parliamentary secretary that these people should be treated like normal human beings out on the street capable of judging the merits of these films?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, as far as the pornographic films are concerned, pornography is covered by the Criminal Code in Canada. There are censorship boards in virtually every province which pass films to be shown in the provinces. The policy which I have in place in the Correctional Service of Canada on that score is that any film which has passed all of the necessary inspections and can be shown in the community where the prison is located can be shown inside the institution. To do otherwise would involve the Correctional Service of Canada in establishing its own censorship agency with criteria which would probably be dubious if we were to leave it to wardens, and which would vary from one region of the country to the other without any rational basis for distinction.

The conclusion which I have drawn, and I invite the hon. member's comment on it, is to allow the normal censorship process to apply in full measure. So the suggestion that remote regions have different rules or that citizens there are allowed to make judgments that ordinary citizens in the country are not allowed to make about what they see, is without foundation. The same rules apply.

With respect to the topless performance at Archambault, I am looking into it. It is certainly contrary to the policy of the Correctional Service of Canada for any such performance to have taken place. I understand that on one occasion a couple of years ago a group of musicians were playing at Archambault and, contrary to the understanding with the Correctional Service, one of the performers began to undress. I am told by some individuals that the person who was undressing was not stopped by the officials who were present. She should have been stopped but was not stopped. The policy was violated on that occasion. I am looking into the matter further to ensure that pornographic or topless exhibitions do not take place in the institutions.

• (1440)

Mr. Friesen: Naturally, the question is whether the classification regulations are stringent enough and whether the officials are, in fact, following them. I wonder if the Solicitor General can comment on that.

CORONER'S STATEMENT ON CYANIDE DEATHS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my supplementary question relates to a comment made by the coroner of Montreal, Coroner Laniel. He is quoted as saying:

—he was alarmed by what appeared to be a growing incidence of cyanide use in jails in the Montreal area.

"The number of deaths that have occurred on jail premises where prisoners died by cyanide poisoning is worrying me", he said.

How can the Solicitor General, as the chief security officer in the land, explain the kind of administration in a penitentiary system which would cause the coroner in Montreal to make a statement like that?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, two important changes have taken place in prisons in the last several years that bear on the ability of a staff, however competent, to control contraband. One is the increased access of inmates to employment opportunities inside the prison, but, outside their cells. To an increasing degree inmates are spending less time in their cells and more time in retraining programs of one kind or another within the institutions. There is no getting away from the fact that that increases opportunities for guards, however careful their surveillance, to miss contraband.

The second is a recommendation by the preceding Parliament, in the form of recommendation of the justice committee on penitentiary reform, that open visiting should be increased in the institutions. This means that instead of having to talk to

a wife and family through a plate of glass by telephone, inmates can visit them in open visiting areas which have been established in most of our institutions. That has created a very difficult problem. I have come to recognize the difficulty of controlling contraband within the institution. I think an excellent job is done of controlling it, but it has not been totally eliminated.

I read in the newspapers that the use of cyanide was suspected. I want to wait until the investigation is completed to see whether that was the case and whether we can obtain any evidence on how it got in, and whether any further measures can be taken to control it. But I would hesitate and very much regret to move to a situation where inmates were behind bars within their cells full time—

Madam Speaker: Order.

Mr. Kaplan: —and open visiting was discontinued.

Madam Speaker: Order.

* * *

[*Translation*]

EMPLOYMENT

EMERGENCY FUND FOR CREATION OF JOBS—DEADLINE FOR SUBMITTING PROJECTS

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, my question is directed to the Minister of Employment and Immigration. Today, the minister announced in a press release that a series of direct job-creation programs worth $300 million would be set up by the Canadian government. My question has four parts. When will the constituency allocations be announced? How much has, in fact, been allocated to the province of Quebec? There has been some talk of an emergency fund of $41 million: how will this money be spent? And finally, what will be the deadline for submitting projects under the community development projects program?

[*English*]

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, in response to the question, I think I should point out, for the interest of the Leader of the New Democratic Party, who asked a question earlier, that, as a result of the announcement today, 57,000 additional new jobs will be created for the workers of this country.

Some hon. Members: Hear, hear!

Mr. Axworthy: Within the next week or ten days we will be sending the allocations to Members of Parliament for their constituencies. In the case of Members of Parliament the minimum has been raised by 100 per cent to $200,000, and the maximum has been raised to $3 million.

[*Translation*]

Last year, the province of Quebec received $50 million, and this year, it will be receiving $80 million.

[*English*]

Finally, we have set aside a special allocation of $41 million, a special response fund, to respond to areas which are hard-hit by lay-offs or where there is a danger of workers being hit by exhaustion of unemployment insurance benefits. We will enlist the co-operation of Members of Parliament to keep us informed of those matters within their ridings. We are committed to working with them to help in direct job-creation programs in hard-hit areas.

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EXTERNAL AFFAIRS

EL SALVADOR—SUPPLYING OF MILITARY EQUIPMENT BY UNITED STATES

Mr. Bob Ogle (Saskatoon East): Madam Speaker, my question is directed to the Secretary of State for External Affairs and concerns aid to Central America. The U.S. Congress has imposed a special condition on U.S. aid to El Salvador that substantial progress of human rights and reform programs must be certified by the U.S. President every six months. Yesterday President Reagan gave his certification to continue aid which will include, among other things, $81 million worth of military equipment. This was done even over heavy opposition from the members of the U.S. Senate and clear allegations that the Salvadoran National Police had tortured an official from the Green Cross organization in May. By the way, the Green Cross organization looks after displaced persons within the country. Could the Secretary of State explain to this House what measures he is taking to protest this move by the U.S. President?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, it is not our role to determine what U.S. policy should be in this situation. Our own view of what is happening in El Salvador is that, as a result of pressure from a number of governments outside and, of course, also because of many people within the country who are working to the same purpose, a decision has been made to continue the land reform movement, which we applaud. At the moment, we are not, ourselves, in the position to give any new development assistance to El Salvador other than that which has been slowly completed as a result of previous commitments, but we would want to encourage the government in its land reform. I can assure the hon. member that we are prepared to protest violations of human rights when and if they occur.

HONDURAS—AIRCRAFT EXPORTS FROM CANADA

Mr. Bob Ogle (Saskatoon East): Madam Speaker, on a question that relates more directly to the Canadian position, it has been announced that Canada has granted an export permit for three DHC—5D Buffalo aircraft to Honduras. At this

particular time, troops are moving back and forth along the border between El Salvador and Honduras. There have been incursions into Nicaragua out of Honduras and military bases in Honduras are supplying soldiers for an attack on Nicaragua. Given those facts, is the Minister prepared to stop those permits until the situation is cleared up?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I will certainly be pleased to look into that situation, but I will remind the hon. member that Buffalo aircraft are not military aircraft, and it is extremely unlikely that a permit to export Buffalo aircraft would have anything to do with the problems which exist in Central America at the present time.

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AGRICULTURE

INCREASE IN POTATO INSPECTION FEE—REQUEST FOR ROLLBACK

Mr. Mel Gass (Malpeque): Madam Speaker, my question is directed to the President of the Treasury Board. Last week Agriculture Canada announced that, effective July 19, there would be an increase in the cost to potato farmers for the charge of table stock inspection for export, from $6 a carload to 8 cents per hundredweight, an increase of 1200 per cent. On July 20 the President of the Treasury Board announced that price restraint in the federal public sector will apply to all prices established under federal jurisdiction, and any increase higher than the 6 per cent ceiling which was not implemented before June 28 will be rolled back. There have been numerous letters and telegrams. Could the minister advise the House and the potato producers of P.E.I. and New Brunswick whether he will allow this 1200 per cent increase, or will he be true to his own words and roll it back to 6 per cent?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, questions involving prices falling within the jurisdiction of a particular ministry should be addressed to the responsible minister in each case; in this case, the Minister of Agriculture.

Mr. Clark: Is there a policy?

MINISTERS' STATEMENTS

Mr. Mel Gass (Malpeque): Madam Speaker, my supplementary question will be directed to the Right Hon. Prime Minister. The Minister of Agriculture is announcing one policy of a 1200 per cent increase, and the President of the Treasury Board is announcing an increase of no more than 6 per cent. Will the Prime Minister tell the potato producers of P.E.I. and New Brunswick which minister they are expected to believe?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will take notice of the question.

• (1450)

GOVERNMENT EXPENDITURES

COST OF ALL-STAR BASEBALL GAME RECEPTION

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is directed to the Secretary of State. Less than two weeks after the Minister of Finance brought down his budget in which he announced that the average senior citizens of Canada would be expected to accept a cut in their standard of living next year, the Secretary of State, in conjunction with the Minister of State for Small Business threw a lavish party in Montreal, paid for by the taxpayers, for the All-Star baseball game, at which French wine, free liquor, roast beef, lobster, rice and other delicacies were featured. Can the Secretary of State confirm to the House, as has been indicated to the London *Free Press* by one of his aides, that the cost to the taxpayer for this lavish extravaganza will be $100,000?

Hon. Gerald Regan (Secretary of State): Madam Speaker, I am unable to confirm any such figure for the hon. member. Through you I can tell him that part of the fact is that for the first time in history the All-Star game between the American and National Leagues was held in Canada, and the meetings of the leagues that are associated with that were attended by a very large number of visitors from outside this country, as is the case with any convention. In such circumstances it is customary to help attract attention, by the federal, provincial and municipal governments extending a degree of hospitality. For instance, the Government of Quebec put on very extensive receptions and buffet dinners before and after the game; the city of Montreal also undertook certain responsibilities.

Through the various Departments of the Government of Canada that were involved, Canada undertook to extend some hospitality, recognizing the presence of 600 foreign journalists; recognizing the presence of leaders of amateur baseball from all of the major baseball countries, as well as Canadian officials, and recognizing the unique opportunity to attract attention to Canada during the height of the tourist season, before the largest television audience that could ever be achieved under such circumstances.

Some hon. Members: Hear, hear!

Mr. Regan: Since the hon. member puts himself forward as being an expert on advertising, perhaps he would want to review the amount of favourable publicity at the destination point for visitors that Canada achieved as a consequence of the publicity we received, without having to buy space or television time. I will undertake to assure the hon. member that the program of providing such hospitality is very good business for Canada.

Some hon. Members: Hear, hear!

JUSTIFICATION FOR EXPENDITURE

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, now that the Secretary of State, with the support of his Liberal colleagues, has recognized all those people, perhaps he can give some recognition to the taxpayers of Canada who have to foot the bill for this extravaganza.

Some hon. Members: Hear, hear!

Mr. Beatty: Is the Secretary of State telling the House and the people of Canada that he threw this party at the taxpayers' expense without having the foggiest idea of what the cost would be, and is he telling the people of Canada that if the figure is, indeed, as his aide suggested, $100,000, that can be justified at a time when the Minister of Finance and his cabinet colleagues are demanding that ordinary Canadians take cuts in their standard of living?

Hon. Gerald Regan (Secretary of State): Madam Speaker, I think the hon. member would be able to understand that if you put on a dinner for a very small convention it is going to cost less than if you put one on for a very big convention. We are coming right back to the point of principle as to whether it is or is not good policy for the Government of Canada, in common with the provincial government, to provide hospitality in such circumstances.

An hon. Member: How much?

Mr. Regan: I can assure the hon. member that, in my view, it is in the interest of the Canadian taxpayers when you can attract to this country something that leaves, as this occasion did, $4 million in direct expenditures in the city of Montreal, plus all the publicity that was achieved; that is very worthwhile.

Some hon. Members: Hear, hear!

Mr. Regan: I cannot give the hon. member an exact figure because my department was not the only department of government involved.

Some hon. Members: Hear, hear!

Madam Speaker: Order!

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ENERGY

BEAUFORT SEA DEVELOPMENT DECISIONS

Mr. Jim Fulton (Skeena): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. As the minister knows, the Beaufort Sea environment assessment review has been delayed by Dome, Gulf and Esso by their failure to submit information, and by their dispute over the relative risks of tanker traffic and pipelines in the Arctic. The minister has denied access to funds in the energy envelope to the departments with responsibility in the north, and has now put pressure on his colleague, the Minister of the Environment, to come up with ways of making decisions before the environmental assessment is complete. Will the minister explain to the House how it is possible to make major drilling and production decisions when he has provided "no funds to discharge our own statutory responsibilities"?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): As usual, Madam Speaker, the hon. member is in error.

PROTECTION OF ENVIRONMENT

Mr. Jim Fulton (Skeena): Madam Speaker, as usual, I will be releasing the letter from the Minister of Energy, Mines and Resources to the Minister of the Environment at the end of the question period to the press, and perhaps then the Canadian public can make its own decision.

The Minister of the Environment has objected directly to the minister regarding the pressure he has put on him. In particular, the Minister of Energy, Mines and Resources has given $400 million to accelerate exploration in the Mackenzie Delta and $2 billion to assist the oil industry, while at the same time denying a few thousand dollars to intervenors and government departments in order to protect the most fragile environment in the world. The Minister of the Environment says, "we would be remiss to accelerate the review process unduly and then find that the economics of the situation do in fact preclude early development". Does the minister of Energy, Mines and Resources intend to take the advice of his colleague, the Minister of the Environment, or is he going to forge ahead and support the oil industry, regardless of the social and environmental consequences, and regardless of his and his colleagues' statutory responsibilities?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the Minister of the Environment and myself are working very closely together, and I support the steps taken by that minister.

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FOREIGN INVESTMENT REVIEW AGENCY

ACCEPTANCE OF APPLICATIONS—EFFECT OF RESTRAINT GUIDELINES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, will the minister responsible for FIRA tell the House whether acceptance of FIRA applications by the federal government will now be conditional upon foreign companies or Canadian subsidiary companies implementing the government's 6 per cent and 5 per cent guidelines?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we have not created any such stipulation. If

that is my hon. friend's recommendation, I would be happy to draw it to the attention of the Prime Minister.

Some hon. Members: Hear, hear!

BUDGET STATEMENT ON POLICY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, will the Prime Minister tell us whether the statement in the budget in relation to FIRA that "the agency will confine its examination of undertakings to the key elements of the investment proposal" is still believeable, or will there be a new complication added to FIRA; in other words, the condition or leverage of the six and five rule?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the responsible minister just answered that question, that that was not part of FIRA policy, but that he would be happy to study the recommendation of the Leader of the Opposition.

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FINANCE

PREPARATION OF RESTRAINT GUIDELINES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, this is quite a day. We heard earlier that all those baseball fans came to see Gerry Regan and not the Expos or the All-Stars and that is why we have to pay the tab.

Some hon. Members: Oh, oh!

An hon. Member: Who did you go to see?

Mr. Clark: I went to see Gary Carter.

Since we have had a clear indication by the Minister of Finance that the 6 - 5 rule is going to be applied to government grants, government subsidies and government agreements, and that guidelines are being prepared which the Minister of Finance thought would be finished this week, I should like to ask him whether those guidelines will be prepared this week, and will they be made public?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I told the Leader of the Opposition earlier in the week that the guidelines would probably, and "probably" was the word I used, be completed this week. That answer still stands, and when they are completed obviously it would be our intention to make them public.

• (1500)

ENERGY

REDUCTION IN SUNCOR TAX PAYMENTS—APPLICATION OF RESTRAINT GUIDELINES

Mr. Paul E. McRae (Thunder Bay-Atikokan): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Yesterday he announced a $35.5 million reduction in taxes to Suncor for additional spending for upgrading, efficiency and more production. Did Suncor give any undertaking that it would fulfil the six and five proposition?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am indeed very happy to see Suncor proceeding with a $690 million investment, about half of which will take place in Ontario and the other half in Alberta. In return for the tax concessions granted by the Government of Canada, Suncor has agreed to adhere, within its own operations, both to the federal government's six and five wage guidelines, except for existing contractual obligations, and to the guideline respecting lower price increases during the next two years as the rate of increase in costs goes down and profit margins are restored as a result of the excellent budget presented by the Minister of Finance at the end of June.

ROUTINE PROCEEDINGS

[*English*]

MISCELLANEOUS ESTIMATES

PRESENTATION OF FIFTH REPORT OF STANDING COMMITTEE

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, I have the honour to present the fifth report of the Standing Committee on Miscellaneous Estimates, in both official languages.

[*Editor's Note: For above reports, see today's Votes and Proceedings.*]

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[*Translation*]

ENERGY

TABLING OF DEPARTMENTAL RESPONSE TO REPORT OF SPECIAL COMMITTEE ON OIL SUBSTITUTION

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, under the provisions of Standing Order 41(2), I wish to table, in both official languages, copies of the response of the Department of Energy, Mines and Resources to the report of the Special Commons Committee on Oil Substitution.

TABLING OF 1981 ANNUAL REPORT OF CANERTECH, INC. AND DEPARTMENTAL RESPONSE TO REPORT OF SPECIAL COMMITTEE

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, under the provisions of Standing Order 41(2), I wish to table, in both official languages, copies of the 1981 annual report of Canertech Inc. as well as the response of the Department of Energy, Mines and Resources to the report of the special committee, which I tabled earlier.

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[*English*]

PETITIONS

MR. GASS—PROPOSED DISCONTINUANCE OF SATURDAY RURAL MAIL DELIVERY

Mr. Mel Gass (Malpeque): Madam Speaker, this afternoon I have the duty and responsibility to present a petition signed by 1,251 residents of Prince Edward Island. The purpose of the petition is to protest the government's intention to discontinue rural mail delivery on Saturdays, thereby denying 17,450 householders of mail, newspapers and other material, and to close rural post offices on Saturdays, a move which will affect some 25,300 people.

The petitioners hope that in your examination of the petition you will find the petition in order and that you will exercise the discretionary powers vested in the office of the Speaker of the House to allow discussion and referral to committee of this issue at the earliest possible time.

MR. EVANS—POLAND—IMPOSITION OF MARTIAL LAW

Mr. John Evans (Ottawa Centre): Madam Speaker, today I have the honour to present to the House a petition on behalf of over 600 members of the Canadian academic community concerning the imposition of martial law in Poland.

The petition respectfully calls upon the Parliament of Canada to protest the actions of the Polish military council, which are in violation of the 1975 Helsinki Accords, to demand the restoration of civil and human rights in that country and to assist in organizing an international effort of humanitarian assistances to the Polish people.

MR. BLENKARN—LEBANON—ISRAELI ACTS OF AGGRESSION

Mr. Don Blenkarn (Mississauga South): Madam Speaker, today I have the honour and privilege to present a petition to this House and to Your Honour on behalf of several hundred Canadians, asking that this House condemn Israeli actions of aggression against Lebanon, that the Israeli government withdraw from Lebanon and that this House use its efforts to call upon the Government of Canada to supply humanitarian relief and aid in the form of medicine and monetary relief to the devastated population of Lebanon.

My petitioners humbly are bound and will ever pray and ask Your Honour to make sure this petition is referred to the appropriate standing committee.

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POINT OF ORDER

MR. FRIESEN—REQUEST EMERGENCY PLANNING ORDERS BE TABLED

Mr. Benno Friesen (Surry-White Rock-North Delta): Madam Speaker, I rise on a point of order. As Your honour will recall, some weeks ago I raised the matter of the presentation of papers regarding emergency planning orders and an order by this House that the government table those. I have yet to see them, and I ask the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) to indicate to the House when those papers will be forthcoming.

Madam Speaker: Well, I suppose the parliamentary secretary will become conscious and recognize the hon. member's—

Some hon. Members: Oh, oh!

Madam Speaker: He will be conscious of the hon. member's request.

Some hon. Members: Oh, oh!

Madam Speaker: He will eventually be aware of the hon. member's request—that is better English—and then he will be able to respond.

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REGULATIONS AND OTHER STATUTORY INSTRUMENTS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, I rise on a point of order. I understand indirectly from the government House leader that there might be a disposition in the House to concur unanimously in the twelfth report of the Standing Joint Committee on Regulations and other Statutory Instruments. It is my intention to call for concurrence in the thirteenth report, but if there were unanimous agreement with respect to the twelfth report which could be achieved immediately, I think that would have the approval of the House.

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, that is correct. The House leader of the Conservative Party raised this matter with me a few days ago, and I reported to him and to my colleague, the hon. member for Hamilton Mountain (Mr. Deans), that we were willing to agree to the twelfth report of the committee without debate. I have just read a letter the hon. member sent to the Parliamentary Secretary to the Minister of Fisheries and Oceans (Mr. Tobin) about the thirteenth report. I thought that was an error because that was never discussed. We are taken by surprise.

We had hoped to be able to deal with Canagrex today rather than at the end of next week. I understand my hon. colleague is now asking for concurrence in the twelfth report without debate. Yes, provided we do not have to debate the thirteenth report.

Mr. Clark: No relation.

Mr. Pinard: The Leader of the Opposition (Mr. Clark) says there is no relation. I make the relation.

Mr. Clark: We will debate them all.

Mr. Pinard: I am saying that our consent will be given if we do not have to debate the thirteenth report today. If we have to debate the thirteenth report today, there will be no consent, and we will have to deal with Canagrex some time next week or in the following week.

Mr. Beatty: Madam Speaker, if that is the disposition of the President of the Privy Council, would you simply call the motion for concurrence in the thirteenth report, please.

CONCURRENCE IN THIRTEENTH REPORT OF STANDING COMMITTEE

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, I should like to move that the thirteenth report of the Standing Joint Committee on Regulations and other Statutory Instruments, presented to the House on Tuesday, June 29, 1982, be concurred in.

Some hon. Members: No.

Mr. Beatty: I am disappointed that we so quickly hear "no" on the other side, before we have even had an opportunity to discuss the substance of the thirteenth report of the standing joint committee. The report was unanimously presented to the House of Commons. Members of all parties, both in the Senate and in the House of Commons were unanimous. I regret that the government House leader decided to attach conditions on his approval of the twelfth report. So be it. We will have to deal with the twelfth report at another time.

I believe it is essential, before this House recesses for the summer, that some of these motions for concurrence which stand in my name on behalf of the standing joint committee be called either to receive concurrence or at least so that we can have the opportunity to have a debate in the House of Commons.

• (1510)

Over the years we have found that for a series of motions for concurrence in unanimous committee reports which have sat on the Order Paper in my name, there has been no provision for assurance that the matter will be brought back to the House or no way of assuring support by Parliament for a bipartisan effort by the committee to draw to the attention of Parliament the deficiencies that we feel exist in the statutory instruments we have been asked to examine.

There is no issue that can be more important for Parliament than the question whether the government is acting within the law and whether it has acted in a way consistent with the intent of Parliament. No Member of Parliament and certainly no chairman of a committee could stand by with any propriety, after a committee has found that the government has acted in a way which in the committee's opinion was ultra vires, and simply set that to one side when the minister responsible has written to the committee to say that, as far as he is concerned, he intends to take no action whatsoever.

Either way, as custodians of the public interest we have a responsibility to ensure that the government is held to account and that its actions are within the law. If we do not make sure of that, then no one is protecting the interests of the people of Canada. That is why I think it is essential, before the House considers breaking for the summer, that we look at some of these reports where a parliamentary committee has unanimously found that the government has acted in an improper way and that it should change its pattern of behaviour.

Another point I should stress is that we still do not know whether it is the intention of the government to put an end to this session of Parliament. If the government decides to call an end to this session, these reports will die on the Order Paper. There will be no way of bringing them before Parliament for the discussion and debate that is provided for in the rules of the House of Commons. That is why it is essential that we ensure that these matters are not simply left in limbo indefinitely. It is essential that Parliament consider some of them at this time.

On June 29, on behalf of the standing joint committee, I presented its unanimous report which deals with the regulations made under the Fisheries Act, the Atlantic coast marine plant regulations, SOR 81-363. The committee's concern about these regulations and the predecessor regulations goes back as far as 1979 when we first became aware of some of the problems with them. The act gives to the government the authority to make regulations and to issue permits for the harvesting of Irish moss, among other things, which is used commercially in Canada. That authority is given to the government and it is allowed to put conditions on the permits which are issued.

When we looked at the original regulations we found that they were written in such a way as to allow the government to suspend the right to harvest indefinitely. We found that that was not provided for in the Act of Parliament passed by this House and the Senate. We wrote to the Minister of Fisheries and Oceans (Mr. LeBlanc), bringing this to his attention and asking that action be taken to bring the government's regulations and its actions into conformity with the law. I think that is a reasonable request to make.

Ultimately, the government amended the regulations which were of concern. However, it attempted to do indirectly what it could not do directly, that is, to put an indefinite suspension of a right in place through a rewording of the regulations when it realized it could not do so directly. Instead of not specifying a time period in which harvesting would not be allowed, it

allowed the suspension to take place from January 1 of the year until December 31 of the year and to renew itself automatically on January 1. The government is using a subterfuge in this instance. It is attempting to do indirectly what would be against the law if it attempted to do it directly.

It might be useful to put on the record the report made by the committee, which is quite brief and explains more succinctly than I can the position taken by the committee. It states as follows:

1. In accordance with its permanent reference, Section 26 of the Statutory Instruments Act, S.C. 1970-71-72, C.38, your Joint Committee has determined to draw to the special attention of both Houses Section 6(a) of the Atlantic Coast Marine Plant Regulations as made by SOR/81-363. In your Committee's judgment this provision is ultra vires Section 34.3(b) of the Fisheries Act. in addition, of Section 6(a) were to be held valid by the courts, your Committee's judgment is that it amounts to an unusual and unexpected use of the power conferred on the Governor-in-Council by Section 34.3(b) of the Fisheries Act.

2. Section 34.2 of the Fisheries Act empowers the Minister to set conditions, of types there defined, in licences issued for the harvesting of marine plants. Section 34.3(a) of the Act empowers the Governor-in-Council to make regulations prohibiting, subject to the conditions of any licence issued by the Minister under Section 34.2, the harvesting of marine plants. Section 34.3(b) of the Act empowers the Governor-in-Council to make regulations prohibiting, notwithstanding the conditions of any licence, the harvesting of marine plants or any class thereof in any area or areas of the coastal waters of Canada for such period or periods as are specified in any such regulation. Section 6(a) of the Regulations under report prohibits the harvesting of Irish moss of the species *Chondrus crispus*, wire weed or horsetail notwithstanding the conditions of a licence issued by the Minister, during the period "from January 1 to December 31". To stipulate a period from January 1 to December 31 is to make the limitation or prohibition indefinite, or even perpetual, and to reproduce in substance the very provision in the original Section 6(a) to which your Committee objected in its Eighth Report for this Session (Statutory Instrument No. 13). That report was withdrawn when the Minister caused the then Section 6(a) to be revoked.

3. The original form of Section 6(a), as made by SOR/78-867, failed to specify any period at all during which harvesting was prohibited notwithstanding the terms of a licence. The justification for this failure to abide by the requirements of Section 34.3(b) of the Act was that the failure to specify any period amounted to the specification of an indefinite period which complied with the requirement that harvesting be prohibited "for such period or periods as are specified". The line of reasoning that failure to specify any period amounted to the specification of a period, albeit an indefinite one, was rejected by Addy J., in the Federal Court of Canada in *Dantex Wollen Co. Inc. v. Minister of Industry, Trade & Commerce* [1979] 2 F.C. 585. To specify a period from January 1 to December 31 as has now been done appears to your Committee to be a further attempt to specify an indefinite period in contravention of the statutory requirement to specify "such period or periods" during which marine plants may not be harvested notwithstanding the conditions of a harvesting licence. If your Committee is wrong in its legal conclusion it is of the view that Parliament never intended, in enacting Section 34.3(b), of the Fisheries Act, to allow a licence to be in effect suspended indefinitely and that the attempt to achieve this result by specifying an indefinite period of prohibition amounts to an unusual and unexpected use of power. What Parliament has in contemplation was the imposition of prohibitions of certain duration. It is true that the indefinite period now provided for in Section 6(a) is limited in area. If, however, a power is needed to suspend a licence in a particular area for an indefinite period, Parliament should be asked to grant the power. The Minister has rejected this course as impractical. He has also rejected your Committee's suggestion that the conditions attached to licences be altered so that they specify on their face that they can not be used in the location now specified in Section 6(a) of the Regulations. By rejecting these suggestions the Minister is issuing or continuing in force licences which are in a sense counterfeit. Your Committee regards this as an abuse of Section 34.3(b) of the Fisheries Act.

That was the report I tabled in Parliament on June 29, along with the motion to concur.

I should like to deal with some of the substance of that report, Mr. Speaker. The issue at stake is important as it relates to the role of Parliament in holding the government to account and in ensuring that, where Parliament delegates power to the executive, the government acts in a way which is proper and is within the law. No issue in Canada can be more important than respect for the rule of law. When the government decides that, notwithstanding what the law says, it has the right to take actions which may very well be illegal or, as the committee suggested, to issue licences which are in effect counterfeit, then respect for the law by all Canadians suffers as a result.

• (1520)

This is an issue, Mr. Speaker, which has continued over the course of three Parliaments. It is one which has vexed the committee now since 1979, and it obviously is a concern of the minister as well. We suggested a number of alternatives which could have been considered by the minister. First, he could have considered changing the condition of a licence or amending Section 34(3)(b) of the act. This would have allowed the minister to do what he wanted but in a legal and proper way and within that which Parliament contemplated at the time it passed the legislation. I think that is an essential consideration for us to keep in mind.

We wrote to the minister—the correspondence is appended to various committee reports and is available for members to examine—to make the suggestion on October 23, 1981 and we did not receive a response until March 18, 1982, which reads as follows:

I apologize for the lateness of my reply to your letter of October 23, 1981.

I acknowledge the complaints that the Committee has raised on Section 6(*a*) and agree that the authority to make this regulation is Section 34.3(*b*) of the Fisheries Act. As requested by the Committee, I have taken steps to specify a period in which the harvesting of Irish moss, wire weed or horsetail in a specified area is prohibited. This period is deemed necessary for the proper management of this resource.

The concern of the committee, Mr. Speaker, does not relate to the question of policy and whether or not it is necessary from time to time to suspend the right of people to harvest Irish moss. The issue is whether or not the process being followed by the government is legal and within that which was contemplated by Parliament. The minister continues as follows:

The two options you have suggested—changing the conditions of a licence or amending 34.3(*b*) of the Act are not practical. Consequently, I am not disposed to making further changes to Section 6(*a*) of the subject Regulations, as with the amendments that have been made by SOR/81-363, Section 6(*a*) is, in my view, within the parameters of the regulation making authority set out in Section 34.3(*b*) of the Act.

The critical statement made by the minister was this:

The two options you have suggested . . . are not practical. Consequently, I am not disposed to making further changes—

The issue at stake here is not the convenience of the government, not whether or not it would take time for the government to bring the law into conformity with what it would like it to be. The issue is the rule of law and whether the government has a responsibility to obey the law of the land and to act

in the way which Parliament contemplated it should act when Parliament passed the legislation. If the government is dissatisfied with the way Parliament wrote the law, if it believes the wording proposed to and passed by Parliament was defective in some way, if it believes circumstances have changed such that it is necessary to have a change in the law as it stands, then it has the responsibility to come back to Parliament, to put legislation before Parliament and ask Parliament to make an amendment.

Again, Mr. Speaker, the concern of the committee is not with the policy being followed, the question of whether or not the right to harvest during some periods can be suspended; rather it is the question of the process being followed and whether it is in conformity with the rule of law. The committee found that it was not.

It is essential, Mr. Speaker, that we realize what the government was trying to do. Initially what it left out was a procedure whereby no time period was specified for a prohibition. In the finding of a court in a similar case, that meant that the prohibition could be indefinite. In that instance the court found that that was not contemplated by Parliament and consequently was an illegal action as conducted by the government. Then, rather than changing the act to bring it into conformity with what the minister would like it to be, he chose instead to try and find a subterfuge which would achieve the same effect, an indefinite suspension, without having to change the law. What he did was to specify the period from the first day of the year to the last day, automatically renewing itself on New Year's Day for the following year. So in fact we have a period of indefinite suspension.

There is a long-standing principle in law, which has been followed by Parliament in the past, that governments should not attempt to do indirectly what they are forbidden to do directly. It might be instructive to the House if I were to quote briefly from a decision made in a similar case by Mr. Justice Addy of the Federal Court of Canada. The case involved the Dantex Woollen Co. Inc. and the Minister of Industry, Trade and Commerce. The issue was very similar, having to do with whether or not the government would have the right to suspend people's rights for an indefinite period of time when it was expected that there would be a limitation on the amount of time these rights would be suspended. Mr. Justice Addy deals with it on page 5 of his decision, where he said:

> As to the goods mentioned in item 47, it is clear on the evidence that at no time was their importation, in so far as any order of the Governor in Council is concerned, made subject to any limitation as to extent, quantity or time. The first question which arises is therefore whether, since there is no limitation of the extent to which the goods will be restricted or any limitation as to the period for which the limitation will be imposed, the Governor in Council has failed to exercise the judgment and control which Parliament might have directed him to exercise under the above-mentioned subsection 5(2) of the Act, and whether, as a result of such failure, item 47 might have been improperly and illegally included on the Import Control List and, therefore, not subject to import control. The Applicant argues in other words that, when an item is put on the List pursuant to section 5(2), it is absolutely essential that the order in council state to what extent and for what time or period the importation of the goods in that item is to be limited and that, failing this, the item is to be considered as if it had not been included on the List, because the Governor in Council has not properly limited the importation as required by Parliament.

He goes on to deal with the history of the legislation and then comes back to the issue on page 9, where he says:

> The Governor in Council was not obliged to accept the Board's recommendations following the two enquiries. But to say, as the counsel for the Respondents does, that from the mere fact that no limit as to duration has been mentioned in the order-in-council, one is to imply that the Governor in Council in fact exercised his discretion in favour of the restriction being imposed for an indefinite period, is a completely unacceptable argument: it flies in the face of all of the evidence as to how the List is in fact being administered. Furthermore, if failure to specify a time restriction means an indefinite period, then, failure to specify the extent means either an indefinite extent or amount or an absolute prohibition. Either of these two interpretations would directly contradict the express wording of the last paragraph of section 5(2).
>
> Finally, where a statute restricts a basic right recognized by common law and is capable of two interpretations, the strict interpretation, that is, an interpretation against the restriction and in favour of the citizen must be given the statute. Since such a rule of interpretation is used against enactments by Parliament, it must apply *a fortiori* against legislative enactments of the Governor in Council, which complete restrictive legislation.
>
> Orders-in-council issued pursuant to the Export and Import Permits Act are capable of greatly restricting and limiting the fundamental right of every citizen to fully engage in legitimate trade and business as he may deem fit. Its application in many cases might well remove from an importer, his sole means of livelihood or cause him very considerable losses.

Very clearly, Mr. Speaker, an analogy can be drawn between this and the situation of the harvesting of some marine plants off the east coast. Mr. Justice Addy continues:

> Unlike some legislation such as customs and excise which is intended to provide a more permanent type of protection for local industries and producers, the Export and Import Permits Act, from its tenor, obviously appears to be legislation enacted to permit controls for a limited time and for specific and very limited purposes and by reason of the existence of certain special circumstances and conditions or international commitments or undertakings which outweigh the rights of certain citizens to trade as they wish. Notwithstanding its effects, which are potentially highly restrictive, Parliament has chosen to delegate to the Governor in Council power to legislate in this area by enacting section 5, because of the time ordinarily required to enact detailed regulatory legislation in both Houses of Parliament and because of constantly changing international arrangements and commitments and continually shifting conditions of the international market and of Canadian production and markets. Parliament, however, has also attempted to provide the strict limitations to which I have already referred, on the exercise of that power. Any delegation by the Governor in Council to the Minister of the legislative power to decide for how long and to what extent importation of any goods must be restricted and subject to control, is ultra vires and of no effect.

• (1530)

That was the decision of Mr. Justice Addy of the Federal Court of Canada, Trial Division. We believe, and the committee believes unanimously, on the advice of its counsel, that this decision was directly applicable to the situation that was before us when we considered these harvesting regulations which were proposed by the minister.

The minister appeared to accept that argument. He appeared to agree with the committee that not to specify a time period was ultra vires, otherwise he would not have changed the regulations themselves. He chose instead to proclaim new regulations. But the form that he chose of specifying a period that ran from New Year's Day to New Year's Eve and which renewed itself again on New Year's Day was a means of achieving through the back door what he simply could not achieve through the front door. That is why when the committee looked at this issue it found that what the minister was trying to do was likely ultra vires.

I should stress to members of the House and to members of the public as well who are not aware of the committee's practices that a committee can offer an opinion as it relates to the legality of what the government is doing. In no way is that opinion binding; it is simply an opinion by a parliamentary committee that it feels the government is acting in a way that is illegal, in a way not authorized by law. Ultimately, the only institution that can decide whether or not the government has acted legally is the court.

Through evolution and development of the committee over the years the decision was made by members of the committee, and it was supported by Parliament, that the committee had an obligation to take a look at statutory instruments that were passed from the point of view of vires, of legality, and to offer an opinion, and that the government had the responsibility—and I should stress responsibility—where there was doubt, to bend over backwards to stay within the letter and the spirit of the law. Surely we should expect a standard of behaviour from government, which not only matches that which we expect of people in the private sector, but which surpasses it. Unless the government itself indicates that it has respect for the rule of law, it is impossible for us to expect that ordinary Canadians and institutions in the private sector would share that respect that all of us, as parliamentarians, feel is essential.

One of the reasons we felt it essential that the committee look at the question of vires and one of the reasons why the issue of vires, or legality, has been looked at by similar committees in the Commonwealth is that it is often extremely costly for individuals to go to court when their rights have been infringed upon by a government acting illegally. In addition to that, Parliament has a responsibility to keep an eye on what the government is doing to ensure that, when we delegate authority to the government to act by regulation, it acts in a way that is legal and proper and within the spirit intended by Parliament. If we do not do that, then we have no right to delegate this authority to the government; we are then simply negligent in terms of discharging our responsibility to the people of Canada.

For those two reasons the committee of long standing has taken the position that it had a responsibility to look at the question of vires to ensure that the government was acting in a way that was legal.

In our opinion, making the change in the way the minister did, trying to bring in through the back door something he could not do through the front door, does not make legal what would otherwise be illegal. Again I stress that only the courts would have the authority to make a final decision on that matter. But the minister is not disposed to send this question to the courts for a ruling. For anyone else to take the minister to the court would, of course, be a costly procedure, and it is one which Parliament cannot do. What Parliament can do is to look at it, to get advice from counsel, to seek opinions as broad as possible from people skilled in the law, and to advise Parliament to advise the minister when it believes that the minister and the government are acting in a way that goes beyond the law.

I believe this is a minister who is committed to the rule of law and who would not want to act in a way which could be found to be illegal. Nor would the minister—and I fully accept his sincerity on this—want to take an action which could be demonstrated to be beyond the intent of Parliament at the time Parliament passed legislation. It is not enough to say simply that it is legal, even if one accepts—and we do not—that it was legal. But if it were an action beyond the intent of Parliament, if Parliament had intended that this statute be used in a very different way from the way being used by the minister, then obviously the minister would have a moral responsibility and obligation, as head of a department, as the person charged with the responsibility by Parliament, holding a very important responsibility and trust for the people of Canada, to act within the spirit of what Parliament intended and would not simply try to do an end run on Parliament. Surely if the consent of government and if the consent of the representatives of the people of Canada is to mean anything, the government has a responsibility first to consult fully with Parliament about its intentions and, second, to ensure that Parliament consents to what it is doing.

This is why the committee took the position that we believed that for the government to do indirectly what it could not do directly was beyond the powers which were given to it under the law. Second, that is why we make the decision to report to the House that even if the minister were to go to court and to find that he had acted legally, this sort of indefinite prohibition running for 365 days a year, for 366 days during a leap year, was clearly not something contemplated by Parliament; otherwise Parliament would have written the legislation in a way which made that explicit.

I do not think that it is asking too much to expect the government to bring what is relatively a minor technical amendment before Parliament. I suspect that if the government were to do that and bring the law into conformity with the wishes of Parliament, we would find that Parliament could pass that amendment very quickly.

The argument is often made by ministers of the Crown that it would be very time consuming to be proposing a whole series of amendments to legislation. But, Mr. Speaker, clearly the government has two options that it could consider when a committee has found that the government is acting in a way that is ultra vires and it has recommended that if it wants to act in a particular fashion it could change the law. First, it could introduce the legislation in the Senate. If House time is at a premium, then it is certainly possible for the government to introduce the legislation in the Senate, have the debate take place largely in the Senate and have committee study take place in the Senate, where the time of that House is much less at a premium than it is here. When that consideration has taken place, if the amendment being made is relatively unobjectionable, and in particular if a parliamentary committee with members of all three parties and with representation from both the House of Commons and the Senate have recommended it, and if it has been made at the request of a parliamentary committee, then it is reasonable to expect that the government

could likely get speedy passage when the bill came to the House of Commons. That is one option the government could choose if it is concerned that introducing a specific bill on one particular measure in the House of Commons would be consuming too much time in the House.

The other option is that from time to time there are miscellaneous statute law amendment bills. It would be quite possible for the minister to communicate, I believe it would be with the Minister of Justice (Mr. Chrétien), and to indicate to him that he shares the concern of the parliamentary committee about this particular action, that he accepts that it may be ambiguous, that there is some doubt whether or not it is legal. Or if he wishes to maintain that it is legal, he could indicate that there is doubt in his mind whether or not it was within the intent of Parliament at the time, and that specifically he would like to acquire the consent of Parliament to act that way. The Minister of Justice could include this sort of relatively minor technical adjustment in a miscellaneous statute law amendments bill. These bills by and large get quite speedy passage by the House of Commons and do not tie up the House for a protracted period of time. They enable the government to make some pretty significant changes to the law from time to time.

That brings us to the question as to what I expect and what members of the standing joint committee expect will come of the debate this afternoon. There are a number of options that are possible for the government. It could continue to debate this issue throughout the course of the day. There are a number of members in the House who are interested in doing that. I know that the minister will want to follow me when I complete my remarks and I think members of the House will be looking forward to hearing from him.

• (1540)

Another option which the government could follow is clearly to attempt to seize control of this and to prevent Parliament from coming to a resolution of the matter. That was done once before with one of the committee reports, and it was regrettable because it meant that we were taking away from committees the right to have their unanimous reports debated in Parliament and the right to bring to the attention of Parliament in the case of a standing joint committee actions which we believe could very well be illegal.

The third option is the one which I hope will be followed by the government in this instance. It will expedite proceedings, and I think it will be the most positive course which could be followed by the government. It would be for the minister to say that he continues to maintain his reservations about the question whether or not the regulation was legal or illegal, the question of vires, but that he does accept that there is ambiguity here and that there is some question, at least in the committee's mind, as to whether this was intended by Parliament. He could indicate that he was prepared to recommend to his colleagues that this matter either be introduced in the Senate, to make an amendment to the law as it stands today, or that it be included in the next miscellaneous statutes amendment bill that comes before Parliament.

If that could be done, I think hon. members of the House would be very pleased. We could certainly make much better progress in terms of dealing with this. We have an obligation. I have not often called for concurrence in committee reports which have been made, because of the fact that I recognize it takes the time of the House to do so and often there is very pressing legislation before the House which the people of Canada have the right to expect to be passed. I do so reluctantly in instances where the committee has come to the conclusion that the government has acted particularly in a way which may be illegal or where there is some serious deficiency in a regulation which has been passed. The committee has a very important responsibility placed upon it by Parliament to review statutory instruments from the basis of a series of technical criteria to ensure that the government is discharging its delegated responsibilities in a way that is proper, legal and conducive to respect for the rule of law in Canada.

If the standing joint committee does not discharge its responsibilities, if I as chairman do not discharge my responsibility when the committee makes a report and it appears that there is an impasse between a minister and the committee, and if Parliament itself does not consider a report where the committee has unanimously said it believes the government is acting in a way which is illegal, then we are deficient in discharging our responsibilities on behalf of Canadians and it is impossible for us to expect that Canadians would have respect for Parliament.

Hundreds and hundreds of orders in council and regulations are passed over the course of a year. Each one of them affects the rights of Canadians. Many of them affect the rights of Canadians in a very profound and fundamental way. Many of them affect the ability of people to earn a livelihood. This particular regulation before us today affects the ability of people to earn a livelihood. Where these rights are affected by delegated legislation and Parliament has given a broad grant of authority to the government to act in a particular manner, then Canadians have a right to expect that Parliament will discharge its responsibilities of scrutiny and oversight, hold the government to account, and ask that the government act in a way which is consistent with the rule of law.

I want to give the minister an opportunity to respond. I know hon. members on all sides of the House will be very interested in hearing his response. I hope the conclusion of this debate will be a positive one of which all members of the House and all Canadians can be proud, because we have taken an action to rectify something which, if left undone, would be an example of serious neglect on the part of Parliament.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Corbin): The hon. Minister of Fisheries and Oceans (Mr. LeBlanc).

Mr. Lewis: Mr. Speaker, I rise on a point of order. I believe that the hon. member for Provencher (Mr. Epp), as the

seconder of the motion, has the right to speak and address the House prior to the minister. If Your Honour wishes a precedent for that, I draw your attention to *Hansard* of December 11, 1975, at page 9934, wherein the Deputy Speaker ruled that, while the minister might wish to express his view early in the debate:

> I know this report of the committee is a unanimous report and the minister might be anxious perhaps to support the report, I do not know, before any other member rises in criticism of him or the government. I understand his point of view, but in fairness I think I have to recognize, first, the seconder of the motion.

I submit, Mr. Speaker, that you should recognize the hon. member for Provencher, the seconder of the motion.

The Acting Speaker (Mr. Corbin): I appreciate the hon. member's comment, but the very essence of debate requires that we alternate from one side of the House to the other, irrespective of the matter just raised by the hon. member. Thus, having recognized the Minister of Fisheries and Oceans, he now has the floor.

[*Translation*]

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Mr. Speaker, since I believe this is the first time you have presided in your new capacity, allow me to congratulate you, on behalf of the members from New Brunswick, upon your election to this prestigious office and this expression of confidence by Parliament.

[*English*]

I regret that I was only given notice that this issue would be coming up for discussion today at one o'clock. I especially regret that the legal adviser to my department who has been dealing with this matter is moving to another department and that in fact he is away from Ottawa. I have had very little time, considering the fact that I was here in question period, to try to prepare for this. I will not say that mine is a legal argument because I read somewhere that the man who acts as his own legal adviser has a fool for a client, or words to that effect, and I would not have that naiveté, especially since the members of the committee are lawyers and I have heard their debates on two occasions in the past year.

The problem of regulating the fishery is recognized as one where we are, as the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) indicated, really affecting the livelihood of people. Occasionally I have told some of my officials that in fact we are in people's pockets, because when we regulate for reasons of conservation, when we allocate between gear types, types of fleets and types of boats, we are in fact affecting the livelihood and income of fishermen.

The regulations affecting marine plants are fairly recent. In fact, they have been the subject of considerable complication, as I am informed by the lawyers in my department. I recognize that the committee was concerned. We went the way we felt we could in attempting to meet the committee's concern by putting in a time definition.

The hon. member who spoke before me indicated that they did not accept this approach, which in fact was suggested by the legal advisers of my department. Although I have to say that I oppose concurrence in this report, I do it with regret because of the excellent suggestion of the hon. member who led the debate. His suggestion that we should approach these changes or these corrections, if corrections are required in the law, through a mechanism like debate in the Senate or an omnibus bill approach to what I might describe as housecleaning or housekeeping changes in the law, is one which recommends itself to me.

I might say very simply to the House that for some time I have been wanting to present amendments to the Fisheries Act. The House recognizes, as did the hon. member, that every minister who would like to make adjustments for new situations which arise realizes—and I am thinking of the amendments of 1977 which were adopted unanimously by the House, major amendments in habitat protection and in conservation of the fishery—that we reopen the act as infrequently as possible because we are competing with some 28 to 30 other departments of government which also say that they have urgent legislation to discuss.

• (1550)

In light of that suggestion and the fact that the committee was unanimous in its report, I would like to think that we could have found a solution. In fact, today I suggested to the hon. member for Wellington-Dufferin-Simcoe that perhaps we could delay the discussion by a day and have some talks among ourselves so that we may find a way to prevent rejection of the committee report and agree to discuss it for some time in order to find a method to act within the law if we are not doing so, which is what we all want.

I find myself in a bind because I am advised by a legal adviser in my department that to accept the committee's approach would cause considerable impact on a number of areas in the fishery where we are trying to administer the fishery in terms of conservation through some rather complex and difficult regulations. If we were to accept the report of the committee, the impact on those regulations would cause us very considerable difficulty. Therefore, I find myself having to reject concurrence in the report although I have taken a very positive approach to these issues where we are all trying to achieve good conservation and management. We may differ occasionally on the techniques and methods to achieve this, but we certainly do not differ on the intention of the Fisheries Act, which is to conserve the species for the enjoyment of our future generations.

I am quite open to the possibility of the House finding a way to accept the third option of the hon. member to try to find a solution to the problem through further discussions. However, if it comes down to the crunch, I am afraid that due to the implications for other regulations in the fishery I have to recommend that we vote against it. As I said before, it is with some regret because I found the atmosphere of the committee quite non-partisan. The committee was trying to be helpful to departments which were led by people like myself who are not lawyers, but who are trying to do their job.

Hon. Jake Epp (Provencher): Mr. Speaker, as the seconder to the concurrence motion moved by my colleague, the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty), I would like to put a few comments on the record regarding the motion. Initially, I want to thank the hon. member for Wellington-Duffering-Simcoe not only for the lucid manner in which he again demonstrated to the House his grasp of the subject matter in the Standing Joint Committee on Regulations and other Statutory Instruments, but also for his attempts in the House time after time to make the government and the bureaucracy more accountable to members of the House and, through us, more accountable to Canadians generally. I believe all of us have been impressed with the manner in which he has approached his work in the committee, co-chairing it with a member from the other place.

Before I get into the body of my comments I want to congratulate you, Mr. Speaker. It is my first opportunity to do so since you have taken your position of presiding over the affairs of the House.

Some hon. Members: Hear, hear!

Mr. Epp: In his response to the mover of the concurrence motion, the minister raised the dilemma in which a minister finds himself in terms of fulfilling the responsibilities of administration in a department and having the necessary legislative and regulatory authority to fulfil that responsibility, on the one hand, and fulfilling as well the intentions of the House of Commons which are, of course, embodied in legislation that govern the minister's responsibilities in his administration. I think that those of us who have occupied those chairs and have had that responsibility have faced that frustration of how to find time in the House to open up an act, because when so doing it takes up so much time of the House that not only can the amendments not take place, but you become involved in so many other areas that even the limited intention is eventually lost as well.

I recall that when I was Minister of Indian Affairs and Northern Development there was a strong attitude expressed in the House and throughout the country generally that the discriminatory clauses of the Indian Act should be amended, especially Section 12(1)(b) which discriminates against Indian women. Our government made a commitment to amend that section of the act, and while other sections in the Indian Act needed amendment, we felt it was pressing that Section 12(1)(b) be amended quickly. However, we found there was not enough time in the House to bring that matter before it to get that section in particular amended.

Since that time history now shows that not only has the act still not been amended even though we passed the Charter of Rights, but we have also found that for the first time in Canada's history it has had an issue brought before the Human Rights Commission of the United Nations. Canadians, through the House and its legislative process, have been found to be discriminating against Indian women by that international forum.

The minister's statement about that frustration, conundrum or dilemma is very valid. I also appreciated the suggestion by the minister that a mechanism is needed in terms of finding House time whereby what is referred to commonly as housekeeping amendments can, in fact, be brought forward.

I intend to address that subject in my comments today as I support the concurrence motion, especially as it relates to parliamentary reform. I think that it is one of the questions that should be addressed by the special committee which has been struck to consider parliamentary reform when it sits again in the early fall of this year.

What is important for members of the House to understand is what is meant by the concurrence motion. This is the thirteenth report of the committee in which it specifically looked at the Fisheries Act and Section 34, subsection (2) and whether the regulations flowing from that section were in violation of or ultra vires the legislation passed in the House. The issue might be seen as an unimportant one by some. It concerns the harvesting of marine plants. Obviously, it is important to those involved in that enterprise. Some might ask why it is necessarily an issue which a committee, co-chaired by my colleague for Wellington-Dufferin-Simcoe, should take the time to study both in the committee and the House. It is an important issue and I intend to use another example to show Canadians that the work the committee does is vitally important.

You will recall that a year ago, Mr. Speaker, during the Christmas recess of the House, the government passed an emergency planning order. That was also done by the regulatory process. That issue has created a great amount of concern in many parts of Canada as to whether that type of planning order has not gone beyond the regulatory scope of government or whether that matter should have been brought to the House of Commons and debated in the form of legislation. You will recall that during the FLQ crisis in 1970, at which time the Prime Minister (Mr. Trudeau) used the War Measures Act, he said that from then on he would bring in special legislation which would not be as draconian as the War Measures Act in order to deal with issues of a domestic nature.

Returning to the thirteenth report of the committee, the committee was looking at the Fisheries Act which has empowered the minister to set conditions for the issuance of licences for the harvesting of marine plants. But as well the committee pointed out that the conditions had to have a specified period of time. That was where the Standing Joint Committee on Regulations and other Statutory Instruments took issue with the regulations passed.

• (1600)

In an attempt to get around that difficulty, the minister did put in a time-frame, namely, from January 1 to December 31. I do not think it takes too much imagination to recognize that that takes care of an entire year, and if no date as to year is set out, it means that the licence will not be issued because the omission has taken care of every day of every year. While in a very narrow sense it might be argued by the minister that he

did give a specified time-frame, the effect of so doing was such that it did not change the issue which the committee was examining. So it is that issue with which we are dealing today.

Considering the manner in which this matter could be addressed, the committee said in its report:

If your Committee is wrong in its legal conclusion it is of the view that Parliament never intended, in enacting Section 34.3(b), of the Fisheries Act, to allow a licence to be in effect suspended indefinitely and that the attempt to achieve this result by specifying an indefinite period of prohibition amounts to an unusual and unexpected use of power.

The committee has been very positive, and I think that has been the understanding of hon. members in general. Not only has it been the watchdog of Parliament in seeing that regulations are in keeping with legislation passed and within the spirit of such legislation, but the committee also went on to offer certain remedies or recommendations to the minister, and obviously did not accept the remedy which the minister thought would satisfy, at least in the narrow, technical sense, the wishes of the committee. The committee went on to state in its report:

If, however, a power is needed to suspend a licence in a particular area for an indefinite period, Parliament should be asked to grant the power. The minister has rejected this course as impractical.

Today in the House the minister again rejected it as impractical, because it means that he must open the act. It means that he must find time in the House of Commons to open up the prior Fisheries Act. He knows, I know and hon. members of the House in general understand that once one opens the act, anything relating to fisheries can be debated. Maybe that is also an area which we should be examining in the parliamentary committee. I see that the assistant to the Privy Council is here and he also sits on the special committee on parliamentary reform. We should perhaps examine how to pass housekeeping legislation.

The minister found it impractical and he has given his reasons, but the fact remains that even though that difficulty remains, it still did not satisfy the committee. The committee, in its positive way, went on to state that the minister:

—has also rejected your Committee's suggestion that the conditions attached to licences be altered so that they specify on their face that they can not be used in the location now specified in Section 6(a) of the Regulations.

There was another remedy given, that if one could get at the problem from the point of time, then possibly one could bring in regulations which would have changed the operation in view of the licences which were being issued. However, I think the committee makes its conclusions very pointedly when it states:

By rejecting these suggestions the Minister is issuing or continuing in force licences which are in a sense counterfeit. Your Committee regards this as an abuse of Section 34.3(b) of the Fisheries Act.

It is the responsibility of the minister to issue licences which are valid. He has the responsibility to issue licences which are within the legislation and within regulations which are not in violation of the legislation. That has not been done.

I take some hope from the minister's positive comments today that he is also looking for a solution. However, I think this question goes beyond the narrow confines of the Fisheries Act. This is a larger question which is twofold. One is the question of legality. Parliament must at all times operate within the confines of the law. The law gives power, but the law also confines. It is the responsibility of every minister and every hon. member in the House of Commons to consider that. In fact, I suggest that is why the committee was established in the first place. I do not want to impute any motives and I am not, but in any act the regulations can be seen to be ultra vires the legislation. That is why Parliament has seen fit to form the committee, in order that those conundrums or difficulties, if they develop, can be brought to the light of day and changed.

I also consider legislation which has taken a longer period of time to prepare. I call to mind the changes to the Immigration Act. Hon. members will recall that there was a controversial issue and changes to the Immigration Act were found necessary. We all recognized that. The government at the time was not sure of the best manner in which to approach it, so it introduced a green paper. I know there were some skeptics concerning the green paper approach and whether or not it would lead to good legislation or to any legislation at all, but after an extensive debate on the subject of the green paper in Ottawa, that committee hit the road. It was one of the most interesting experiences I had in the House because we very quickly found that every immigration issue seemed to be brought before the committee. There were times when we needed police escort out of certain Canadian cities because of the anger generated by the government's immigration policy. But we did give a majority report. Most members on both sides of the House agreed with the thrust of the report. Out of that report, the Immigration Act was then finally brought forward.

The point I am trying to make is that when the committee handed in its report—the legislation had gone to the Standing Committee on Labour, Manpower and Immigration at that time—it was interesting to note that the members who had been through this long process of legislation-making, who were well-informed as to the issues, could look at a specific clause and very quickly realize the likely effect of such a clause. I forget how many amendments were brought forward at that time, but I know that the members of that committee from this party brought forward some 95 amendments. Many of them were approved. To this day, I still believe the reason was that there was a good spirit in that committee in trying to develop the best legislation, the best immigration policy we could.

But there was one lack even in that process. All of us recognized that while the Immigration Act brought forward intentions or gave general guidelines and rules as to how immigration would be administered in Canada, the nitty-gritty of that Immigration Act involved the regulations which would be promulgated by the government, flowing out of the act. Despite our expertise in the committee, we had no ability to persuade the government to state how those regulations might first be promulgated and then interpreted in view of the legislation.

In fairness to the government, and I want to be fair, it did bring in some draft regulations. It was possibly the first time the government brought in draft regulations and tried to show that, while they were not complete regulations, that was the

manner in which the regulations would flow, and we were able to see whether they were in conformity with the legislation before us.

• (1610)

When we look at parliamentary reform one of the questions we have to answer is, is it not now practical that, for a large amount of legislation before us which requires technical regulation, draft regulations should accompany the legislation? I know it would put more pressure on the ministers and on the departments to produce those regulations in order to have the package much more complete than sometimes is the case now with legislation. However, I do think this would avoid some of the difficulties which the committee, which my hon. friend co-chaired, now has to examine.

In addition, I want to point out that regulations—and I think this is a view commonly held in the country—are very often more onerous than the legislation itself. One finds this especially in the business community. A seemingly innocuous and short piece of legislation often seems to cause the flow of a plethora of regulation, or what has been referred to as the paper burden. No one is more aware of this paper burden than those in our business community. In fact, a committee was struck by the Minister of State for Small Business (Mr. Lapointe) to reduce that paper burden. That paper burden is a direct result of regulations that flow from the legislation. Not only must the regulations be legal, they must also be within the spirit of the legislation that is passed.

We recognize very quickly that my colleague, as he speaks in the House on this issue, has developed a technical expertise in an area which many Members of Parliament might find tedious. he has taken his responsibility very seriously and is always guided by one rule, namely, the rule of law.

This takes me to the last point I want to make this afternoon, which is this. I believe the parliamentary reform committee has a very important role to fulfil, and that is to look at the global picture in this House of Commons regarding how legislation is passed. I agree with members opposite, and they might be surprised at this, that some legislation takes too long. It is sometimes because of that length of time and the fear that other legislation might take as long that housekeeping matters do not come before us. I have found that within the parliamentary reform committee there is a spirit of co-operation with an attempt to solve this dilemma, both from the government's point of view and the point of view of the opposition. This is a sentiment that I think was also expressed by the Minister of Fisheries and Oceans (Mr. LeBlanc).

I concur with the report, Mr. Speaker, and I commend the committee members for the manner in which they have approached the matter. I say to the government that we all recognize that regulations must both be within the spirit of the legislation and conform to the legislation in terms of law. The committee has found that this is not the case in respect of the Fisheries Act, and I recommend to the minister, as did my hon. friend, that he find a remedy other than the one he has tried, the one of which the committee did not approve.

Hon. Ron Huntington (Capilano): Mr. Speaker, I am pleased to have the opportunity to add a few comments to this debate on concurrence in the thirteenth report of the Standing Joint Committee on Regulations and other Statutory Instruments. That report refers to an issue about which I have been concerned for many years.

I have had the courtesy of the Minister of Fisheries and Oceans (Mr. LeBlanc) over the years on matters I have brought to his attention. He has always been very courteous in receiving me, listening to me and agreeing with the justice of a point of view.

One of the things we are struggling with in Canadian society today is the movement of the balance of power away from the House of Commons and the elected Members of Parliament, including ministers, to the bureaucracy. The type of regulation we are dealing with in this debate today on the motion for concurrence in the thirteenth report is at the heart of this issue. I have always thought that a person involved in widely diverse activities, operating under the rule of law, which my colleague the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) so ably put forward in his opening speech, should be free from the arbitrary interference by government or its officials. This debate today and this thirteenth report deal with that essential issue. I am sure I am not the only member sitting in this House as an elected Member of Parliament from a constituency in Canada who has seen all too many examples over the years, examples increasing in severity, of the arbitrary decision-making process by public servants, officials and inspectors that interfere with a persons's right under the rule of law.

We are moving into a legalistic type of society in this country in which the regulations coming through orders in council from government number some 3,500 per year. All too often law-abiding citizens and people who want to do what is right find themselves at odds with the law and outside what they believe to be the normal logical process.

I have had the occasion to be very courteously received on many occasions by the minister since I have been a member, and I thank him for that courtesy, in respect of the problems of my constituents, those people involved with fisheries and the environment on the west coast. The minister has been sympathetic toward the arbitrary nature of the decision-making process and the interference that has too often been the habit on the part of fisheries officials. We are really dealing with the freedom to choose and make a decision under laws as they are understood by the average Canadian. We are getting ourselves into such a complicated and legalistic type of world that no one any longer has that decision-making base.

I have recently been to the minister and he knows I am very concerned regarding matters of the environment. He knows I do not want to see the environment abused and that I am a very concerned Member of Parliament in terms of protecting biological species, particularly those pertaining to fisheries. I have also had to go to his department and ask why an arbitrary decision, under the specific type of regulation that is being discussed here in the thirteenth report, can be made when

scientists both within the department and in the university system agree that there is no threat to the habitat. I have asked why someone in the Department of Fisheries and Oceans can say, "No, you may not proceed with a pilot project because, because—".

It does not stand up to the learned opinion of scientists in that circumstance that someone should have the arbitrary power to say, "You may not proceed with a pilot project", and I refer specifically to two species of seaweed on the Pacific coast. One is an annual which clears out with the flow of water and the seasons out there annually. They are saying, "No, you cannot harvest that because that might interfere with some unknown factor within the fishery habitat." The other one is a biannual which grows in different stages as it comes up to the surface. What they were asking to harvest was something like 5,000 tonnes a year for a pilot project in order to develop a major breakthrough which had happened at the Simon Fraser University. Canadian scientists had finally been able to take this species of kelp and isolate into commercial chemical processes six, seven or eight different marketable components and compounds from that kelp. Years of work have gone into this, and the minister's officials will advise him that the science behind this is of a very high order. Very capable people are involved, and they just seek a pilot project, which in no way can endanger any of the species, in order to get some kind of delivery going with respect to this process of isolating compounds from this biannual species of seaweed.

• (1620)

The federal department is saying: "No, we don't think you can proceed until some other report which was started by the province of British Columbia can be delivered and we can study it." Why the department really is saying no is that if this pilot project is successful and it is desired to move beyond the 5,000 tonnes harvest, the department does not know how far down the line the project will go.

However, I can say right now that because of these arbitrary powers, not held by scientists in the Department of Fisheries and Oceans but by other officials, the season for 1983, the harvest of 5,000 tonnes of kelp species to put into this pilot project and the chemistry of isolating these seven or eight compounds, will be lost for another whole year. This is a Canadian technology, for which we have paid by way of grants from the federal government and the provincial government to our universities, which will be lost. Perhaps it will come about in 1984 or 1985, or maybe the scientist responsible for this breakthrough will just take it out of the country to somewhere else where it can become viable. This type of arbitrary power held by officials in the department seriously concerns and troubles me.

I am sorry the minister has to be in the position today of speaking against concurrence in this report because my colleague, the hon. member for Wellington-Dufferin-Simcoe, has given him a couple valid suggestions, which I believe the minister acknowledged in his remarks. He said that the matter of this type of regulation and the amendment of the section within the statute could be dealt with by the Senate as an initiative so that it would not take up special House time for which he is competing with 29 or 30 other departments. We understand that, but we would like to appeal to the minister today that there be a miscellaneous statutes amendment bill brought forward. Surely this type of request brought forward in a unanimous report of a very responsible and important committee of this House can be responded to in such a way that, as an elected Member of Parliament, as I am, the minister can start to represent the people at large, protect their freedom of choice, protect their ability and right to make decisions under the basic rule of law of the land and start, as a Member of Parliament, pushing back the arbitrary powers that are being given to the public service as a result of the avalanche of legislation that is coming down.

The Minister of Fisheries and Oceans probably has more of a socialist mind-set than I. I am a Member of Parliament who is very concerned that because of all the regulation we have and because of the type of matter being addressed in the thirteenth report of the Standing Joint Committee on Regulations and other Statutory Instruments—specifically this issue—we as elected representatives are failing the people who sent us here.

In the tug-of-war going on in the standing committee addressing orders and procedures of the House of Commons, which my colleague, the hon. member for Provencher (Mr. Epp), just mentioned, I believe it was Professor John Stewart, one of our witnesses, who said that as we tug back and forth in the struggle for power, surely it is up to every single Member of Parliament to make sure that the knot moves toward the House of Commons and Parliament and away from bureaucracy. I think the minister will have to agree that that is a struggle which is very important. It is the struggle on which this debate today hinges.

That is why I stand and appeal to the reasonableness of this minister. I cannot refer to the reasonableness of all his colleagues, but I certainly can refer to that of the Minister of Fisheries and Oceans. I appeal to him to consider seriously the suggestions the hon. member for Wellington-Dufferin-Simcoe has given him. I ask that the minister hear my appeal on behalf of the people of Canada. My goodness, surely as elected members we have a responsibility to protect the rule of law. We have put it into some jeopardy and confusion with our new Constitution. We will probably spend a decade or so sorting that out in the courts of our land. But surely as elected Members of Parliament believing in the representative democratic system this House delivers, we can start protecting the people at large and those interested in certain specific activities within this country from the overuse and abuse of the arbitrary powers we have given to the public service of this country. Let us pull that knot back into the House and let the minister give a second thought to, or have a second look at, his apparent gentle opposition to concurrence in measures of this nature, because I think this is becoming an issue of very serious concern to many people in Canada who perhaps cannot explain themselves.

Perhaps I am not doing a good enough job for the minister, but this is a matter which keeps me on my feet and keeps me working pretty hard because I am afraid we are losing our freedom of choice as we move to more and more state control over our lives and as we move more and more to a sub-government which is removed from the checks and balances we should be demanding and protecting in this House of Commons. We are incorporating Crown corporations with agency of Her Majesty status, and these powers mean that these corporations we create do not have to conform to the laws of the provinces and do not have to conform to the laws of the federal government. They have the guarantee of the federal government in their borrowings. They are really outside the normal flow and balance of life.

I believe the debate today is an important one. It is true that the debate is on a very narrow issue within an act but, nevertheless, it is at the heart of our freedom to choose and our right to be protected from the arbitrary powers or the unnecessary use and overuse of arbitrary powers by too many civil servants today.

I have seen a sense of possessiveness which exists within the Department of Fisheries and Oceans which really troubles me. In other words, instead of the fisheries belonging to the people of Canada, the fisheries and the work of protecting the fisheries and harvesting seems to be more and more the personal property of either the state or the servants serving state organizations.

I know of a person who put half a million dollars into a fish hatchery under an agreement with the Department of Fisheries and Oceans whereby the eggs for that fish hatchery were purchased from the Department of Fisheries and Oceans. After that investment was made, release and capture rights were denied, so the young fish brought out of the hatchery were put into pens out in the salt water and fed with feed which had to be brought in in pellet form from the United States. I have seen harassment of that individual to the point where he has lost his health and his money. His operation did have a chance. Had there been a spirit of co-operation from officials in the Department of Fisheries and Oceans, it could have gone a long way to providing more protein to the people of Canada and the world. It troubles me that this sense of possessiveness exists today. I see it in the seaweed harvest operations that are interfering with and postponing a very valuable pilot project.

• (1630)

In conclusion, Mr. Speaker, I urge the minister to sift out of my remarks the serious concern that I feel about these arbitrary powers and, in the tug-of-war between the bureaucracy and the people of Canada through their elected representatives, move that knot back into the House of Commons and thus bring a sense of service back to our civil servants rather than the sense of power which, in the realm of human nature, we all have the tendency to abuse.

That is the fundamental message I wanted to deliver to the minister, Mr. Speaker. I know he is a very reasonable person, so maybe he will sift out of my comments some reason that would make him change his mind and not debate against concurrence of this very important report.

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to have an opportunity to speak in support of concurrence in this report. I should like to add to the kind words of some members who have already spoken about the excellent work done by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) as co-chairman of the committee. With his co-chairman from the other place, he put a lot of hours and effort into making the committee work.

The thirteenth report of this committee focuses primarily on Section 34(2) and some of the problems involved. It has been fairly clear that either the intention of Parliament in regard to that section was not followed or that the Department of Fisheries and Oceans, or the minister, has been creating regulations and making use of that part of the act in a way that was not intended by Parliament. This could jeopardize the livelihood of some fishermen or legality of some of the permits that have been issued or rescinded in many areas of the country.

I should like to touch on a matter which has been before the committee for the past 15 months, and that is the Alice Arm tailing deposit regulations, SOR 79-345. I bring this matter up because of some peculiar circumstances that have arisen since a split vote was recorded—and it is only the second vote taken in the 11 years of the committee. I think it is important to put on the record some of the events surrounding that vote so that many of the groups that have been following the issue know exactly what happened.

During the year that documents were going back and forth between the committee and the Minister of Fisheries and Oceans (Mr. LeBlanc), the minister appeared before the committee with his legal counsel. Many hours were spent examining a great deal of data on two principal points that the committee was concerned about, and that is whether proper notice was given in relation to these regulations and whether there was an unusual and unexpected use of power. The vote taken by the committee was to the effect that there was an unusual and unexpected use of power. I think it is important for the minister to respond to the events that followed, since he has indicated that he is going to debate against concurrence in the report.

This report is important in a functional way in that it aims to make certain that the minister and his department abide by legislation created by this House. It seems to me that there is responsibility on a minister to follow through when the Standing Joint Committee on Regulations and other Statutory Instruments comes to a unanimous or consensual position on regulations.

In regard to the Alice Arm tailing deposit regulations, what has occurred is a very unusual state of affairs in that the committee voted there was an unusual and unexpected use of power. In the following days after the lawyers had written the report, it became clear that various government members were

involved in what can only be described as an abuse of the committee—a kind of political blackmail that should not be used against committees. The parliamentary secretary made it clear to the co-chairmen of the committee and to the steering committee that, should the vote that was taken to report the unusual and unexpected use of power by the minister to Parliament today go ahead, then the Liberal members would simply march in a bunch of backbenchers and vote the report down. This would have been the first time that had ever occurred in the long history of that committee and it would have seriously abused the committee's ability to come up with the consensual reports that are necessary.

What the other members of the committee and I agreed to was that we would stand the vote. Essentially this meant that the vote that was taken would continue to stand, but that the formal report which would have come before Parliament today would not come forward.

Since that time it has become clear that for various reasons other parties decided they were going to interpret what the committee did in different ways. The co-chairman from the other place decided to send out a letter regarding the issue. I should like to read portions of that letter into the record because I think it is important that people who have followed this issue for so long have an opportunity to know exactly what happened regarding all the evidence that was taken, from the time the vote was taken in committee censuring the minister to the kind of blackmail that was used against the committee to put the report forward, to the kind of statements that are being made to the public. The co-chairman of the committee from the other place, Senator Godfrey, wrote to a Miss Dorothy Potts of Project North in Victoria, B.C. as follows:

—you stated "that at its June 30th meeting, the Standing Joint Committee of the Senate and House of Commons on Regulations and Other Statutory Instruments confirmed its earlier decision that the above named Regulations constituted an unusual and unexpected use of the powers conferred on the Governor in Council by Section 33(4)(b) and (13) of the Fisheries Act." I now understand why you made such a statement because it has been drawn to my attention that Mr. Jim Fulton, MP in the House of Commons on July 5, 1982, said that "last week the joint Standing Committee on Regulations and other Statutory Instruments unanimously upheld the censure of the Minister of Fisheries and Oceans (Mr. LeBlanc) for unusual and unexpected use of power in pushing through the Alice Arm tailing deposit regulations."

This statement by Mr. Fulton is not in accordance with the understanding reached at the Committee meeting on June 29. At a meeting of the Committee on June 3, 1982 (of which I am enclosing a copy of the proceedings herewith), the Alice Arm matter was extensively discussed, and the members of the Committee voted 4 to 3 that the Committee "report to their respective Houses that the making of SOR/79-345-Alice Arm Tailing Deposit Regulations-amounts to an unusual or unexpected use of the powers conferred by the Fisheries Act."

In fact, that is what occurred and it is on the record of the committee. The report was supposed to come before the House today for debate. As I pointed out to you, Mr. Speaker, through the actions of the government it could not come before Parliament, and now these people are interpreting what occurred in the committee in ways that are not in accordance with the facts. The co-chairman continued:

The four members who voted in the 'affirmative' were Messrs. Baker, Hnatyshyn and Kempling—all Conservatives, and Mr. Fulton, an NDP. The three voting against the Resolution were Senator Hicks, Mr. Ken Robinson and myself—all Liberals. The Committee has always operated on a strictly non-partisan basis. In the eight-year history of the Committee, we have had only two votes, having otherwise always being able to operate on a consensus basis. If I remember correctly, this is the only time in the history of the Committee where there was a vote which was split on party lines, although I am not suggesting the Committee members were motivated by partisan considerations.

I would remind you, Mr. Speaker, that the committee heard evidence for over a year on the Alice Arm regulations. It was only at the end of that year that a vote was finally taken and it caused this split. The letter goes on to say:

You will note in the evidence on page 28, the statement that the Committee's Counsel, Mr. Graham Eglington, made that "I would presume, in my position as counsel to the Standing Joint Committee on Regulations and other Statutory Instruments, neither to express a decided view as to whether a regulation is a proper and reasonable use of power." You will note that I stated we would be delighted to have his opinion as to whether it was an unusual and unexpected use of powers, but as to whether we accepted his opinion was another matter entirely.

Possibly because of this remark, Mr. Eglington did, some days later, provide the Committee with an opinion, a copy of which I am enclosing herewith, which disagreed with Mr. Bernier's opinion referred to in the evidence. I should point out that Mr. Eglington has been Counsel to the Committee since its inception. After carefully considering Mr. Eglington's opinion, I came to the conclusion that if we had had Mr. Eglington's opinion before the vote was taken, the Conservative members of the Committee might well have not voted in favour of the motion and that the matter should be reconsidered by the Committee.

• (1640)

That is simply not the case, Mr. Speaker. I was present at a number of meetings where it was made clear that the Conservative members were not intending to change their vote in this matter. It seems passing strange to me that a co-chairman would take the opportunity of writing a letter to the public to make such an allegation. After all, a vote by members of the House is clearly of their own volition. The letter goes on:

In the meantime, a draft report to Parliament in accordance with the original motion had been prepared and distributed, which was to be formally voted upon at a further meeting of the Committee. I was informed that in view of Mr. Eglington's opinion, the Liberal members of the Committee, who were not present when the original vote was taken, would be present when the report was voted upon and would vote against the report, thus reversing the original decision.

The record seems to have slipped over time from the writer's memory, Mr. Speaker, in that the decision to come in and try and bully the committee was taken before Mr. Eglington wrote the legal opinion. Obviously the Minister of Fisheries and Oceans was going to be embarrassed by the reporting of this to Parliament and he decided to take action before that legal opinion was written. The letter goes on:

After some prior negotiation, a meeting of the Steering Committee of the Committee, attended by Mr. Fulton, was held at which an agreement was reached by way of compromise as to how the matter should be dealt with by the Committee, which was subsequently agreed to by the Liberal members of the Committee not present when the vote was originally taken. I am enclosing herewith copies of the pages from the typewritten transcript of the meeting held that afternoon of the Committee where it was agreed not to make a report to the House of Commons as was provided for in the original resolution passed by the Committee and, in fact, let the whole matter stand as it was at the present time. As you can see, in no way can this be interpreted, or was it intended (and my Co-Chairman, Hon. Perrin Beatty, MP agrees with me as to this), to be that the Committee "unanimously upheld the censure of the Minister of Fisheries and Oceans (Mr. LeBlanc) for unusual and unexpected use of power through the Alice Arm Tailing Deposit Regulations."

I should say in closing that the Committee was considering this matter from a highly technical point of view under its terms of reference, and was not presuming to pass on the merits of the dispute.

There are a number of interesting things which flow from that letter, Mr. Speaker, and I would hope the minister will take the time to respond. On May 28, 1981 Senator Godfrey wrote this letter to the minister and on page 2 he had the following to say:

It is apparent to the Committee that the prohibition imposed by Parliament in section 33(2) of the Act and the general rules set out in the Metal Mining Liquid Effluent Regulations will be of little value if special regimes come to be established to allow particular mining operations to dump tailings and effluents in enormous quantities. That such a situation might arise would seem to be altogether at odds with Parliament's purpose as expressed in section 33 of the Act. Consequently, the Committee must assess the Alice Arm Tailings Deposit Regulations carefully. It is clearly not the case that any or every exercise of power to set special standards or dumping limits is an unusual or unexpected use of power. What the Committee must address itself to is whether or not the deposits allowed in this case go beyond or are inconsistent with what reasonable men would consider to be anticipated under section 33. The general limits set out in the Metal Mining Liquid Effluent Regulations have clearly been drastically exceeded. There has been no mere accommodation of a minor problem, or even of an existing mine. Rather, there has been an accommodation of a mining venture which it appears to the Committee might have been deliberately planned so that a special regime inconsistent with the general prohibition of section 33(2) of the Act and with the standards and concentrations set out in the Metal Mining Liquid Effluent Regulations would be essential. This might be thought to come dangerously close to treating section 33(4) of the Act as a carte blanche to allow unlimited, unconfined and unrestricted dumping of toxic materials.

The Committee is also troubled by the effect that the latitude being allowed the Amax Kitsault Mine may have on the sentencing of those convicted of breach of section 33 of the Act or of exceeding the limits set out in the Metal Mining Liquid Effluent Regulations. Courts may be reluctant to impose sentences of any real deterrent value when defence counsel can point to dumping limits of the dimensions sanctioned in the case of the Kitsault Mine.

That, Mr. Speaker, is a letter from the co-chairman of the committee to the minister. A number of peculiar problems arose as we were taking evidence at the committee, in correspondence back and forth with the minister, and on more than one occasion the minister provided incorrect, misleading or in some cases perhaps something worse in terms of the information before the committee. On a couple of occasions that caused considerable alarm to the people most directly affected, that being the Nishga people.

On one occasion the Minister of Fisheries and Oceans provided a letter to the committee which indicated that counsel to the committee agreed with counsel to the Department of Fisheries and Oceans. That is not in fact correct, Mr. Speaker. I took the time in one of our recent committee meetings to question counsel to the committee on that very point and there was an interesting response. On page 66:29 of the Minutes of Proceedings and Evidence of the Standing Joint Committee on Regulations and other Statutory Instruments, I asked the following questions:

MR. FULTON: Under paragraph 8, on page 2, you indicate that counsel have never given an opinion as to whether the regulations are proper and reasonable. On page 2, at the bottom of Mr. LeBlanc's letter, he says, and I quote:

I would like to emphasize that in the view of the legal advisors consulted, including your own, the Alice Arm Tailings Deposit Regulations are a proper and reasonable use of this power.

MR. EGLINGTON: That is precisely what I was dealing with. I have never given that opinion—

So, Mr. Speaker, here we have the minister saying that he is not going to concur in the thirteenth report of the standing joint committee despite the fact that all parties by consensus have agreed that there were certain uses of his powers which were either unusual, unexpected or in some way not what Parliament had intended. We also have the minister providing to the committee information which was completely inaccurate—on more than one occasion—making it very difficult for members of the committee to deal with the information provided by the minister. I am saying that I am not surprised that the minister does not concur. He does not seem to have that great an understanding or feeling for the importance of committees or the parliamentary process.

Mr. Eglington went on to say:

—and despite Senator Godfrey's invitation, I do not think that in nine years I have ever given an opinion as to whether the use of the power was proper or reasonable. That is not one of the committee's criteria, and I would never deal with it.

That brings me to an interesting point, Mr. Speaker, in that this same counsel provided, not publicly so that we could debate it but in a private sort of way, a legal opinion which has been put to great use by Liberal members. It seems passing strange to me that, after the vote is taken and a decision made to report to Parliament, all of a sudden all of these other complexities come into play; the government members suddenly decide they are going to blackmail the committee: "If you try and report, we will come and vote it down", and all those kinds of things. Then after the decision is made to let the vote stand, the co-chairman from the other place, who I cannot cross-examine in this House or even debate with, sends out a letter publicly saying that the decision to let the vote stand is not what it means. Clearly the vote censured the Minister of Fisheries and Oceans. It was a four to three vote, a majority vote, and this is a democracy, so the majority rules. It was obviously an embarrassment to the minister. He put various and sundry other powers into play that, in my view, have seriously and perhaps for some time to come damaged the credibility and the viability of that committee in the eyes of many Canadians.

• (1650)

There were some comments made on the letter of the Minister of Fisheries and Oceans by counsel to the committee that I think should be put on the record. The minister has decided not to concur in relation to the problems that have evolved under the Fisheries Act. Some of the problems are very serious. The first comment by counsel reads as follows:

The "parameters of the concept 'unusual and unexpected use of the power' as it applies to the Alice Arm Tailings Deposit Regulations" are not for Mr. LeBlanc to state or to restate. They are for the Committee to determine.

The committee determined that they were an unusual and unexpected use of power. The second comment is as follows:

That a detailed legislative scheme for a regulation is set out in subsection (13) of Section 33 only means that the Alice Arm Tailings Deposit Regulations, being in conformity with it, are intra vires.

That means within the law. They were legally created but not created in a way that was expected by members of this House when they made changes to the Fisheries Act and gave various powers to the Minister of Fisheries and Oceans and governor in council. The second comment continues:

A regulation conforming to its enabling power, however detailed, is not for that reason alone an expected and usual use of that power. Whether an enabling power has been used in an unusual and unexpected way goes to the purpose for which it has been used or to the consequences of its use, and not to whether the resulting regulations is intra vires or ultra vires. Similarly, the fact that a regulatory power has been used in the only way it may be, lawfully, and in accordance with its detailed scheme, is in no way conclusive of whether the use made of the power is unusual or unexpected.

What the committee was deciding was not whether or not the creation of the Alice Arm tailings deposit regulations in the middle of the 1979 federal election was legal or not; that question was not for the committee to decide. We had a number of other criteria that we were there to scrutinize.

Counsel goes on:

Since section 33(4) and (13) envisaged exceptions to the fundamental rule of Section 33, an exception is not of itself unusual. That the statute envisages exceptions being made does not mean that every exception is usual or expected. That an exception has been made, and deposits made in conformity with it, is irrelevant to the issue of unusual and unexpected use of power. The statement that there is no breach of the statutory rule of Section 33(2) goes to vires only. M. LeBlanc avers that the Alice Arm Tailings Deposit Regulations constitute exactly the procedure Parliament envisaged would be exercised when it enacted Section 33(2), (4) and (13). The parliamentary record would seem to negate this proposition and to point to quite other uses for Subsections (4) and (13) of Section 33. That a court, being required to ignore the parliamentary record, must govern itself by the words of subsections (4) and (13) in determining vires does not mean that the Committee cannot make reference to that record in determining what is the use to which subsections (4) and (13) might usually be expected to be put.

That is really the point and it is the point in relation to what the other speakers have touched upon. The committee heard various experts, officials, the minister and others say that the section was there and Parliament had various expectations of its use. The committee ruled after hearing lengthy evidence from the minister, his counsel and any witnesses the government side wanted to produce that it was an unusual and unexpected use of power and that they have in fact taken unusual steps to try and bully the committee and the public into believing that something other than what happened in the committee occurred. Counsel goes on:

That there has always been a prohibition on depositing deleterious substances, and a power of exemption, is only partially relevant. What is important is the nature and purpose of exemption. The particularized power which is now given to the Governor in Council is so substantially different from a blanket power in the Minister to "exempt ... stream or streams" as to be of only marginal use, at best, in assessing the uses to which the present powers can be put without becoming unusual or unexpected ones. Parliament has seen fit to resile to a very great extent from the old blanket power. It must have had some limiting purpose in mind. And, by reference to the parliamentary record one gains an understanding of that purpose: to beef up the prohibition and to allow exceptions to accommodate conflicting regulatory standards and to accommodate existing plants.

This is precisely the point. In 1977 when the metal mining liquid effluent regulations were brought in, they brought in very specific delimitations for the amount of various substances and the total quantity that could be dumped into any water system in Canada. For the minister to have used the sections he used, to put out SOR/79-345 was, as the committee ruled, an unusual and unexpected use of power for the simple reason that there was an existing regime under which the regulations could have been made. For the minister to have gone outside of that only comes clear when you realize that the amounts that the minister wanted to allow Amax Corporation to dump was 8,000 times what was allowed under the existing regulations.

It is a very serious matter. I would hope that the Minister of Fisheries and Oceans will respond to it in this House because the committee has ruled on it. Through various tricks and various forms of chicanery he has managed to hold the report from coming before the House. The reason I stepped back from forcing the issue was that I felt it would be an abuse of the committee. But instead I have discovered that the abuse of the committee has carried on despite the fact that I backed off from it.

Counsel continues:

The first five paragraphs of Mr. LeBlanc's letter are characterized as "legal arguments." Indeed they are, and, as such, they are not germane to the issue of the Committee's criterion 4.

Whether the use of the powers granted by Section 33 (13) to the Governor in Council (not to the Minister) is a proper and reasonable use is not a matter exclusively for the Standing Committee on Fisheries and Forestry.

That was the argument put forward by some government members on the committee, that is, that we should be looking at the issue in another committee. Counsel's comments continue:

It is a matter which bears upon the Committee's criterion 4. This Committee may not consider whether it is desirable to exempt new mining ventures, or old ones for that matter, from the regulations of general application. Nor may it consider whether it is desirable to exempt the particular Amax mine at Kitsault. But what it can, and must, consider is whether the use of Section 33(4) and (13) for this last mentioned purpose is a use and that can or should be characterized as unusual or unexpected. In this consideration the Committee may very well wish to consider whether the use made of Section 33(13) in these particular regulations is a proper and reasonable use.

There was a definitive recommendation of the senior counsel to the committee and that is precisely what the committee did. It took a vote on that point. The comments continue:

Mr. Bernier and I have never given an opinion as to whether the Alice Arm Tailings Deposit Regulations are a "proper and reasonable use"—

This is despite the fact that the minister and his counsel said they did. They said they never did, and they said that before the committee. These comments continue:

—of the powers conferred by Section 33(13). I have repeatedly advised that the Regulations are intra vires that subsection, that is to say, that they constitute a lawful use of those powers. I would presume, in my position as counsel to the Standing Joint Committee on Regulations and Other Statutory Instruments, neither to express a decided view as to whether a regulation is a proper and reasonable use of power nor to foreclose the Committee's own judgment as to whether a regulation is an unusual or unexpemted use of power.

I could put a great deal more information on the record but there are other members who want to speak and there is not a lot of time left. However, I want to speak forcefully for myself and for members of my party in support of concurrence in this report and to encourage the Minister of Fisheries and Oceans to take the necessary steps to bring the Alice Arm tailings deposit regulations before this House so that proper regulations can be debated and properly scrutinized in relation to the specific instances raised by the hon. member for Wellington-Dufferin-Simcoe. They should not be held outside the purview of this Parliament simply because the minister does not want to concur.

Mr. Brian Tobin (Parliamentary Secretary to Minister of Fisheries and Oceans): Mr. Speaker, I want to respond to the comments made today by a number of speakers, but in particular to those made by the hon. member for Skeena (Mr. Fulton).

First I would like to respond to some of the comments made by the hon. member for Capilano (Mr. Huntington). I appreciate the tone of his comments. They were constructive in nature and I can assure him that much of what he said was heard with an open mind and by people opposite who recognize that there is a great deal of merit in many of his comments.

• (1700)

At this point I would simply say to the hon. member opposite on the question of the harvesting of kelp that indeed the Department of Fisheries and Oceans is as eager as anyone else to ensure that, where possible, commercial harvesting of the resources of the sea takes place for the benefit of the people of the country. For example, in that particular instance, the very possibility, as remote as it may or may not be, that such an action could disrupt the food chain of a very important species in British Columbia makes us quite reluctant to proceed quickly and easily with the decision to go ahead.

On the question of the recommendations of the standing committee in its report today, I should like to say to the hon. member that we look with great interest at them. The question of making changes is a very difficult one. It is not easy to amend arbitrarily and quickly the Fisheries Act, which makes us reluctant to do so, but we are looking at the committee recommendations. We are looking at ways to improve the existing system and to improve accountability which could and should, perhaps in some instances if only from a visible public point of view, exist in the system.

Having made those brief comments, I want to focus my attention on the comments of the hon. member for Skeena, although it was not originally my intention to do so. At the outset I want to say that his comments today were, from the point of view of the committee and its report, totally irrelevant. He knows that and hon. members of the House know that.

Further, I want to say that selected recollections of committee meetings, selected readings or quotations from letters of various members of the committee or from the minutes of the committee itself, and subjective interpretation of what the committee meant in making certain decisions, such as the decision not to proceed with its report to the House of Commons on the question of Alice Arm, make very interesting entertainment in the House and, no doubt, serve the political objectives of the hon. member for Skeena, but they do not reveal the truth. I repeat that they do not reveal the truth. In fact, in my personal view they do just the opposite. They present a totally misleading picture of what in fact occurred over the last few months with respect to the particular question of Alice Arm and the Standing Joint Committee on Regulations and other Statutory Instruments.

I would imagine that all members of the committee, those present and those not present in the House of Commons, would want to stand at the first opportunity to defend themselves against the charges by the hon. member for Skeena. I must say that I consider them to be scurrilous charges because he used myself as a particular example to show that somehow the committee was, to use his word, blackmailed, intimidated or bullied by one lowly rookie parliamentary secretary. He suggested that somehow I had this great ability and power—and I must say that I am almost pleased he would attribute to me such great ability—to intimidate the committee. Equally I am surprised that he would have the audacity to suggest that members opposite of long experience and ability in the House of Commons would be so easily intimidated by a man such as myself.

I know I do not need to say much more. I expect that hon. members opposite will defend themselves, but it was an absolutely ridiculous charge to suggest that the committee had been blackmailed carte blanche and had whimpered to all corners of the House, quietly withdrawing and pulling back its horns.

What took place with respect to Alice Arm is quite a different story. I should like to quote, because I think it is quite important, from a letter which was written recently.

An hon. Member: I thought you said that it was totally irrelevant.

Mr. Tobin: Well, it is relevant in the sense that this particular member has been slandered in my view and in the sense that hon. members of the Conservative Party have been seriously slandered. The very suggestion that members opposite were somehow open to blackmail is a serious slander which I think must be dealt with in the House. It cannot stand unchallenged.

I should like to refer to a letter which was written recently by the co-chairman of the committee, John M. Godfrey, to Dorothy Potts, Project North, British Columbia, in which he refuted the public statements of the hon. member for Skeena, and I am told that this letter is concurred in by the other co-chairman of the committee who sits across from me now. He explained to the honourable lady that he was surprised to receive her letter, that the committee at its June 29 meeting had not reconfirmed a motion of censure, which had not in fact taken place, and that that was not the intention nor the understanding of the members of the committee as a whole.

I should like also to quote from the minutes of that meeting. I want to quote the hon. member opposite who is a co-chairman of the committee, as well as the comments of the hon. member for Skeena who was present at the meeting. The co-chairman said:

> As members of the committee will recall, we looked at the whole issue of Alice Arm some weeks ago and made the decision that—on a divided vote, which was quite uncommon for this committee—the exercise of power—

Mr. Fulton: Mr. Speaker, I rise on a point of order. I am sure the hon. member would like to withdraw the word "slanderous", as he will find on page 7777 of *Hansard* for August 8, 1960, that it is an unparliamentary word.

Mr. Tobin: Mr. Speaker, in the interest of ensuring that the statements of this particular member are answered thoroughly, I will withdraw anything which will allow me to get on with delivering the truth in this House of Commons.

As I was saying, the co-chairman said at that time:

—by the minister was an unusual and unexpected exercise of power, and we made the decision that we would report to the House. Since that time, it has become apparent to members of the steering committee that there exists within the committee a wide divergence of opinion on the whole issue; that it would be impossible for us to reach the sort of consensus that would be necessary for us if we were to make a report, and the steering committee in meeting today came to the agreement to recommend to the full committee that the matter not be pursued but be let stand at the point that it is at the present time.

The co-chairman said that the committee had taken a decision in the steering committee not to proceed to report to the House. That is not a reaffirmation of a motion; that is a decision to let matters stand at that point. This is my understanding from members of the committee, but unfortunately it is not the understanding in the case being put before the House today, and I must say falsely so in my opinion, by the hon. member for Skeena.

We then see that the other co-chairman concurs in the opinion of the member opposite. Now I should like to quote Mr. Fulton himself at that meeting.

Some hon. Members: Order, order.

Mr. Tobin: I apologize for using his name. Not 30 seconds later during that same discussion, the hon. member for Skeena said:

It seems to me that it has been either seven or nine times that the matter has been heard before the committee.

He thanked the committee for allowing him to raise it, and then said:

I think it has been a most useful exercise, and I certainly concur with what was discussed at the steering committee and I certainly concur with both your remarks, that it would not be, in my view, useful to the committee to force the issue beyond this point.

Those were the comments of the hon. member on the day in question. The story which he weaved today with selected quotations and readings, the strands which he pulled from here, there and everywhere, was an attempt to indicate that there was some kind of blackmail. That was his word. I do not know whether it is unparliamentary. I did not bother to rise and challenge him at the time. What is fascinating for me is not that he would make the charge that I tried to blackmail the committee, but that he would accuse his own colleagues with whom he sat in that committee of being receptive to that kind of an attempt. If justice were being done in the House today, we would call the hon. member to attention to atone for his sins.

• (1710)

Let me simply say that for some time the hon. member for Skeena has used the House, in my personal opinion, by way of motions under Standing Order 43 and he has used the committee to suit his own political objectives and to try to weave a fairy tale to suit those political objectives. What is interesting is that as Parliamentary Secretary to the Minister of Fisheries and Oceans and as a member who regularly and loyally attends fishery committees, I have never once seen the hon. member for Skeena. If he is truly interested in this issue, and it is a fisheries department issue, why have I not seen him attend one fisheries committee and ask to have this matter raised or debated in the fisheries committee of the House of Commons?

Mr. Fulton: Mr. Speaker, I rise on a point of order. That is flatly untrue. I am sure the Minister of Fisheries and Oceans will confirm the fact that I have questioned him before the fisheries committee on this very issue.

Mr. LeBlanc: Mr. Speaker, I think my hon. colleague was perhaps fighting the wars of Newfoundland on one occasion when the hon. member for Skeena was present. But I would like to say that the hon. member for Skeena was noticed on that day, but never seen again.

Mr. Tobin: Mr. Speaker, I believe the minister has reinforced the point I am trying to make. While the hon. member should be interested in a decision of this nature because it is his responsibility to question and be concerned about these decisions—I certainly do not condemn that because I have great admiration for any member who is concerned about his area and the welfare of his constituents—I cannot respect—and this is what I find continually frustrating about the hon. member—the fact that he does not hesitate again and again to weave a fairy tale to suit his own purposes.

I would now officially and publicly, before the people of Canada, invite the hon. member to come to the chairman of the fisheries committee and to me as parliamentary secretary to organize a time when we can have this item debated. I extend this invitation to him if he is seriously concerned about getting at the facts and if he wants to reassure his constituents, which should be his concern. I am sure the Minister of Fisheries and Oceans would be prepared to come to such a meeting. I am sure that we could bring a panel of experts together to discuss this matter. I am making the invitation to him. I am amazed that he has not had the courtesy to make that simple request.

Mr. Fulton: Mr. Speaker, I rise on a point of order. I am sure the parliamentary secretary and the Minister of Fisheries and Oceans would like to tell the people of Canada right now why his department will not release any of the documents on the Alice Arm tailings deposit regulations. They are hiding 186 of them. They have been on the Order Paper for more than a year. Let us get at the truth.

The Acting Speaker (Mr. Corbin): I should inform the hon. member for Skeena (Mr. Fulton) that that is hardly a point of order. That is debate. The hon. parliamentary secretary has the floor.

Mr. Tobin: As I was saying, Mr. Speaker, those kinds of selected comments and readings and quotes again, in my view, are a very nefarious point. The hon. member knows that there may be 147 or 187 internal documents. He also knows that the

environmental committee which was formed to look into this matter consists of scientists from the University of British Columbia who are very respected experts in their field. They have already reported to the minister on this matter and are now working on this whole question. These are the kind of people I am prepared to make available—people from his own home province who are recognized country-wide—for his cross-examination—

Mr. Fulton: How about the information?

Mr. Tobin: —if the hon. member is serious about dealing with this matter in a responsible and mature way. Having made those comments, I will give the floor to members opposite.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, when I heard the exchange at three o'clock this afternoon I was motivated to stand and speak on this motion for concurrence. when I was first elected to the House of Commons in May of 1979 I had the good fortune to have a conversation with one of our more eminent parliamentarians, Ged Baldwin. He told me that as a new Member of Parliament one of the essential and constructive learning experiences I could gain for myself was to become a member of the Standing Joint Committee on Regulations and other Statutory Instruments. It was excellent advice because it certainly taught me, as a new Member of Parliament, about the opportunities inherent in legislation as well as the difficulties and dangers which are inherent in legislation.

I think I will remember my first day in that committee to my dying day. At that time we were handed for our committee work a stack of papers which was about 18 inches thick. Each sheet dealt with a separate order in council or regulation that had been passed by the government. The very first item to be dealt with concerned the Department of Fisheries and Oceans, which is the topic of this thirteenth report today. I was shocked by the consequences involved in that regulation. The impact of that initial regulation on the top sheet of that pile was that a fisheries officer anywhere in this great country of ours could announce over a citizen's band radio, one time only, that a piece of fishing tackle, for example, was illegal. It is instant law made by one individual, not by the Parliament of Canada. Anyone who is caught breaking that brand new law which is announced over a citizen's band radio only once could lose their tackle and be subject to fines. That was the first regulation on that pile of paper. It was the result of behind the scenes negotiations between the committee on regulations and other statutory instruments and the minister and his officials.

Being a member of that committee has taught me that an important part of this parliamentary democracy is to have a committee which concentrates on the laws and regulations which are passed by Parliament, the governor in council and the cabinet. It forms an important part of the process.

While I was sitting in my place at three o'clock, the member who is co-chairman of this joint committee stood on a point of order to suggest to the House that there was concurrence in the twelfth report. The government House leader then stood and said, "You can have concurrence in the twelfth report as long as you will not debate the thirteenth report". That concerned me. I am concerned when I hear a member of that cabinet say that if we give up our right to freedom of speech in the House he will do certain things.

I have in front of me the twelfth report. Do you know what the subject matter of the twelfth report is? It asks this democratic Parliament to give the committee on regulations and other statutory instruments the legal authority to examine every piece of legislation, every regulation, with a view to determining whether or not it runs contrary to the Canadian Charter of Rights or the Canadian Bill of Rights. We have a committee of this Parliament seeking unanimous concurrence of the House to examine every piece of legislation and every regulation to determine whether or not it contravenes our Charter of Rights and our Canadian Bill of Rights. We have the government House leader standing in the chamber to say that the only way we can have that right in our committee is to relinquish the right to freedom of speech and to talk about the thirteenth report.

• (1720)

That was an incredible and very disturbing decision by the government House leader. Unless we are willing to give up our right to discuss a fisheries report, we cannot have the right, as parliamentarians, to examine a piece of legislation in committee to see whether or not it contravenes the Charter of Rights and Freedoms. I hope that the backbenchers on the government side will go to their next caucus and, in private, behind closed doors if necessary, talk to the members of their cabinet and tell them that an important principle is at stake here.

Before this Parliament ends for the summer, the Standing Joint Committee on Regulations and other Statutory Instruments must be given the right in law to examine the legislation and regulations from the perspective of whether or not they contravene the Canadian Charter of Rights and Freedoms. Failure to concur in that recommendation is to deny the struggle which all of us have been carrying out in this chamber for a considerable period of time in order to work out a system which would protect democracy and the rights of individuals. It is not a horse-tradable commodity. It is not something that can only pass this House if we give up our right to freedom of speech on a fisheries bill. I hope that the backbenchers opposite will bring pressure to bear on the cabinet concerning this issue to see that the twelfth report is passed.

Why do we have a Standing Joint Committee on Regulations and other Statutory Instruments? We have a committee of that kind because parliamentary democracy needs the protection which it can give to the Canadian people. Today we have a classic example in this House of why Canadians need the protection which a committee of this kind provides. In this thirteenth report, we have before us the unanimous conclusion of 15 members from the Senate and the House of Commons that, in law, it seems likely that the cabinet has exceeded the authority granted it by Parliament. We have the unanimous

conclusion of 15 members that even if it has not exceeded that in law, it has exceeded the intent of the legislation, and the co-chairman of the committee, in the first speech this afternoon, laid this out.

Fifteen members of the House of Commons and the Senate, from all three parties, sat down and spent considerable time with witnesses on these particular regulations and they have reached their conclusion unanimously. There is the protection to bring to the attention of the Canadian people and to hon. members of this Chamber the fact that cabinet is exceeding its authority. When we consider that a cabinet passes something in the order of 4,000 orders in council each year, that involves a lot of protection. To look at those 4,000 orders in council with the kind of thoroughness which each of them deserves is a gigantic task, but a necessary task.

The thirteenth report says to this House that this is a bad regulation in law and in its thrust. It runs counter to the intent of Parliament. We heard the Minister of Fisheries and Oceans (Mr. LeBlanc) speak today, and when we have the opportunity to read *Hansard* tomorrow we will find that the minister started by saying, "I have only had a couple of hours in which to prepare for this debate and I really feel handicapped because my legal expert is leaving my department and, in fact, is out of town". I commend the Minister of Fisheries and Oceans for that honesty, but I bring to the attention of the House and to the Canadian people what lies behind those remarks. It is a clear-cut illustration of the dependency of ministers on the bureaucracy. The minister feels handicapped—

Mr. LeBlanc: I said I wasn't a lawyer, that's all.

Mr. Kempling: That's not a handicap.

Mr. Hawkes: —because of the weight of his own work schedule, the lack of preparation and the absence of a bureaucrat.

The regulation at issue today comes to us as an order in council. What does an order in council mean? It supposedly means that an entire cabinet met, examined and found it to be a good one. But remember that almost 4,000 are passed every year. Is it realistic to assume that the members of the cabinet look at each and every one of those 4,000 proposed regulations with the kind of care and attention that they deserve? I suggest to your Honour that it is not a reasonable expectation. It is not an accurate expectation. I suggest that the proof of that was evident in this chamber today.

The minister responsible for the department under which this regulation was issued felt a little nervous or a sense of disquiet about having to defend it because of his lack of time for preparation and the lack of a bureaucrat. I suggest that that is the common existence of a minister: many things to do, too little time, and quite frequently too little background to examine thoroughly a proposed piece of legislation and its consequences. The only protection for the citizens of Canada is to use this place the way it was intended to be used, as a parliamentary democracy, a house of commoners in which each member is equal. The system would allow it, but it is only allowable if the cabinet is forced, by all the other members in the House, to make the system operate in that fashion. It is only when the cabinet is threatened with lack of support by half the members of this House that a cabinet can be brought to heel. It is an obligation of those who are elected in a parliamentary democracy to perform that function and to make that threat when necessary.

Report number thirteen of the Standing Joint Committee on Regulations and other Statutory Instruments is probably not the most important report ever to come before us in the history of this place, but it is an example of what has been going wrong for the better part of a decade or longer, and it is an opportunity for the government to signal a change in direction, that from this moment on it intends to listen to the elected Members of Parliament and benefit from the wisdom of that collectivity and that in future the legislation which is produced out of this House and the regulations which are produced out of cabinet will be subjected to the scrutiny which the collective wisdom of this House can provide.

• (1730)

That is the essence of our parliamentary democracy, and I suggest to hon. members who want to think that through a little more that they would be well advised to read the speech on parliamentary reform made in this House the day after the bells stopped ringing by the leader of our party, the Right Hon. Leader of the Opposition (Mr. Clark). That was a speech from the heart and from the experience of the only living former Prime Minister of this country. He spoke of the need for reform of this institution and some of its structures and rules. More importantly he spoke of the need for reform of ideas. If we were to adopt his thrust and attitude we would not be standing here today in this House debating this report, because the cabinet would accept seriously the wisdom of Members of Parliament and act on the basis of that wisdom.

I thank you for the opportunity of speaking, Mr. Speaker. I should like to go on at greater length but I know there are others who want to take part in the debate and I think I have made my point.

Mr. Bill Kempling (Burlington): Mr. Speaker, I see that I have an audience behind the curtains. I should like to add some comments to the discussion that has been taking place on this thirteenth report of the Standing Joint Committee on Regulations and other Statutory Instruments. I should say at the outset that until the hon. member for Skeena (Mr. Fulton) spoke I thought this debate was on a very high level. I felt that members who participated were concerned about the matter contained in the report and that, in fact, we welcomed the comments of the minister because we believe he truly wants to see this matter resolved. Then the hon. member for Skeena spoke. As a member of the committee which presented this report I would suggest that an analysis of what the member said would indicate that he would have you believe those on the committee were blackmailed, coerced, intimidated or

bullied into writing the report and making a certain recommendation. That, of course, is not at all the case.

It is a real pleasure to be a member of this committee because its work is carried on in a non-partisan way. There is a free flow of ideas back and forth. We do not have to vote but rather arrive at a consensus of opinion. The reason the committee decided not to condemn the minister again was that we could not reach a clear consensus but had a strong feeling that the minister was really trying to resolve the problem. We think he is a pretty honest guy though we may disagree with some of his politics. That is another matter. We agree with him on this issue and feel he is trying to make an honest effort. As a result we felt there was no need to condemn, censure or blame him, or to make partisan comments on the subject matter. We believe it will be resolved in due course.

My colleague the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) presented his usual brilliant analysis of the report before us. He read a large part of it into the record. The minister then responded. The hon. member for Wellington-Dufferin-Simcoe said in simple terms that what we are dealing with here is whether the government can do indirectly what it cannot do directly.

The minister said that his concern—and this says something about the humanity of the man—is that these regulations affect people and their livelihood. That is really what we are talking about here. We are dealing with the abuse of people by the bureaucracy. I do not suggest that abuse is necessarily intentional, but situations arise as a result of regulations over which we have no control.

My colleague the hon. member for Provencher (Mr. Epp) suggested that perhaps what we should do in reforming the affairs of this House is to carry out an examination not only of the statutes but the regulations at the same time. This is done in other jurisdictions and I see no reason why it cannot be done here.

Having regard to a mechanism to amend the regulations, let me say that in the short time I have been in this House we have dealt with two or three large omnibus bills dealing with a whole series of regulations in statutes that had to be changed and amended. I see no reason why that could not become part of the practice of this House, taking place once a year before the House rises. If that sort of practice could be followed, I think probably there would be an all-party agreement on such an initiative. I am sure my colleagues to my left would look at this idea very seriously.

Let me draw a parallel to this abuse through the arbitrary power of the government and its officials who are responsible for the drafting of regulations. Let me give you an example of how this power can be used to destroy people, and how, as the minister has said, the regulations affect people and their livelihood. I want to refer to the case of a gentleman in Toronto who, admittedly, is far from that matter concerning Irish moss, wire weed, horsetail and the like. However, he suffered abuse as a result of the arbitrary imposition of regulations.

This gentleman operated a manufacturing business. He had an agreement with the Department of Manpower and Immigration in relation to a training program as a manufacturer of bicycles. He held an excise tax licence as a manufacturer. He was classed by Statistics Canada as a manufacturer and was listed as a manufacturer by the province of Ontario. He imported machinery through the machinery board of the Department of Industry, Trade and Commerce duty-free as a manufacturer.

One day a man from National Revenue, a customs appraiser, walked into his place of business and said he was not a manufacturer but rather was an assembler. My friend asked if the appraiser could show him in regulations or statutes the definitions of an assembler and a manufacturer. The official replied that he could not do that because it was the subject of an interdepartmental memo between deputy ministers. My friend asked for a copy of that memo and was told it was confidential. This was a catch-22 situation. The result was that this dominion customs appraiser levied a tariff of 17.5 per cent on the products this man was importing, and presented him with a bill for $335,000. The man put together approximately $250,000 and paid that amount. He said, "I don't know where I am going to get the rest, but I am going to go to Ottawa and appeal."

• (1740)

He them came here and spoke to the Minister of National Revenue (Mr. Rompkey) and a variety of officials but got nowhere. He just could not get to first base. The result was that the bank withdrew its support from his operation and he went into receivership. In spite of the fact that all his competitors were importing the same components as he was duty-free, he had to pay 17.5 per cent. That made him non-competitive and he went bankrupt. He lost his business.

I might say that he had a year's business sold in advance. He had 200 employees at his plant. He was turning out 200 bicycles a day. It was a going concern, but he went down the tube.

When he lost his home, he lost every asset which could be claimed, and finally he appealed to the Tariff Board, which is part of the Department of National Revenue. Twenty-four months later the Tariff Board ruled that the government had neither the regulatory or the statutory authority to impose the 17.5 per cent duty on this gentleman. Six months after that he received a cheque for about $250,000, but no interest. His money was gone for two and a half years but no interest came back to him. In the meantime, he was bankrupt. The money went to the receiver in bankruptcy and was disbursed among the creditors.

Just as an aside, when I began to look into this matter, I went to the Tariff Board and asked for a copy of its report. Strangely, the Tariff Board said it could not let me have the report. The Tariff Board referred me to a private stenographic service which had prepared the minutes. I called that service, which wanted $725 for a copy of the report. The service charged so much per word and I could not buy just the English

version. I had to buy the English and the French versions. I went to the Library of Parliament and asked if the Library could obtain a copy of the report. I felt something was being covered up. The Library could not get a copy of the report from the Tariff Board.

Finally, I called the Tariff Board secretary and said I would raise this subject on the floor of the House of Commons and "Do I get a copy or don't I?" The Tariff Board is an agency of the Government of Canada, and this was an out-in-the-open public hearing. I asked why the report was being withheld and why I could not read it. I had a copy within half an hour. The Tariff Board sent it over to my office by messenger. I read the report through and obtained a lot of detail.

I put all this on the record because I wanted to illustrate an actual case of abuse of regulation, abuse of power or indiscriminate and arbitrary use of power by an official not backed up by regulatory or statutory authority of any kind which absolutely ruined a man's business.

One might ask whether it was a very large business. Before the business went into manufacturing, it was earning net profits of about $400,000 a year and paying taxes on that to the government. A tax-producing operation was destroyed through the arbitrary use of power. Two hundred people were thrown out of work. Those people had to collect unemployment insurance benefits and so forth. All this revolves around the definition of whether something is manufacturing or producing and how those terms are defined in the mind of an official.

We should not allow arbitrary decisions like these to be made. Somehow we as members of this House have to find a mechanism. I am sure in a co-operative way we can find a mechanism whereby these matters can be dealt with, amendments can be made and some process can be found which would allow matters such as this to be handled, aired and resolved to the benefit of all concerned.

I believe one of my colleagues wishes to make a further contribution, and I will yield the floor to him.

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, I think this has been a very important debate this afternoon. Some people might look on it as academic and rather esoteric or peculiar to the rules and the way business is normally conducted in this House, but the hon. member from Calgary who spoke ably made the point that what we are really talking about is the essence of the democratic system.

It is heartening to those of us who have had the opportunity to be here this afternoon that, by and large, the tone of this debate has been at quite a high level. The parliamentary secretary who spoke made reference to this and I think it is worth noting. I suppose the one exception I must make—and I find this sad—is the remarks of the hon. member for Skeena (Mr. Fulton). The hon. member did not really use the opportunity this afternoon to make a contribution to the debate at a level which might be considered a high level. I find that unfortunate.

I have been at meetings of this committee—not as many as I would have liked, but a few—and I think it is a very useful and necessary committee of this House. When we have a chance to debate an issue such as this, I think it is important that we use the opportunity to discuss the real issues in as non-partisan a way as possible so that we have an atmosphere which brings out the best in the members who attend.

Government today is a very large operation. We have a saying in the cattle business that when we buy feed for livestock, the best is only half good enough, if we are to get performance from our livestock. In many ways that is true in this House. If we send the best representatives possible to the House, that is only half good enough in terms of getting what we need out of this place. If our system is not conducive to getting the best from Members of Parliament and if hon. members do not use the opportunities they have to put forward their best in debates such as this, we are all losers. When I say "we" I mean this chamber and the people we represent. I think everybody loses.

It is important that we keep some of those considerations in mind because government is very large today and becomes so involved with us on a day-to-day basis that it is very difficult for this place to do the best job it possibly can. As government governs more, the people who elected us have less an less say about what we do, because as government has more and more to do, almost by definition it has to delegate and set up boards, tribunals and regulatory bodies to enforce the regulations which are made.

The hon. member who preceded me made the point that he does not see why we could not more often have regulations attached to acts. I agree with him totally. As a new member I have seen that only once, and that was with respect to the Transportation of Dangerous Goods Act. That was so long ago that I cannot even remember the number of the bill, but I think it was passed some two years ago. At the committee stage we had a chance to look at some of the regulations which would accompany that legislation. That was a very useful exercise because it gave the parliamentarians who would be passing the law a chance to look at the regulations which would flow from it. I see the chairman of the Standing Committee on Transport here today, and I know he would agree with me that it was a very useful exercise to look at the regulations at the same time as we looked at the bill, because we had a chance to discuss how the regulations would be enforced by the Department of Transport.

I do not see why that cannot be done more often, which brings me to the Standing Joint Committee on Regulations and other Statutory Instruments. It seems to me that it is the job of that committee to look at regulations and other instruments we use to enforce laws passed in this House. The number of orders in council we have has been referred to several times this afternoon. Orders in council are in addition to all the regulations passed and those which accompany bills which we pass. There are 3,500, 3,700 or 4,000 orders in council. I think we have passed 125 or 129 bills in this session. That amounts to a tremendous number of pieces of legislation and regulations passed each year or, in the case of bills, passed each session. If individual members are to do their job, then

they must have an opportunity to assess how some of these regulations will affect people when the bills are passed. The hon. member for Burlington (Mr. Kempling) gave an example of this earlier.

• (1750)

In some ways we seem to have turned the responsibility placed in us by our electors over to officials. This is a contradiction of the old English system of law and the sense that the people who make the laws should be separated from the people who enforce them. But it sometimes happens that the people in the department who draft the regulations are in a position to interpret those same regulations. This is a contradiction in terms, like having the people who make the laws—the parliamentarians—enforcing the laws. We see that in the case of the Department of National Revenue and in some ways in the Department of Fisheries and Oceans.

In his response the minister did not actually say that he would not concur in this report. I do not want to use the word excuse, although perhaps it is the appropriate word to characterize his response when he said he thought it would take up the time of the House, that there were other things going on and that he was worried about how an amendment to the act would affect the time of the House. That is what the House is for, Mr. Speaker. I am sure that if an amendment were brought forward that would make the act easier to administer and easier for people to understand, the opposition would pass it very quickly.

The hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) made the point that this could be done with the bill to amend miscellaneous statutes. If there were discussions beforehand and everyone was familiar with the amendments proposed by the government, then I am sure that in the interests of fairness and expediency the opposition would pass several of the amendments very quickly. Actually, Mr. Speaker, that is what the Standing Joint Committee on Regulations and other Statutory Instruments was trying to do.

The thirteenth report of this joint committee of the House and the Senate was passed unanimously, Mr. Speaker. It is interesting that the government has set up a special committee to examine changes in the rules and procedures of the House. We all know that there are things that could be done to improve our procedures. I think that without even changing the Standing Orders, without changing the time limit on speeches and a lot of other things, we could achieve a great deal if there were a better attitude in the House. The government could demonstrate a change of attitude by concurring in this report from such a prestigious committee. I see no reason why it should not be accepted by the government almost automatically; in fact, I think there should be a compulsion on the government to comply with it as quickly as possible.

The hon. member for Calgary West (Mr. Hawkes) spoke on that matter and made the point that if the government took its job seriously and made sure that backbenchers on both sides of the House had a chance to do their job effectively, that would ensure that they know how regulations affect people and whether they express the intent of a bill. After such an examination was completed and if there was a unanimous report, what would be wrong with accepting it automatically? After all, the job of parliamentarians is to look at such things, and that is exactly what this committee has done.

This is a large country geographically and in the number of regions it contains, Mr. Speaker. When laws are passed and regulations are formulated to enforce them, it can hardly be expected that they will affect people uniformly from coast to coast. This makes it all the more necessary to have a committee such as this one assess the things that have been included in the thirteenth report.

The debate this afternoon has been useful but it is unfortunate that such discussion is necessary when common sense should deal with the matter effectively. Not only do we have problems with the amount of regulations and the number of orders in council passed by government officials, but too often in the area of foreign trade government officials are responsible for negotiating trade concessions, tariffs, etc. We are a trading nation, as the Minister of Fisheries and Oceans is well aware. We have problems with the Americans on the east coast. Surely this is an area in which parliamentarians should be more involved. Rather than having the executive appoint officials to negotiate international trade agreements, I would like to see parliamentary committees and individual members become more involved.

In the interests of time and not wanting to talk the motion out, Mr. Speaker, I will close by saying that I hope the exercise this afternoon has been useful to the government and that it will see fit to concur as quickly as possible in the thirteenth report of the Standing Joint Committee on Regulations and other Statutory Instruments.

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

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

Some hon. Members: On division.

Motion (Mr. Beatty) negatived.

The Acting Speaker (Mr. Blaker): It being six o'clock and with the consent of the House, I do now leave the chair until two o'clock tomorrow afternoon.

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

HOUSE OF COMMONS

Thursday, July 29, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

TOURISM

OMISSION OF THREE MARITIME PROVINCES FROM PROMOTIONAL RECORDING—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Mr. Speaker, if you dial 215 563-1708 you will reach the Canadian government office of tourism in Philadelphia. Then a recording will provide you with the toll free numbers for travel information in Nova Scotia, Quebec or Ontario. There is no mention of Prince Edward Island, New Brunswick or Newfoundland. If the purpose of this recording is to advise American tourists about vacation destinations in eastern Canada, then the provinces of P.E.I., New Brunswick and Newfoundland should be mentioned. Therefore I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House instruct the minister responsible for tourism to give CGOT officials a lesson in Canadian geography by advising them that there are three other provinces in eastern Canada, namely, Prince Edward Island, New Brunswick, and Newfoundland.

Mr. Deputy Speaker: Is there unanimous consent for the member to move this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PIPELINES

NORMAN WELLS-ZAMA LAKE—PRECONSTRUCTION WORK—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, despite repeated calls from the people of the Mackenzie District to allow preconstruction work to start on the Norman Wells-Zama Lake pipeline so that local people can take advantage of the jobs and business opportunities, something that will not take place if the NEB schedule is adhered to, the government refuses to sanction work this winter. Therefore I move, seconded by the hon. member for Medicine Hat (Mr. Hargrave):

That Interprovincial Pipelines Ltd. be authorized to start preconstruction work on the Norman Wells-Zama Lake pipeline forthwith.

Mr. Deputy Speaker: Is there unanimous consent for the member to move this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSING

CALL FOR ASSISTANCE TO INDUSTRY—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, housing starts in Canada during the second quarter this year were half of those during the same quarter a year ago. Starts during the first half of the year were only 62,293. Despite this, the minister responsible for housing says he still expects total starts to reach 180,000, a figure most experts feel is vastly overinflated, while they predict starts will not exceed 150,000. I move, seconded by the member for Prince Edward-Hastings (Mr. Ellis):

That the minister responsible for housing impress upon his colleagues in cabinet the need for immediate positive measures to be taken to aid the unsound housing industry.

Mr. Deputy Speaker: Is there unanimous consent for the member to move this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL DEFENCE

COST OF PARTY TO WELCOME FIRST CF-18 FIGHTER AIRCRAFT—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Mr. Speaker, I rise under the provisions of Standing Order 43. Yesterday, in order to make the first CF-18 feel welcome and wanted when it rolled off the assembly line, two Hercules transport aircraft and one executive jet carried some 90 DND and government officials from Ottawa to St. Louis, Missouri, for a party; as well, another Hercules carried the Air Command Band from Winnipeg to St. Louis. In light of this blatant waste of tens of thousands of taxpayers' dollars at a time when the government is supposed to be slashing waste and is restricting pay increases to, among others, Armed Forces members, I move, seconded by the hon. member for Skeena (Mr. Fulton):

S.O. 43

That this House instruct the President of the Treasury Board to take the Minister of National Defence aside, slap his wrist and give him a lesson in responsible spending.

Mr. Deputy Speaker: Is there unanimous consent for the member to move this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CAPITAL PUNISHMENT

DEMAND FOR REINSTATEMENT—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Mr. Speaker, two convicted murderers who should have died after their first murder and who were serving life sentences in Archambault have struck again: as a result, three more productive Canadians are dead—butchered in cold blood. Therefore I move, seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That this House urge the government to reinstate capital punishment for persons convicted beyond a shadow of a doubt of killing another human being.

How many more innocent persons are going to die before this government will take action?

Mr. Deputy Speaker: Is there unanimous consent for the member to move this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

DIRECT JOB CREATION PROGRAM—MOTION UNDER S.O. 43

Mr. Fred King (Okanagan-Similkameen): Mr. Speaker, today's *Toronto Star* reports that Liberal Members of Parliament are being instructed to spread cheery stories of good economic news to counter the growing stories of economic disaster which Liberal policies have produced for millions of Canadians. I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That this House inform the Minister of Employment and Immigration that the minister's announcement of a $300 million job-creation package is devoted 97 per cent to ridings held by Liberal Members of Parliament; that the minister and this unworthy Liberal government be informed that this type of blatant patronage spells bad news for democracy in Canada.

Mr. Deputy Speaker: Is there unanimous consent for the member to move this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

PUBLIC SERVICE

REPORT ON AIR TRAVEL BY OFFICIALS—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that senior CBC executives are flying off next month to Cape Canaveral to watch the Anik launching on the sunny beaches of Florida, despite the fact that they will not be able to get within one half mile of the launch and may in fact have to watch it on television; in view of the fact that these flights are not defensible when the budgets for research and station operations for the CBC are being cut to the bone across Canada; and since there are communities in Canada such as Atlin which could receive CBC radio for a cost comparable to that of these flights—and surely the right to radio signals is more important than a pork-barrel trip to Florida—I move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

That the President of the Treasury Board release the report on domestic and international air travel of public servants immediately, since it has been completed and in his office for over a week now, and that he introduce guidelines that are sufficiently strict to stop flights that are not of urgent necessity, and to design guidelines that will make it clear that letters and the telephone are to be used for communication, and wherever reasonably possible the railroad or bus lines are to be used to attend meetings.

Mr. Deputy Speaker: Is there unanimous consent for the member to move this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

HOUSE OF COMMONS

PROPOSAL THAT HOUSE OBSERVE MINUTE OF SILENCE FOR WAR VICTIMS IN BEIRUT—MOTION UNDER S.O. 43

Mr. Henri Tousignant (Témiscamingue): Mr. Speaker, I wish to make a proposal similar to the one made by the member for Edmonton East (Mr. Yurko), who tried, unsuccessfully, to obtain the unanimous consent of the House. I think it is shocking that some hon. members should waste their time and energy on defending the comforts and conveniences of this House and fighting against wage restraint, while thousands of innocent people, children who could be our own, and teenagers and women are being struck down as a result of military attacks among civilized people, as is presently the case in Beirut. All conventional warfare is cruel, whether it takes place at the front or on the battlefield. But this is happening in the middle of a city, and children are being traumatized and perhaps crippled for the rest of their lives. I think this is absolutely barbaric. I therefore wish to propose to my colleagues, and I hope to obtain the unanimous consent of the House, that at the end of the oral question period, the House observe one minute of silence to express its respect for, and

especially its sympathy with these innocent victims, a minute during which we should reflect on ways of assisting and comforting them.

Mr. Deputy Speaker: The House has heard the motion by the hon. member. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE MINISTRY

CALL FOR REPLACEMENT OF MINISTERS—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Mr. Speaker, the C.D. Howe Institute, in a departure from its normal political reticence, has said that the main problem in Canada since the early 1970s has been federal leadership mismanagement of the economy. The latest budget is described as an "abysmal stewardship report", and Institute fears that Canada may have "reached a point where it is impossible for its leaders to secure the co-operation needed to make a positive response to the country's economic predicament". The commentary continued that "in a non-governmental organization such performance would lead to a replacement of its leadership". Therefore I move, seconded by the hon. member for Perth (Mr. Jarvis):

That the Liberal Party replace its leadership, and the government retire wornout cabinet ministers by introducing fresh faces with new economic policies to give a positive direction to the country and hope to the Canadian people.

Mr. Deputy Speaker: Is there unanimous consent for the member to move this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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LOUIS RIEL

PROPOSAL THAT POSTHUMOUS PARDON BE GRANTED—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Mr. Speaker, I wish publicly to thank all those Members of Parliament and Senators who responded affirmatively to my letter to grant Louis Riel a posthumous pardon. Many MPs, from all three parties, consider such action appropriate to remove a blot from the Canadian system of justice and at the same time view with compassion the difficulties experienced by our political leaders during the early formation of the integral parts of our nation. Therefore, Mr. Speaker, I again move, seconded by the two original seconders, the hon. member for Cowichan-Malahat-The Islands (Mr. Manly) and the hon. member for Cochrane-Superior (Mr. Penner), and I do this with greater certainty that members from all parties wish to support this motion:

That this House grant Louis Riel a posthumous pardon for the crime of high treason.

Mr. Deputy Speaker: Is there unanimous consent for the member to move this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

EMPLOYMENT

DIRECT JOB-CREATION PROGRAM—DESIGNATION OF ELIGIBLE CONSTITUENCIES

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, in the absence of the Minister of Employment and Immigration, the Minister of Finance and the Prime Minister, I will put my question to the President of the Treasury Board.

Some hon. Members: Oh, oh!

Mr. Peterson: Where is Joe Clark?

Mr. Smith: Where is Crosbie and where is Nielsen?

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: Order, please. The hon. member for Kingston and the Islands.

Miss MacDonald: Obviously Liberal members opposite do not like having it pointed out that their cabinet ministers are away. But I will proceed by putting my question to the President of the Treasury Board.

Yesterday the Minister of Employment and Immigration announced a job-creation package. He designated 33 constituencies for what he called "development component". What does the government mean by development component in dollar terms? Also, would the minister explain how it is that 32 out of 33 constituencies so designated are represented by Liberal members, even though there is high unemployment in many other parts of the country?

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, since the hon. member's question referred to the 33 constituencies that were designated, the hon. member ought to know that these constituencies were designated on the basis of a 12 per cent labour surplus throughout the country. The constituencies are located in the Maritimes, and obviously, the hon. member is not talking about her colleague from St. John's West, whose

constituency was necessarily part of this group. The government wants to alleviate the extremely high rate of unemployment in these constituencies, and I may point out that the 12 per cent rate will be applied next year and perhaps other constituencies will also be designated as part of this group.

[*English*]

Miss MacDonald: Mr. Speaker, I see that the minister has now come into the House so that we do not have to have a backbencher answering a question on a major expenditure program of the government.

Some hon. Members: Oh, oh!

Some hon. Members: Shame!

Some hon. Members: Hear, hear!

Miss MacDonald: The minister will know that the selection of these constituencies is not based on the unemployment figures that are put out monthly by Statistics Canada; they are based on a formula that is drawn up in his office.

CONSTITUENCY ALLOCATIONS FOR JOB CREATION

Hon. Flora MacDonald (Kingston and the Islands): My supplementary question is addressed to the Minister of Employment and Immigration. Will he guarantee that the constituency allocations for job creation to be announced next week will be significantly higher, greater than the amounts allocated last year in those constituencies where there has been a substantial recent increase in unemployment, such as areas in northern Ontario and the interior of British Columbia?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, it appears to me, hearing the answer given by the parliamentary secretary, that he showed far more intelligence and sensitivity to the plight of the unemployed than was displayed in the question put forward by the hon. member for Kingston and the Islands.

Some hon. Members: Hear, hear!

Mr. Axworthy: I would say that the kind of arrogance displayed in her preamble just showed how serious the hon. member is in asking respectable questions of members on this side.

The formula is very clearly outlined. We take the labour surplus rates as they apply to every constituency. Furthermore a factor has been built into the calculations to take into account deterioration of unemployment in those areas. For instance, the province of British Columbia will be receiving three times the amount of employment money that it received last year, and as far as I can recall there is not one Liberal elected as yet in that province.

An hon. Member: There never will be, either.

• (1420)

Miss MacDonald: Mr. Speaker, I say to the minister that with the way he is going with regard to unemployment there will not be any Liberals elected in British Columbia or in many other parts of the country, if he and the Prime Minister have the courage to go to the country and put their policies to the test.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

QUERY RESPECTING NUMBER OF UNEMPLOYED WITHOUT INSURANCE BENEFITS

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, the minister has said in his announcement that the special response feature of the program will be most useful to those people who will have their unemployment insurance benefits exhausted. Will he now give us the estimate of those Canadians whose unemployment insurance benefits will be exhausted during the coming fall and winter months? So far he has refused to do so, but he must now have an estimate of that group of Canadians since he has attached a $41 million figure to it.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, I think it is worth pointing out, again in response to the hon. member who seems to be trying to indicate that we are not concerned about the plight of the unemployed in the country—

Miss MacDonald: The million and a half.

Mr. Axworthy: —that it was her government when it was in power that cancelled all direct employment programs of the Government of Canada.

Some hon. Members: Shame!

Mr. Axworthy: If we had followed through with the position taken by that government, there would be no programs of any kind for the unemployed of Canada. The fact of the matter is that what we are trying to do by establishing the special response fund is to be prepared and to take into account the kinds of concerns which people have, rather than ignoring them, as obviously her government did when it was in power.

FORMULA USED IN ALLOCATION OF FUNDS TO CONSTITUENCIES

Hon. James A. McGrath (St. John's East): Mr. Speaker, my supplementary question is directed to the same minister. Would the minister explain to the House why the additional funds under the development component of the program he announced yesterday would be allocated on the basis of some kind of inexplicable labour surplus formula and not on the basis of the real unemployment rate, averaged over the last number of years, as supplied by Statistics Canada? While he is at it, perhaps he could tell us who devised this hairy-scary formula which provides funding for only Liberal constituencies?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, I would not necessarily expect the hon. member to understand the concept of labour surplus rates which has been used in the country for generations and for decades. It simply means that that is a formula which is applied because it is the one that can be allocated on a constituency basis and one which affects every single member of the House regardless of party. They receive an allocation based upon their constituencies, and that is why we used the labour surplus formula. I would be very glad to try to spell it out for the hon. member in a clear explanation so that he will not continue in his own confusion.

Mr. McGrath: Perhaps the minister might try to explain it to those constituencies where there is high unemployment such as St. John's East, which will receive no funding and has a concentration of 40 per cent student unemployment right now.

CANADA COMMUNITY DEVELOPMENT PROGRAM FUNDING

Hon. James A. McGrath (St. John's East): Mr. Speaker, while the minister is on his feet, perhaps he could explain how it is that the Canada Community Development Program in the past year provided an average of $540,000 for 148 Liberal constituencies, $188,000 for 101 Conservative constituencies, and $162,000 for 33 NDP constituencies?

Some hon. Members: Oh, oh!

Mr. McGrath: If the old pork-barrel is not alive and well, perhaps he could explain just exactly what is at work here.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, I think the hon. member for St. John's East is once again demonstrating how insensitive the Conservative Party is to the economic reality of the country. That reality is that there are many regions of this country where there is continuing, chronic high unemployment. Many of them happen to be centred in the eastern part of the country. Because they know the Liberal Party respects and responds to the concerns of those who are unemployed and those who are poor, that is the basis by which they elect Liberals and by which we allocate the funds, according to those who have the greatest need.

* * *

• (1425)

ENERGY

SUNCOR CORPORATION—APPLICATION OF GOVERNMENT RESTRAINT PROGRAM

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. Yesterday we learned that the Suncor Corporation in Canada will not only receive $35.5 million in tax cuts as a benefit from the people of Canada, but the company also announced a new pricing policy, namely, that while its workers' salaries will be held down to 6 per cent increases, it will be permitted to have profits—that is to say prices—at historic levels.

Will the Minister admit that with this announcement of the first agreement with a private sector firm under the new controls program, the Government of Canada is now making its policy clear that while workers' incomes will be held down in Canada to increases not exceeding 6 per cent, the Government of Canada will permit corporations to attain historic profit levels and therefore historic price increases?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): No, Mr. Speaker, I will not agree with the reasoning put forward by the hon. member.

Mr. Broadbent: The minister cannot get away with that kind of an answer. We want an announcement and clarification of government policy.

GOVERNMENT POLICY ON PRICES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, could the minister tell the House of Commons and the people of Canada what the government policy is with respect to prices? Is the government going to permit corporations to go well beyond the 6 per cent price increase, and will it be saying to them, in that context, that they can have what the government is calling historic profit levels? If it is the latter, who is to decide what those profit levels are? Is each company to be setting its own definition and, if not, who is?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Mr. Speaker, I am surprised that the Leader of the New Democratic Party takes objection to an investment of $690 million, half of which is in southern Ontario and half in Alberta. I have negotiated with the company on this particular subject for over a year. Following the budget of last June 28 we have added a condition to the tax concession put forward in order to reach this agreement. We have added the requirement that the company adheres, within its own operations, to the 6 per cent and 5 per cent guidelines.

As far as prices are concerned, the company has also agreed that it will keep its prices in line in terms of the reduction in costs that will result from lower wage increases than may have otherwise taken place, and bearing in mind also the historic profit situation of the company.

As far as the general question is concerned, the Minister of Finance has indicated in the House that he expected to be able to have a release soon which would spell out the government's position both in regard to wages and prices, in relation to companies having dealings with the Government of Canada.

COMPANY PROFIT MARGINS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, so far, since this inequitable program was introduced, we have learned that Bell telephone rates will not be held down to 6 per cent increases, that rent increases for pensioners will not be

held down by CMHC, and that oil price increases will go well beyond 6 per cent. Yet this government has the nerve to tell the working men and women in this country that their wages have to be held down to 6 per cent. That is completely unjust, and every Canadian knows it. When can we expect to get a clear statement from the government on what private sector firms will be permitted in terms of price increases? Will they be allowed to maintain historic profit margins, which means historic price increases and, if so, who is to determine the criteria of what an historic profit margin is to be?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Mr. Speaker, again I am surprised that the Leader of the New Democratic Party would rather have people unemployed than being employed, with the possibility of having wage increases to the extent of 6 per cent and 5 per cent over the next two years.

Mr. Broadbent: What sheer hypocrisy!

• (1430)

Mr. Lalonde: The hypocrisy to which the Leader of the New Democratic Party refer is the hypocrisy of his own party on this whole issue. His party has been talking out of both sides of its mouth consistently on this issue.

As far as CMHC is concerned, the hon. member has made a statement without knowing the facts. There has been no decision. As far as Bell Canada is concerned, the Leader of the New Democratic Party has made a statement without knowing the facts, because there has been no decision made in that regard. I invite him to wait for the decisions and then make his judgments on what the situation will really be.

* * *

EMPLOYMENT

DIRECT JOB-CREATION PROGRAM—EFFECT ON FORESTRY UNEMPLOYMENT

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Minister of Employment and Immigration. In light of the latest statistics published by the Council of Forest Industries of British Columbia which indicate that over half the industry is down and over half the forest workers in British Columbia are unemployed, and in light of the fact that these statistics are even worse in the rest of the country, can the minister tell me what the new program he announced just yesterday, which has an emphasis on areas with more chronic unemployment, will do to help the forest industry in British Columbia and the rest of the country?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, the program we have is obviously not designed for just one sector of the industry. As we well know, the enormous downturn in employment in the forest industry is caused by the drying up of international markets, and particularly by the enormous reduction in housing construction in the United States where about 80 per cent of our lumber products are sold. What we are trying to do through the measures announced in the job-creation program yesterday is allocate those measures to areas where there are chronic and continuing high unemployment rates, which is the definition we apply to development areas, but we are also applying substantially large amounts of job creation money to those areas which have recently been hit by downturns or layoffs.

As I pointed out in answer to a previous question, the allocation to the hon. member's province of British Columbia has tripled in one year in order to respond to the very serious problems faced by workers in those industries, and it is our hope that that substantial addition of job-creation money in that province and in other areas will be of assistance to workers in that industry.

FOREST-RENEWAL PROGRAM

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, the difficulties the minister has described have very deleterious effects not only on the industry and tens of thousands of workers but also on regions, municipalities, towns and cities which base their whole economies on forest-related industries. Included are small towns and whole regions in central and northern British Columbia as well as in the rest of the country. A previous program the minister undertook was intended to help this sector as well as the fishing and mining industries. The forest-renewal program has now been recognized as an object failure. Does the minister still have any faith in this program and, if so, would he be prepared to sit down with industrial leaders to discuss ways and means to take the bureaucrats and the red tape out of the system so that at least some workers can be employed in the crucial wood-converting industries in a way which would make an investment in the future of our country?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, the application of Section 38 programs is not a failure but is now going ahead. It was only a week ago Monday that I was in British Columbia and met with members of both the management side of the forest industry as well as officials of the woodworkers' unions to determine how we could work and co-ordinate our activities and efforts in a combined enterprise under Section 38. They have committed themselves to co-operate with me. We are working on the details and, because this program must be delivered, in large part, through the offices of the provincial government, we are now attempting to get the provincial government to undertake further actions to expand and further develop projects under Section 38. Some 16 projects have been approved under that program, and people already going to work on those projects. It is our hope, because of these meetings and because we are coming together under this new program, that we will still be able to expand employment opportunities substantially under Section 38.

DIRECT JOB-CREATION PROGRAM—APPLICATION IN SOUTHERN ONTARIO

Mr. Otto Jelinek (Halton): Mr. Speaker, I have a further supplementary question for the Minister of Employment and Immigration. I wonder if he understands that a solid manufacturing base is necessary if this country is to offer meaningful employment rather than just temporary employment, and that this manufacturing base is situated mostly in southern Ontario and is experiencing massive unemployment. For example, in Hamilton, Ontario, unemployment in the last year alone has increased by over 100 per cent.

Why have these sectors and these cities been ignored in the minister's new assistance programs? More important, why have they been ignored by incentive programs? Why are the programs designated by ridings rather then by cities or regions? Finally, what does the minister and the government intend to do with all the newly unemployed people in southern Ontario in cities like Hamilton and Dunnville and other areas in southern Ontario hardest hit by unemployment?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, the premise of the hon. member's question simply is not correct. The fact of the matter is that we do very much recognize the problems affecting the manufacturing areas of the southern part of Ontario, parts of Quebec and other areas where the manufacturing industry is most active. In my own department alone we have introduced a work-sharing program under which over 3,700 agreements have been signed. This has averted close to 60,000 lay-offs, many of them in Ontario and Quebec, and kept manufacturing plants open. I think this demonstrates very clearly the measures we are taking in those areas to try to help that part of the country in this very difficult time.

However, the major commitment is being made through contracts being signed in export markets to provide further work. Major assistance is being given by the Department of Industry, Trade and Commerce to the automobile industry under ILAP to provide further incentives. The automobile industry is now beginning to regain its health.

I do not have sufficient time to refer to all the measures we have taken; however, I can assure the hon. member that not only is this government responsive, but it is also undertaking a wide range of programs to help industries in the region to which the hon. member refers, during this very difficult recession.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF ATTORNEY GENERAL OF MANITOBA

Mr. Deputy Speaker: Order. May I call the attention of the House to the presence in the gallery of the Hon. Roland Penner, the Attorney General of the province of Manitoba.

Some hon. Members: Hear, hear!

MINES AND MINING

SERVICE OF EVICTION NOTICES ON HOME RENTERS IN ELSA, Y.T.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, it is unfortunate that the hon. member for Yukon is not here this afternoon to bring the concern to which I will refer in my question to the attention of the House. However, in his absence I would like to ask a question of the Minister of State for Mines.

Many of the residents of the town of Elsa, Yukon, have lived in company houses for more than 35 years, but they will be evicted from their homes on August 31 because of the temporary closure of the United Keno Hill mines. Also 200 employees and their families could be affected. Could the minister inform the House what steps her department is taking to avoid another Uranium City-like evacuation of Elsa, since most of the employees have indicated that they wish to remain in their home community? Specifically, is the minister's task force on one-industry towns prepared to visit Elsa—

Mr. Deputy Speaker: Order, please. I invite the hon. member to go to his point.

Mr. Hovdebo: Is the minister's task force on one-industry towns prepared to visit the townsite and make recommendations so that temporary mine closure does not mean the expulsion of these people from Elsa?

Hon. Judy Erola (Minister of State (Mines)): Mr. Speaker, I am happy to have this opportunity to respond to the hon. member's question because this is a problem that is very typical of one-industry towns across the north.

The task force has completed its visits, unfortunately, and is now preparing its report, so it will no longer be making visits to areas, but I will be happy to refer this problem to the task force. In the meantime, I suggest to the hon. member that he examine the make-work projects we have under way, and perhaps we can design one to provide the kind of job creation that is necessary in this town.

I remind the hon. member that the reason for the reduction in the work force under the stand-by system is that the price of silver has dropped to $8, and production costs must be accounted for. A $13.50 price is absolutely essential if production is to continue. In the meantime, I suggest that he sit down with our officials to design a program which would keep some of those people working in the community. We would be happy to assist him.

• (1440)

REQUEST THAT ACTION BE TAKEN TO PREVENT EVICTIONS

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I too, would call the attention of the minister to the announcement by her seat mate that $300 million spent for employment projects includes $41 million for "direct job-creation funds over the fall and winter to communities which experience sudden lay-offs". Will the Minister of State for Mines take the

responsibility for co-ordination of efforts by her seat mate and the Minister of Indian Affairs and Northern Development to ensure that these people are not evicted from their homes, that they will also have work which will last them the winter, and that they will get a fair share of that $41 million?

Mrs. Judy Erola (Minister of State (Mines)): Yes, Mr. Speaker, they will get their fair share, but I would like to call upon the hon. member for Yukon and ask for his assurance of co-operation in this matter as well.

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[*Translation*]

EMPLOYMENT

INQUIRY WHETHER QUEBEC WILL BE ELIGIBLE FOR DIRECT JOB CREATION PROGRAM

Mr. Normand Lapointe (Beauce): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. In the June 28 budget, a fund of $300 million was set aside for direct job creation. My question is this: will the Government of Canada be able to include Quebec municipalities in the program, since the federal government needs the Quebec government's consent to help the municipalities. Therefore, will the municipalities be able to apply for the Canada Community Development Program?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, unfortunately, the government of the province of Quebec is preventing municipalities from receiving funds from the federal government for job creation. I am trying to get the Quebec government to change its position, but meanwhile, nothing can be done.

[*English*]

DIRECT JOB-CREATION PROGRAM—POSITION OF NORTHERN ONTARIO

Mr. Scott Fennell (Ontario): Mr. Speaker, my question, which is directed to the Minister of Employment and Immigration, concerns the discriminatory direct job-creation program. I would like to point out that in this program about which we are asking questions, there is nothing for Ontario. Therefore, would the minister explain to the House why, in northern Ontario, no special funds were allocated, where there is currently the same percentage of unemployed in the native, disabled and youth groups, and plant and mine shutdowns, as in the chosen constituencies?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, once again a member of the Conservative opposition is showing that he does not want to become confused by the facts. The fact is that the province of Ontario, under the program announced yesterday, will be receiving over $37 million, which is double its allocation of last year. When the hon. member says that the province of Ontario will be receiving nothing, he is obviously not considering the facts.

In addition, those constituencies in northern Ontario will also be included in the special allocation that we give to native groups and organizations to undertake a number of major housing and resource projects. Again, those funds are over and above the normal constituency allocation. But I would suggest, as I said in the House yesterday, that it would probably be much sounder and wiser for members of the opposition to wait until they have actually received letters from me detailing how much they will receive per constituency before they start speculating on the matter, a week in advance.

DESIGNATION OF COUNTIES IN NEW BRUNSWICK

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, my question, which is also directed to the Minister of Employment and Immigration, deals with the announcement yesterday of the Canada Community Development Project funding which, in New Brunswick, only went to those constituencies which are held by Liberals. The fact is that the executive assistant to the minister said that the designated basis will be a 12 per cent surplus in manpower, and the minister himself has stated that this is the government's response to sensitivity and the plight of the unemployed in those regions. The minister will know that in New Brunswick, the counties of York, Sunbury and Queens, as well as Albert County, all have surpluses of manpower in excess of that of Madawaska and Victoria counties. Will the minister tell me and the people how he will demonstrate his sensitivity to the people in those counties who are so obviously the recipients of this blatant pork-barrelling policy which the government has now implemented?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, once again I think the hon. members of the opposition are beginning to count up the numbers before they are even informed as to how much will be given to their individual constituencies. Those constituencies mentioned by the hon. member will be receiving a substantial increase in their allocations. What we are trying to do through the development stream of that program is to take a four-year average of labour surplus rates, which denotes those areas which have had chronic, long-term unemployment, and apply the development concept so that they can break that cycle, for heaven's sake, and move into an area where they can begin to develop long-term, permanent employment. It in no way prevents, inhibits or changes the continuing allocation per riding which will go to every other constituency in the country, which has generally been increased by almost double what it was last year. In many cases it has gone up much further than that, based on the deterioration of the unemployment rate. But we are using the measurement of a labour surplus rate—

An hon. Member: You are using a pork-barrel rate.

Mr. Axworthy: —which was properly registered in employment centres over a four-year average in order to make that determination. I would only say to members of the opposition

that, rather than engaging in this kind of baiting, what they should be considering is how they can put their efforts to work in their ridings to help the unemployed.

DESIGNATION OF COMMUNITIES IN ALBERTA

Mr. Jack Shields (Athabasca): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. The national energy policy totally destroyed the local economies of Bonnyville, Grande Prairie, Swan Hills, Beaver Lodge, Drayton Valley, Two Hills, Vermilion, Lloydminster, Brooks and Nisku, all communities in Alberta. Recognizing that there is to be an increase in the CCDP funding to each constituency, would the minister consider targeting those communities devastated by the national energy policy under the development component of his announcement yesterday?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, the hon. member is too learned and wise a member of this House to try to pass off that particular premise. As he well knows, the changes in the energy industry are worldwide in their impact, and—

Some hon. Members: Oh, oh!

Mr. Axworthy: —the United States of America, which does not have the kind of enlightened energy policy that we brought in, is facing an even more substantial downturn in its industry at the present time. But what we are prepàred to do through our employment programs is to take a look at those areas, regions and communities in the country which are facing downturns in their economic or industrial base and try to provide additional assistance to them.

The reason we kept the additional $41 million in reserve was to provide a special response fund so that we could respond to those areas which are facing both immediate problems and need that kind of assistance. I would obviously be very glad, as I have been in the past, to talk to the hon. member for Athabasca concerning the problems in his riding.

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INDUSTRY

STEEL COMPANY LAY-OFFS IN WESTERN CANADA

Mr. Les Benjamin (Regina West): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. In view of the fact that the present projected lay-offs for the Interprovincial Steel and Pipe Company in western Canada are now approaching 1,000, and since the minister met with the company and the union which made a number of recommendations to him, and since they informed him that just for Saskatchewan alone the lay-offs in Regina mean 2,000 more direct and indirect jobs, which is equivalent to 54,000 lay-offs in Ontario and Quebec, can the minister tell us what he will do in response to the recommendations made to him by the company and by the union, and when will he meet with them again to deliver that response?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, recently I had a very useful meeting with the management and representatives of the workers of Ipsco in Regina, and I have been working in conjunction with other departments on the points in their brief. A number of the points deal with matters of energy policy and tariff policy and, as I said to them, I hope to be meeting with representatives of both management and the union before too long to discuss a response to their brief.

• (1450)

REQUEST FOR REMOVAL OF TARIFF REDUCTIONS FROM STEEL IMPORTS

Mr. Les Benjamin (Regina West): Mr. Speaker, Ipsco and three other Canadian companies have already filed suit against South Korea, South Africa, Belgium and Luxembourg for anti-dumping practices. Since the government failed to make any representations to those countries before our steel industry was damaged, while it is cosying up to the military dictator from South Korea who will visit this country shortly, will it make representations, demands upon, or present ultimatums to the President of South Korea to the effect that that country will no longer receive a 6 per cent tariff reduction for its steel products that are brought into Canada, and will the same condition be made to apply to all other countries that are dumping in Canada?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, I will be happy to draw the hon. member's representations to the attention of the Minister of Finance. With respect to the anti-dumping investigation, I am sure the officials of my colleague, the Minister of National Revenue, will want to pursue that matter as vigorously and actively as possible.

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EMPLOYMENT

DIRECT JOB-CREATION PROGRAM—AVAILABILITY OF APPLICATION FORMS

Mr. Maurice Foster (Algoma): Mr. Speaker, I have a question for the Minister of Employment and Immigration. Yesterday the minister announced a $300 million direct employment program for the coming winter. In view of the urgency of providing these jobs during the fall and winter months, and the time that is required by Indian bands and municipalities to prepare applications for the community development program, can the minister tell us when application forms will be made available and how soon the projects will be able to start this fall?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, application forms will be available by the middle of August. We hope to have all the applications in on the termination date, September 30, and after that the

projects would start immediately upon approval. I should point out to the hon. member that in the case of native bands and organizations, we are prepared to accept early applications so that we can get the projects started during the building season. If he would bring those applications to my attention, we will respond accordingly.

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AGRICULTURE

NECESSITY FOR LEGISLATION TO GOVERN LIVESTOCK SALES

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I have a question for the Minister of Agriculture regarding the need for prompt payment in Canada's total livestock industry. I am sure the minister will be acutely aware of the need for this in the aftermath of the McIntyre sale yard collapse in southwestern Ontario that has had repercussions all over western Canada, as have other failures. Can the minister indicate if he is now preparing some badly needed federal legislation that will require prompt payment of all Canadian livestock accounts throughout the country?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, as the hon. member knows, the bankruptcy he refers to took place in southwestern Ontario. One of my constituents was a very heavy loser in that bankruptcy. We are looking at ways and means of overcoming this. I am sure the hon. member remembers that when the Bank Act was amended, strong representations were made that we should not go that far but should only amend it to protect farmers or producers when a processor or meat packer went bankrupt. It appears now that the amendment should have been much broader. The hon. member for Lambton-Middlesex suggested a broader amendment to the Bank Act at that time, and he is making representations again along the same lines as the hon. member opposite.

I understand that the effects of this bankruptcy are widespread and not confined to southwestern Ontario but extend to the province of Alberta and other parts of Canada as well.

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[*Translation*]

PETRO-CANADA

COMPATIBILITY OF POLICY WITH INCOME-CONTROL PROGRAM

Hon. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. Considering the fact that the minister supported the plan to restrict wage increases to 6 and 5 per cent, I wonder whether he is aware that on the basis of government recommendations regarding controls, Petro-Canada is recommending rent increases of 25 per cent for its dealers. If so, could he inform the House how he intends to prove that the corporation's policy is compatible with the government's objectives?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Mr. Speaker, as you know, the guidelines for Crown corporations, including Petro-Canada, are that during the next two years, salaries of corporation employees may not be increased by more than 6 and 5 per cent. As for the point raised directly by the hon. member for Joliette, I must say that I am not aware of the existence of the increases to which he is referring. If he has any specific cases to refer to my attention, I should be happy to forward them to the corporation, and I would then ask the corporation's administrators to submit a report, which I will be happy to divulge to the hon. member.

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[*English*]

EMPLOYMENT

DIRECT JOB-CREATION PROGRAM—POSITION OF NEW BRUNSWICK GOVERNMENT

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is for the Minister of Employment and Immigration and it is supplementary to the question of the hon. member for Fundy-Royal who finally showed his true colours. In devising the program, did the minister hold any discussions with the Government of New Brunswick to try to persuade it to supplement his very positive response, or are we to continue to see that government just wring its hands and shed crocodile tears, as did the hon. member for Fundy-Royal, for those areas of chronic high unemployment?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, it is quite clear that it is our hope and intention that, at this time of very serious difficulty in the Canadian economy, we can recruit and enlist the co-operation of the provincial governments. Not many of them have been too forthcoming in their efforts thus far. It is important to continue to try to bring them on board so that not only can we respond to the immediate employment problems in New Brunswick but also come to grips with the longer-term issue of restraining inflationary pressures in order to bring interest rates down, and thereby provide a base for long-term job creation in Canada.

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INTERNATIONAL JOINT COMMISSION

DELAY IN APPOINTING CANADIAN COMMISSIONER

Mr. Girve Fretz (Erie): Mr. Speaker, my question is directed to the Minister of the Environment. The minister must be aware of the need for a strong Canadian voice on the International Joint Commission when such crucial issues as the clean-up of the Great Lakes, the controversial ice boom in Lake Erie, and other water issues involving the boundary between Canada and the United States are being discussed. There are three American commissioners on the IJC and at present only two representing Canada. How long must this 20-

month delay continue before the third Canadian position on the IJC is filled? How much longer must we wait?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Mr. Speaker, I agree that this is an important appointment that has to be made. I regret the delay that has taken place, and I hope the appointment will be made soon.

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EMPLOYMENT

DIRECT JOB-CREATION PROGRAM—SELECTION OF RIDINGS ELIGIBLE FOR DEVELOPMENT COMPONENT

Mr. John Bosley (Don Valley West): Mr. Speaker, I have a question for the Minister of Employment and Immigration regarding the development component of his recently announced program which is, as I understand it, the component intended to deal with long-term solutions to chronic unemployment.

Is it just a coincidence that of the 33 ridings that qualify for that component, 32 are represented by Liberals? Is it just a coincidence that of the ridings that qualify, more than half are represented by parliamentary secretaries and ministers, or is the minister finally coming clean with Canadians about the cause and effect relationship between how you vote and what you get, to the effect that the longer you vote Liberal, the poorer you become?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, if there is any correlation at all between those figures, it simply shows that the people in Canada who are most in need know which party to vote for because it will best respond to their needs.

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EXTERNAL AFFAIRS

LEBANON—SUGGESTION PARLIAMENTARY DELEGATION INVESTIGATE SITUATION

Miss Pauline Jewett (New Westminster-Coquitlam): Mr. Speaker, I should like to put a question to the Secretary of State for External Affairs. I wonder if the minister would consider establishing a three-member all-party group to travel to Beirut in the very near future to discuss with our ambassador, and all the involved parties in the very serious situation in Lebanon, the nature of the kind of responses that the Canadian government and the Canadian Parliament could make in this situation, and report back to the minister and the House.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Mr. Speaker, I think I could not take such a proposal as a serious way of responding to the problems of the Middle East at the present time. There is no lack of knowledge of the facts. We are well acquainted with the facts. The problems are amongst the parties in the Middle East. The United States is conducting mediation efforts with respect to the problem in Beirut itself. Most countries of the world feel that we are better advised to await the resolution of that problem before proceeding with initiatives with respect to the longer-term problems of the Middle East.

* * *

• (1500)

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Mr. Deputy Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Wednesday, July 28, 1982, and that he finds that they meet the requirements of the Standing Orders as to form.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Mr. Speaker, this being a Thursday I wonder if I might ask the government House leader as to the disposition of business for the balance of this week, next week and as far as he wishes to prophesy.

Mr. Pinard: Mr. Speaker, Bill C-85 today, and Bill C-124 starting tomorrow and for next week.

ROUTINE PROCEEDINGS

[*Translation*]

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

PRESENTATION OF ELEVENTH REPORT OF STANDING COMMITTEE

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, further to its Order of Reference of Wednesday, March 18, 1981, the Standing Committee on External Affairs and National Defence formed the subcommittee on Canada's Relations with Latin America and the Caribbean. Pursuant to the same Order of Reference, your committee previously tabled an interim report on December 8 of last year. Your committee has continued its consideration of this subject, and, Mr. Speaker, I have the honour, as Chairman of the Standing Committee on External Affairs and National Defence, of tabling, in both official languages, the committee's eleventh report which deals specifically with the Caribbean and Central America.

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

HAZARDOUS SUBSTANCES

TABLING OF CORRESPONDENCE WITH NATIONAL ADVISORY COUNCIL ON UREA FORMALDEHYDE FOAM INSULATION

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Mr. Speaker, after I met with the National Advisory Board on UFFI, I promised to table in the House a document containing a summary of the commitments we made at this meeting, which took place last weekend. Therefore, since I was unable to take part in the debate the other day on Bill C-109, I would like to take advantage of my first opportunity since then to table this exchange of correspondence, in both official languages.

* * *

[*English*]

PUBLIC ACCOUNTS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Bill Clarke (Vancouver Quadra) moved that the first report of the Standing Committee on Public Accounts, presented to the House on Friday, July 18, 1980 be concurred in.

He said: Mr. Speaker, this is somewhat of an historic debate today. I am sorry to see that the former chairman of the Standing Committee on Public Accounts, the President of the Treasury Board (Mr. Johnston), has left the House because what I am going to say today and what others may contribute will be very important to the progress of the power which Parliament can exercise over the affairs of the country.

I say it is an historic debate because it is the first debate, in my ten years in this House, on a motion to concur in a report of the Standing Committee on Public Accounts. We have had many reports. In fact, during this session I have tabled 16 reports as chairman. Some have been concurred in without debate. Three were substantial reports containing specific recommendations. Some took the form of a housekeeping report where, unfortunately, we had to come back to the House for a motion and concurrence to cover some expenses—minor at that—of the committee in sending representatives to conferences in other parts of Canada.

It is also historic, Mr. Speaker, in that it gives an opportunity for this House to carry out a recommendation contained in a booklet called "Improving Accountability: Canadian Public Accounts Committees and Legislative Auditors". This was a study done by Mr. John J. Kelly and Hugh R. Hanson, sponsored by the Canadian Comprehensive Auditing Foundation of which the former Auditor General of Canada, Mr. J. J. MacDonell, is chairman. This report contains some 69 recommendations applying to public accounts committees, legislatures, etc., and I think it is important for this debate that I read recommendation No. 33, which is as follows:

> Legislatures set aside time to debate the reports of public accounts committees at least annually.

Perhaps, Mr. Speaker, this will be the first of many debates on reports of the Standing Committee on Public Accounts.

I should also refer to the other changes which have occurred in the operation of the Public Accounts Committee over the ten years I have been a member of this House and that committee. In the early days the committee was very restricted in the research it could do. In fact, it did not even have a full-time research officer and members met with the chairman to determine what subjects would be followed. The committee then held its meetings and we took the Auditor General's report after it was referred to us because it was not an automatic procedure in those days; we had to wait for a reference from a minister in the House. Evidence was heard and eventually, toward the end of the session, the clerk of the committee sat down and wrote an extensive, if not exhaustive, report which touched on every aspect of the evidence heard by the committee. That report was tabled in the House and it contained no recommendations. It was never debated or, as far as I know, even acted upon.

Today, Mr. Speaker, the committee has two full-time research officers provided by the Library of Parliament. One of them is a chartered accountant who has served the committee long and well; the other is an economist who has served the committee for less time but just as well.

We examine each Auditor General's report now, Mr. Speaker, as soon as it is tabled in the House, because we have an automatic reference under the Standing Orders of this House. After consultation with the Auditor General we decide which parts of that report are going to be considered the most important and which will therefore be considered and examined in detail by the committee.

• (1510)

That is a very important step because the Auditor General has pointed out instances to the committee where his office has spent $1 million worth of time conducting an audit and the results of that audit never get examined by the Standing Committee on Public Accounts. That is not to say that the committee is not interested in things the Auditor General says. But it is obvious that the Auditor General's report is so extensive and the committee's time is so limited that we have to choose the highlights of the Auditor General's report. Because we cannot see it all, we have good research staff and we have a plan of action so we know what we are going to study and approximately when we are going to study it, we are in a position to make much more effective reports to the House of Commons.

It is interesting to note that the report we are debating today was tabled in the House on July 18, 1980, just over two years ago. The committee has considered that its reports should have some attention from the House. We have follow-up procedures so that if we do not get support from the government, then we

go back to the departments about which we made recommendations. We follow up to see what has happened, to see whether the government has acted on the recommendations or whether the departments have acted on the recommendations of the committee.

As a consequence, we have specific recommendations now and I am pleased to say that I get a letter from the President of the Treasury Board after each report is tabled. He gives his initial views on how he sees this report of the committee. He also lets us know what might be happening to overcome some of the problems which the committee has seen.

I said earlier that I was sorry the President of the Treasury Board is not here because I am going to make some references to what he has said about some of our reports. I am sorry, too, because the first report of this committee in the Thirty-second Parliament covered material that was examined by the Standing Committee on Public Accounts during the Thirty-first Parliament when the present President of the Treasury Board was chairman of the Public Accounts Committee.

Before I go on to the recommendations in the report, I should say that the progress of the committee has come about through the efforts of a number of chairmen who were very active and responsible for many of the innovations to which I am referring today. As a matter of fact, I am the first chartered accountant that has ever been chairman of the Standing Committee on Public Accounts. My predecessor, the present President of the Treasury Board, is a lawyer, as is the hon. member for Durham-Northumberland (Mr. Lawrence) who was chairman a little earlier. The hon. member for Capilano (Mr. Huntington), a former chairman, is a business executive. We have had other business people as chairman. When I first came here a merchant, the former member for Wellington, was the chairman of the committee. The committee has come a long way.

The topic of the report for which we are asking concurrence today includes SPICE. I do not know if that means a spicy debate, allthough we hope so, but SPICE is one of the acronyms that has been developed recently. It stands for "Study of Procedures in Cost Effectiveness".

Anyone who hears about SPICE in the House of Commons might well ask what is SPICE and what does it do? Only a few months after his appointment in July, 1973 as Auditor General, James Macdonell announced the appointment of the independent review committee on the office of the Auditor General of Canada. That committee was comprised of two prominent chartered accountants and one prominent lawyer. It became known as the Wilson committee. It was named after the chairman, the late J. R. M. Wilson, a Fellow of the Institute of Chartered Accountants.

That committee reported in March, 1975. Among other things, referring to the Auditor General's report of 1978, the Wilson committee in 1975 said that government auditors should advise legislatures whether funds they grant to the administrative arms of government have been properly used. I think at that point we should say that value for money auditing was born. The Wilson committee also said that the Auditor General should take due account of economy and efficiency in conducting his examination of expenditures.

I think we can probably say that that was the beginning of economy, efficiency and effectiveness; the "three E's", as they are now known. The report also called for new legislation to provide specific authority for the Auditor General to report cases where, in his opinion, value for money has not been obtained through the government's expenditure of public funds. That is a very important forerunner to what we have today.

The Wilson committee also addressed the effectiveness of programs and said that Parliament's expectations in legislation are not always readily discernible, nor are the results achieved always measurable with reliable techniques. The audit office, the committee concluded, should take a great interest in the progress of effectiveness measurement. Those observations going back to 1975 became the foundation for what we know today as comprehensive auditing.

Two and a half years after the Wilson report was tabled we got from the Government of Canada a bill known as the Auditor General Act, 1976-77. This was proclaimed on August 1, 1977. The basis of that act was that it set out the legislative foundation of value for money auditing, and the Auditor General was required by this legislation to report to Parliament "anything that he considers to be of significance and of a nature that should be brought to the attention of the House of Commons, including any cases in which he has observed that money has been expended without due regard to economy or efficiency; or satisfactory procedures have not been established to measure and report the effectiveness of the program where such procedures could appropriately and reasonably be implemented".

At about that time the "three R's" became the "three E's"; that is economy, efficiency and effectiveness. In those three headings the word "economy" refers to the terms and conditions under which the government acquires human and material resources. An economical operation acquires these resources in appropriate quality and quantity at the lowest cost. Efficiency refers to the relationship between goods or services produced and resources used to produce them. An efficient operation produces the maximum output for any given set of resource inputs. Effectiveness concerns the extent to which a program achieves its goals or other intended effects.

I think there is many a slip between what the estimates committees of the House approve in the programs and what has been expended after the fact. Through these tools of comprehensive auditing, that is what we want to hear from the Auditor General of Canada.

While the Auditor General Act was simmering prior to its passage in August, 1977 the Auditor General in September, 1976 initiated a special project within his own office, and SPICE, the study of procedures in cost effectiveness, was born. Again I refer to the annual report of the Auditor General for 1978. The first objective of SPICE was to compile information on the state of the art of management and control systems in the public sector in terms of economy, efficiency and effectiveness. The second objective was to assess and report on existing procedures for planning, measuring and controlling activities

in the Public Service of Canada in the interests of economy, efficiency and effectiveness. The third objective was to recommend to the office of the Auditor General how this new mandate should be exercised in the future.

• (1520)

The SPICE project was extremely thorough, extremely technical and extremely complex. By August, 1978 some 52 value for money audits had begun. One of the significant features of the SPICE methodological contribution was its emphasis upon value for money in the audit process. Part of SPICE was an examination of the planning process for capital acquisition projects.

At pages 42 and 43 of the same report, the audit conclusions read as follows:

Based on 13 SPICE audits completed to date, the capital acquisition process does not come up to a reasonable standard of "due regard for economy."

In his audit findings the Auditor General said:

Our examinations show that good practices that have emerged from many years of project management experience often were not followed in the planning and acquisition of capital assets.

There were many examples, and the committee studied a number of them. The most noticeable feature of the operation of capital acquisition projects was cost overruns on the very projects which were examined. On the ones that were examined, total costs had increased by 148 per cent over budget. Now, 148 per cent is a very significant increase because it is an increase of more than double. In other words, the original estimate of the costs of these projects which were examined was $281.6 million. By the time they were finished, it had escalated to $699.7 million, an increase of 148 per cent, or more than double the actual budgeted amounts.

Many projects take years to complete and cost overruns are commonplace, but they are not discovered until it is too late to do anything about them. The Standing Committee on Public Accounts has lamented this often. Hon. members on all sides know very well that by the time the committee examines some fault, particularly with cost overruns, the culprit, if we can call him that, has gone. I am referring to the responsible public official who helped or caused the overrun to occur. He is no longer in the job, perhaps he has been promoted to something grander, and it is impossible to find a culprit in many cases.

In 1979, during the Thirty-first Parliament, the Standing Committee on Public Accounts heard testimony on audits which were completed in 1977 and on projects which reached back into the early 1970s. Often capital acquisition projects carry on over a period of quite a few years. In fact, there is one here dealing with Fraser River flood protection which was originally approved in 1968, and when it was finally completed in 1978, ten years later, the costs had more than tripled from $18 million to $60 million.

Questions on what happened at the time of the failure of the system often went unanswered because the managers had moved on to different positions, other jobs, and the committee found that some decisions had been made without written record. When we are dealing with millions of taxpayers' dollars, we must be particularly detailed in dealing with these expenditures, and authorizations must be meticulously obtained.

When the committee found that many decisions to expend money had been made without any written record, indeed it realized that it was a serious flaw. Major projects had been undertaken without complete information being available to those responsible for making decisions. Therefore, the committee made a number of recommendations in its first report, which was presented just over two years ago. I want to refer to those recommendations, particularly the ones which refer to the SPICE study, in the hope of improvement in government accountability to Parliament. Its first recommendation was that:

—a Special Committee of the House of Commons be established to review those ongoing projects which have projected cost overruns;—

I know the President of the Treasury Board is concerned about cost overruns. He keeps telling us that he is, but in the two years since this recommendation was made we have not seen the establishment of a special committee of the House of Commons to review ongoing projects with projected overruns. The projection of cost overruns comes at a time when, if the committee got hold of it, an estoppel could be made and the bleeding would be stopped.

The commitment to all capital projects underway at the time this recommendation was made was well in excess of $10 billion. Evidence and testimony before the committee indicated that current projects suffered from significant weaknesses in management control and might have been subjected to substantial cost overruns. Well, we are awaiting that.

The second recommendation was that:

—the Auditor General use more often his power to make special reports so that your Committee is able more often to examine current issues;—

I should like to mention the frustrations of hon. members of the House who are called upon to examine matters that are very old and untimely. For one thing, the Auditor General might take many months to do his work. When he reports to the House, usually around November, some of his work in the report is a year old by the time it is tabled because it was completed immediately after the report of the previous year. Usually the audit is examining something which happened a year or so before the actual audit work. This was a very important matter. All of us were successful in having a change in the Auditor General Act; the Auditor General was able to report special items of concern to him to the House. It was determined by the committee that it could serve its intended role more appropriately if the Auditor General were to use more often his power to make special reports.

That recommendation was not directed to the government or to the President of the Treasury Board. It was directed to the Auditor General. I must inform the House that the Auditor General has never seen fit to use his special power of reporting special items to the House. I was told by the former Auditor General of one instance wherein he came very close to making a special report to the House. But the present Auditor General

and his legal advisers are of the opinion that this power granted by the Auditor General Act is not sufficiently strong to allow the Auditor General to use that power in the manner recommended by the standing committee.

I am pleased to say that the President of the Treasury Board has agreed. I also understand that the government has agreed, and that as soon as it is convenient it will be agreed among all parties that the Auditor General Act be amended to give proper legal encouragement to the Auditor General to make more frequent reports to the House of Commons.

I might also say that the Auditor General sees some benefit in making three, four, five or six reports to the House of Commons in the period of a year because it would mean that the committees to which the reports would be referred would be looking at current material.

I see the Minister of Agriculture (Mr. Whelan) across the floor. He should know that the Standing Committee on Public Accounts is looking with a very interested eye at the recent report of the Auditor General on the Canadian Dairy Commission. As soon as the wheels can be put in motion, we will be taking a look at that. One benefit is that we do not have to wait for a reference because, as soon as the Auditor General tables a report in the House, it is automatically referred to committee.

Returning to the recommendations, the third one was that:

—all effectiveness evaluations, including methodology and findings, be tabled in the House of Commons within 60 days of their completion and that the Standing Orders of the House of Commons be amended to refer the evaluation reports automatically and permanently to the appropriate standing committees;—

• (1530)

We recognized, Mr. Speaker, that we were not the only committee that would be interested in expenditures and therefore we left it open in that recommendation to have other appropriate committees get references like that. I am not aware of any of these reports that have been tabled within 60 days of their completion or referred to any other committees, including our own.

The final recommendation in this section on SPICE was that:

—annual reports of departments contain non-technical summaries of effectiveness evaluations to highlight the impact of government programs.

The difficulty with a committee such as ours which is not necessarily familiar with certain technical areas is that we wanted to have a non-technical summary of effectiveness evaluations so that the committee could make a proper assessment.

Going on to the capital projects, the committee made a number of specific recommendations there, too.

The first was that before final approval is given to capital acquisition projects in excess of $10 million, deputy heads of departments and heads of agencies be required to certify in writing to the Treasury Board that all established procedures set out by the Treasury Board have been followed and, in particular, that the proposal is supported by accurate and complete documentation.

I have already referred to some expenditures being approved without proper written documentation at all and it was often told to the committee that they could not do anything about that overexpenditure because the person who approved it in the first place had not followed the proper procedures. To eliminate that problem and practice, the committee thinks very seriously that these certifications should be achieved in writing. That is an internal document to the Treasury Board, and Treasury Board should want that kind of documentation before the government sets out to spend great chunks of money.

The second recommendation on capital projects was that greater effort be made to find and retain competent project managers and that the individual performance of project managers be recognized in their compensation and in their career progression.

The problem that came to light there was that some civil servants, some bureaucrats, were placed in positions of responsibility for which they were not competent, simply put. One of the reasons given for the lack of competence was that the positions did not carry an adequate level of compensation to attract competent people.

The third recommendation, again on the capital projects, is that the Auditor General have access to all relevant information other than political input furnished to a minister and to cabinet.

The Auditor General found when he was making his examinations that certain doors were closed to him as far as obtaining information that he should have in order to determine whether an expenditure met with the authorizations or with the regulations. The committee recognized that cabinet might have some special political input which they would not want members of the public or members of the opposition to have access to and, recognizing that, the committee allowed that all relevant information other than political input should be available to the Auditor General. That is especially important now when the Auditor General is required to comment on a comprehensive basis on economy, efficiency and effectiveness.

The next recommendation was that guidelines be established to ensure that decisions taken by departmental officials on the basis of political authority be supported by written instructions.

It is interesting that there may be some spoken political reason for doing a certain thing, such as putting a bridge somewhere or paving a certain road or spending money in a certain way, that evaporates unless it is put into writing. It evaporates at a time when the examination is to take place of that particular expenditure.

The next recommendation was that cost estimates for capital projects and analyses be expressed in constant and current dollars. The problem with our current rates of inflation, which have been going on for a decade or more now, and with relating dollars to capital projects which go on for a decade or so, or nearly a decade, is that the dollars that we end up with are not in the same measure as the dollars that were

originally estimated to be expended. It was felt that only by expressing the estimates in constant and current dollars could any intelligent analysis be made of whether the project was being handled efficiently or not.

There was another section of this first report which dealt with program evaluation and there were three recommendations there. The first was that the government give high priority to evaluation work, that the positions currently authorized for planning and evaluation functions be devoted more to program evaluation, and that over a period of five years equal emphasis and effort be given to effectiveness evaluation and planning. That was expanded on a little bit in paragraph 23 of the report, as follows:

—in 1975, approximately 3,500 person-years were identified with the "Planning and Evaluation" function—

You would think that 3,500 people were enough to get proper planning and evaluation, but that number of 3,500 included 267 senior executive positions. Unfortunately, the testimony also revealed that, among 23 departments, only 131 person-years were devoted to program evaluation, and 62 of those person-years were in one department. Hence the recommendation, Mr. Speaker.

The second recommendation on program evaluation was that technical reports of effectiveness evaluation be available for critical review and comment, and in particular the committee encourages review in learned journals in order to focus the informed commentary of the academic community on the technology of evaluation research.

I do not feel as competent as some other members of the committee to comment on the critical review and the technical jargon in some of the evaluation reports, but I will allow that recommendation to stand on its own.

The third and last one in the program evaluation section was that recipients of program funds be required to execute an agreement stating that they will comply with reasonable requests for information for purposes of evaluation research.

That was to overcome problems of non-co-operation. The Auditor General and the government in fact found that many bodies that got grants were unwilling to co-operate to provide information that evaluation people needed when it came time to try to evaluate the programs and to see whether one should in fact be spending money in that way.

Probably the most important of the recommendations is the one contained in this paragraph, and that is that the committee requests that the government respond to the recommendations in this report by March 31, 1981, in order that Parliament be informed of developments in the accountability process of the government to Parliament. If we cannot get responsibility and accountability back into the House of Commons, there is no way that the members who are elected to look after business affairs for the taxpayers are going to be able to do their job properly.

This report was tabled in July of 1980 and a response in something like eight and one-half months was requested. We did have a response, to be fair, but we have not had the action that we need, in spite of statements by the President of the Treasury Board on behalf of the government that action was taking place, and in spite of letters to me. I want to read a couple of paragraphs of what the minister said. First of all, in 1980, referring to this very report of the standing committee tabled in the House on July 18, 1980, the minister said this:

• (1440)

I have discussed its contents with my officials both in the Treasury Board and in the Office of the Comptroller General, and I am pleased to say that we consider the committee's recommendations positive and helpful. Moreover, as President of the Treasury Board, I find it gratifying to see the committee's explicit recognition of our collective concern for improved management processes.

Perhaps the minister has been in his portfolio for too long, because it is nearly two years since he wrote that. At the time he wrote it he was very intimately familiar with the proceedings of the Standing Committee on Public Accounts and what it had recommended or was going to recommend, as well as with what the committee had heard during his tenure as chairman. In that same letter he went on to say:

It has always been my view, and it still is, that consideration of cost over-runs falls properly within the jurisdiction of the Public Accounts Committee.

It is nice to hear that from the minister. In that same paragraph he continues:

I have been concerned, however, and I still am, that by virtue of its linkage to the Auditor General's report, much of the committee's information deals mainly with the past.

I have already dealt with that complaint. He goes on:

I do, therefore, support efforts to provide more current information to parliamentarians on the matter of project management, with a view to strengthening existing methods of parliamentary scrutiny and control.

In this letter the minister stated in black and white nearly two years ago that he agrees with all the recommendations. But something has happened. The minister may have lost his power, interest or influence—we do not know—but we are not getting the results. That is why it is so important that the House consider this report today.

Lest members opposite think that I am overstating the case of the interest of the minister, I would read two sentences from another letter that the minister wrote to me as chairman on February 6, 1981. That was four months after the first letter I referred to. We had filed our second report to the House by then. In this letter he said:

—I want to assure you of Treasury Board's continuing interest in the efforts of your committee by initiating an approach to regularize our response to PAC reports.

In other words, he is going to write me to thank me and say what a nice job the committee has done every time we file a report. He goes on to say this, which I think is a telling sentence:

Although I cannot view the second report of the PAC as a positive and helpful contribution as I did the first report, I want to assure you of Treasury Board's continuing interest in the recommendations which your committee makes to Parliament.

In other words, the minister is paying lip service to the recommendations in the second report, although he indicates

that he does not like it as much as the first report. He reiterates his support in the first letter by the words "as I did the first report" in the second letter. He had not changed his mind too much in those four months.

What the House deserves to know now—I hope we will get some answers from the government—is what will the government do about these recommendations, so many of which are still outstanding. During our further examinations in the Public Accounts Committee, we will be re-examining some of our recommendations. We have a very good follow-up procedure and we will be asking for some of these answers in committee. I think it is fair, however, that the House, having heard these strong words from the minister, should now concur in this motion and in what the minister has said. The government knows from the Treasury Board that the President of the Treasury Board is losing his battle. As I say, I do not know if he is losing it in the Privy Council Office or in cabinet, but it is obvious that the President of the Treasury Board needs the help of the House. I appeal very strongly to members in the House from all sides to give the House the strength of its concurrence in the recommendations of the Public Accounts Committee.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, it is obvious and regrettable that the official opposition is using the same stalling tactic today that it used yesterday to prevent the House from dealing with Bill C-85, the Canagrex bill, which is a badly needed piece of legislation. To allow the House to deal with this legislation rather than drone on about a two-year-old report, I move, seconded by the hon. member for Lambton-Middlesex (Mr. Ferguson), pursuant to Standing Order 24:

That the House do now proceed to Orders of the Day.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

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

Public Accounts

(Division No. 234)

YEAS

Messrs.

Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Chénier
Chrétien
Collenette
Comtois
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Dawson
De Bané
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Frith
Garant
Gauthier
Gendron
Gimaïel
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McRae
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Veillette
Watson
Whelan
Yanakis—124.

NAYS

Messrs.

Andre
Baker (Nepean-Carleton)
Beatty
Benjamin
Blaikie
Blenkarn
Bosley
Cardiff
Clarke (Vancouver Quadra)
Cooper
Corbett
Crosby (Halifax West)
Darling
Deans
Elzinga
Fennell
Fraser
Fretz
Friesen
Fulton
Gamble
Gurbin
Halliday
Hargrave
Hawkes
Hovdebo
Huntington
Jarvis
Jelinek
Jewett (Miss)
Kempling
King
Kristiansen
Kushner
La Salle
Lewis
MacDonald (Miss)
Manly
Mayer
Mazankowski
McGrath
McKinnon
McKnight
McLean
Mitchell (Mrs.)
Munro (Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nowlan
Nystrom
Oberle
Paproski
Parker
Patterson
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Skelly
Taylor
Thacker
Wilson
Wise—66.

• (1700)

Mr. Deputy Speaker: I declare the motion carried.

Motion (Mr. Smith) agreed to.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Surrey-White Rock-North Delta (Mr. Friesen)—Penitentiaries—Showing of pornographic films and staging of topless dancing. (b) Coroner's statement on cyanide deaths; the hon. member for Kindersley-Lloydminster (Mr. McKnight)—Canadian Wheat Board—Query respecting application of 6 per cent rule to two-price system. (b) Announcement in Senate; the hon. member for Vegreville (Mr. Mazankowski)—Energy—Funding for oil exploration in Senegal. (b) Machinery auction sale.

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

CANADA POST CORPORATION

Mr. Hal Herbert (Vaudreuil) moved:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all regulations of the Canada Post Corporation pertaining to the receipt of mail by persons living in towns who are not entitled to postal delivery at their residences.

He said: Mr. Speaker, perhaps I should allay the fears of any nervous members of the official opposition by saying that there will not be an attempt this afternoon to pass any measure in five minutes. In fact, if I may refer to that particular instance, I can only say to those who are interested that the measure at which criticism has been levelled concerning the length of time that it was actually in the House was debated on the floor of the House on many occasions over a period of many years. It was actually in the committee for committee study on at least two occasions and, in fact, was even in third reading on the floor of the House. I relay that information to those who referred to the passage of a measure in five minutes. In fact, it was ten years and many hours of debate before that particular measure eventually found its way into the Senate. As I understand it, that particular measure, Bill C-201, is already in its fourth day of debate in the Senate.

I will now turn to the subject at hand, which is the Canada Post Corporation. I brought this subject up as a result of a rather unusual incident. I want to go back to a question I put on the Order Paper some eight years ago, in 1974, to which the answer I got was:

The Canada Post Office is currently reviewing its lock box policy. All relevant factors concerning lock box service are being examined. It is important to note, however, that current Post Office policy provides for General Delivery service at no charge for persons living in areas where there is no delivery of mail.

I raised the point because I live in an area where there is no delivery of mail. I am one of the many individuals in this country who has to go to the post office in order to obtain his mail.

• (1710)

A letter signed by the president of Canada Post, Mr. Michael Warren, in March, 1982, states:

—my senior officials in retail marketing are currently undertaking a comprehensive review of the Corporation's post office box program.

That is interesting. In 1974, I read the same answer. It was still being studied in 1982. What brought the subject to my attention again this year? I will read a letter which I wrote to Mr. Michael Warren, president of Canada Post, on January 27 of this year. I said:

For years I have complained that I have to pay for a post office box which saves the Post Office money. In Hudson, we do not have postal delivery, and the boxes serve as a very convenient means for sorting the mail.

If everyone in Hudson were to abandon their box and request their mail at the counter, it would be necessary to hire at least two additional employees.

Because you save the salaries of both postmen for delivery and office personnel, I see no reason why you should charge me for a box which is for your convenience.

What precipitated that letter was a little bill I received from the post office requesting me to pay the sum of $12. That is not too much, Mr. Speaker, but nevertheless it was $12. So I wrote to the local postmaster and said:

Your card has been received advising me that I must pay you $12 for my post office box. Please note that henceforth mail will be picked up at the counter.

Then a very interesting thing happened. I have lived in the same house for some 35 years, with the same address, the same street number and so on. The post office then asked my wife to sign a document which it called a "Change of Address Card" and to pay $1.50 to the post office. My wife, in disbelief, paid over the sum of $1.50. So I wrote to the president of Canada Post again and this time I said:

It is my opinion that the Post Office owes me $1.50 extracted from my wife for an unnecessary change of address card, because I have not changed my address in the last 35 years.

Mr. Darling: Did you get your money back?

Mr. Herbert: No, so far no luck. In February I then put a motion to the House under Standing Order 43 and suggested that the post office cease and desist these "usurious charges" for change of address cards and so on.

Just to be sure of myself, I also put a question on the Order Paper, No. 4,030, asking under what conditions the post office can refuse to surrender mail to a properly identified person

when the mail bears the full residential address of the individual requesting the mail. The response was "I am informed by the Canada Post Corporation as follows, under the following conditions: prohibitory order, postage due unpaid, letters in customs, and non-mailable matter under the prohibited mail regulations." Obviously, it did not include any mail directly addressed to me. I am supposed to get it free of charge.

Two local residents of Hudson, Mrs. Margaret Clarke and Mrs. Bette Thomas, also wrote to the president of the post office at that time and asked him a couple of questions. They asked, "Who is suddenly responsible for imposing these changes in a system which has been working satisfactorily without them? Have you thought of the consequences if everyone opts for general delivery at the post office?" The cost to deliver mail to individual residents in 1979—again the answer to a question on the Order Paper—was $73 per annum. Obviously, in 1982 we are talking about a figure of approximately $100. Thus, anyone who is not entitled to receive his mail at his residence, like we who live in Hudson, is saving the post office $100 per annum.

Now, there is no charge for mail delivered to an apartment box, for example. The post office decided to get back at us in a rather ingenious fashion. Listen while I read a letter which I wrote to the president of the Canada Post Corporation on July 14, 1982. I said:

> Last week, my wife advised me that she had been asked to sign a document at the Post Office and then pay $1.50 a month in order to receive our mail.

This was at the counter, mind you. I went on to say:

> I told her NOT to sign, and NOT to pay.
>
> Today, a blind resident of Hudson who collects his mail at the counter has reported a similar extortion attempt at the Hudson Post Office.

I used the word "extortion". Imagine, a blind resident who cannot use the post office box and who has been obliged, for all the years I have been in the House, to pick up his mail at the counter, is now asked to pay $1.50 a month for that privilege!

Some hon. Members: Shame!

Mr. Herbert: The response from the president was that there were some overzealous employees and that there is now no problem.

Mr. Guilbault: Six and five would cure that.

Mr. Herbert: If one decides to pick up one's mail at the counter, there are several factors involved, of course. First of all, if one picks up one's mail at the counter, then the employees must have some distribution system on site in order to sort the mail. The post office boxes themselves are a very effective means of sorting. The employees can sort all day every day. There is no pressure on them. If the counter service is heavy, they can leave sorting for a while and I find this, of course, to be a great convenience for the post office. If people decide to pick up their mail at the counter, then it is obvious that some sorting mechanism will have to be provided within the post office.

However, there is another little fly in the ointment here. That is what made me mad. I was waiting for my own householder to be delivered, and I send out about 40,000 every three months. I use the one that I receive at my own address as a check on the distribution, but it did not arrive. I inquired and I was told, "Oh, that is because you get your mail at the counter; that is general delivery". I asked, "What difference does that make? Am I not entitled to get one of my own mailers and is everyone else who picks up at the counter not entitled to get one of my mailers?" I was told, "What we do with the ones that are left over is to leave them in a stack at the side and if we think about it, we pass one across the counter; but, of course, we do not want to give anyone more than one." I understood that. I was told, "So in your case we thought that maybe you had already received one and that is why we did not include one in your mail." The point is that these are not distributed on a regular basis. The post office does not automatically distribute them. I know it is not first class mail. But my mailer, and this applies to all the rest of the mail which is put in the post office for distribution to all householders, is not distributed on a formal basis. It is very haphazard. We may or may not receive it, depending upon the day or the time we pick up our mail.

I should point out, also in answer to a question on the Order Paper, that there are some two million Canadians who do not receive either door-to-door or rural roadside mail delivery service. That amounts to something under 10 per cent of our population. Post offices boxes in use in this country number something just over 1.5 million. Persons receiving their mail by general delivery amount to something under half a million. However, of the post office boxes, one must make another subdivision because in the figures in answer to a question it was shown that 834,000 of these boxes are for individuals who are not entitled to residential delivery service. In other words, approximately half of these people are not entitled to residential delivery and half choose to have a box as a convenience.

• (1720)

I understand the deficit at the post office this year will exceed $400 million. By the time the figures are in, the chances are we will be talking about half a billion dollars. There are some 60,000 employees of the post office, and it is interesting that of the total post office cost 72 per cent is for personnel costs and benefits, including all labour and wage-related items. Therefore, theoretically the post office should be very interested in means by which it can cut down its staff. But it certainly will not cut its staff; it will increase its staff if there is an increasing number of persons like me who get fed up with what we consider unnecessary increases in charges for post office boxes and decide to pick up their mail at the counter.

It is also interesting—and, I think, relevant—to look at the breakdown of the use of the post office. Eighty per cent of mail is business mail and, of the remaining 20 per cent, 8 per cent of total mail is mail from individuals to individuals and 12 per

cent is from individuals to business. In other words, even the 12 per cent of mail from individuals to business is business-related. I suppose in the main it is people paying their bills. However, only 8 per cent of all mail is from individuals to individuals, and when people complain about mail, the complaints are mostly about that aspect of the service. I suggest we recognize that 80 per cent—or 92 per cent, if we include all business-related mail—is in effect a subsidy to business and should be looked on as such.

There is one other small item I think should be put on the record because I find it somewhat amusing. It might be of interest to hon. members that it costs the post office 55 cents to sell one dollar's worth of postage stamps. I find that figure to be quite extraordinary; nevertheless, that is the answer to question No. 271. If a machine is used, the cost is reduced to 30 cents on every dollar's worth of postage stamps sold. I suppose we could use more machines, but I sincerely question the 55 cents on the dollar cost to sell postage stamps.

What is all this about? I suggest there should be a little more thought on the part of post office personnel. They should realize that the more than 800,000 people in this country who are not entitled to mail delivery to our residences have for years gone to our local post offices to pick up our mail without question. We have saved the post office a very considerable sum of money which otherwise would have been spent on postal delivery. I have suggested that we should pay purely a nominal sum for the post office boxes we use in post offices. A study has been going on—and it continues—since 1974. I will not at this moment suggest the extreme. I have suggested before in this House that perhaps we should abolish residential delivery entirely. That probably will bring some squawks! However, there are many of us who use local post office boxes. We have been saving the post office money and should no longer be penalized by what I consider to be picayune attempts to pick up a dollar here and a dollar there. I sincerely request that the study to which I have referred concludes, in 1982, that we be left in peace, as we were before, to pay our $6 a year for the privilege of using a box and that it be left at that. I ask that the post office leave us alone to lead our lives in a normal, peaceful fashion.

Mr. John Gamble (York North): Mr. Speaker, we have just witnessed a very graphic demonstration of the impotence of members of the government party in persuading both the minister responsible for the Canada Post Corporation and that monster we unleashed as recently as a few short months ago upon the unsuspecting public. We have heard some tales of woe from the hon. member for Vaudreuil (Mr. Herbert), who has indicated that he had to pay $1.50 for a change of address card and that he was obliged to pay $12 for the rental of a post box. Having regard to the wording of his motion, the hon. member might have drawn some very significant matters to the attention of the House, but he did not do that.

In the riding of York North there is an impending battle dealing with the pending regulations under the Canada Post Corporation Act between the Markham Hydro Commission and the corporation. It seems that the Markham Hydro Commission, in its wisdom and desire to save users money, has decided to incorporate the process of both reading a meter and at the same time rendering an account with respect to that meter to the householder. Canada Post Corporation believes that will deprive the corporation of substantial sums of money, and that is absolutely true. In the event the process adopted by the Markham Hydro Commission is effective, one can expect that every hydro commission in the country will adopt the process. The Markham Hydro Commission has an ingenious device which permits the meter reader to tabulate the exact cost of energy consumed and leave a copy of that calculation with the householder while doing his job. Technically, the post office says, that constitutes the delivery of a letter, over which it has a monopoly. There can be no letter delivered, except in the event that three times the normal postage rate is paid and except through the services—loosely referred to—of the Canada Post Corporation.

This raises some rather interesting prospects. As I was thinking about the process employed by this ingenious utility corporation, I thought about a neighbour going to visit a friend across the way, finding his friend away from his house, taking out a pen and paper and leaving a note on the door saying: "I called for you, but you weren't home. Please call me." Conceivably that is a letter, as Canada Post Corporation would like it defined, and the perpetrator of that horrible offence, having delivered a letter without using the services of the Canada Post Corporation, is subject to a fine. To think that this House permitted that kind of loose interpretation to slip into a piece of legislation passed by this House is an abomination. Every time I had an opportunity when dealing with that issue—and recognizing the problem that bill created—I drew it to the attention of the House.

Originally the minister now responsible for the Canada Post Corporation, who at that time was the postmaster general, made two statements in the House. I do not have them in front of me, but *Hansard* will confirm them. On one occasion he said it was perfectly all right if utilities wished to use the services of someone who might deliver bills because he fully recognized that it was less expensive to do it in that fashion. Later he changed his mind and said it was illegal for utilities to use that service. It was apparent from the wording of the statute that it would be illegal.

The process employed initially by the Markham Hydro Commission, however, is a deviation from that illegality, I submit, because what it is is a situation in which no one is being sent out for the purpose of delivering something prepared in another place. The person who actually performs the reading of the meter, which is a service completely unrelated to a letter in any form or fashion, at the same time makes a note, and that note is to be used for two purposes. The first is the purpose of indicating to his headquarters or office the amount of energy consumed. He knows the rate to be charged and, on his calculator, he determines what that is. As a convenience to the householder he tells the householder—as though the householder had come out and said to the meter reader, "Tell me what you have found"—"I have found that

you have used this much energy, but you yourself may confirm it if you read the meter yourself, having regard to bills you have received in the past, and I will tell you what that energy consumption multiplied by the energy rate is going to cost you". He gives them those figures and as a matter of convenience gives them on the spot, in such a way that they can be used as a form of reference.

• (1730)

These are important issues which should be dealt with in this House, not the issue of whether $1.50 or $12 is being charged for the rental of a post box. To deal with the issue of post boxes, I submit you must first deal with the matter of access to those boxes, which is far and beyond the considerations raised in this motion.

The post boxes are kept under lock and key. Thousands of people in my riding would like to use them, but unfortunately there is a limited number of boxes. The riding of York North falls in the category where home mail delivery is not available throughout the entire region, so the issue is when can people gain access to the boxes? The answer is, so long as the post office is open. This creates a problem that in the past has given rise to complaints from constituents who were not able to get boxes because they were not available and constituents who had to stand in line for half an hour at a time, at inconvenient times, because the wickets are not fully manned. This inconvenience to the public has been overlooked. These are the issues to which we should direct our attention, Mr. Speaker.

The concerns that must be dealt with as they relate to the economy in the conduct of business by utility companies, must be paramount in the minds of Members of Parliament asked by the government to restrain demands. The restraint in demands by the utility companies is illustrated by the desire to seek out economical ways to service customers. Because of the functioning of the Canada Post Corporation, that is done through a system such as I have just described.

I raise these issues because the regulations will be approved or rejected by the government. They are in the process of being drafted, and I feel that they are being drafted in a fashion that will preclude the functioning of utility companies as I have described it. That kind of draftsmanship does more disservice to a principal of objectives in this House, which is to cut costs to consumers for services rendered, not only by this government and provincial governments but by municipal corporations and their agencies.

Unfortunately there are no ministers in the House at the moment, Mr. Speaker, but I urge the members of the government who are present to urge the ministers to look seriously at this problem, particularly in light of the alleged government program to keep costs, in addition to salaries, at a level which will not exceed a growth of 6 per cent for the following year.

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, in speaking to this motion presented by the hon. member on the other side I should like to refer to a number of items, complaints and oddities that occur in some of the rural areas that result from the post office service and regulations. It might be helpful to read parts of some letters I have received which will outline the problems more clearly. The first letter, addressed to the Postmaster General, comes from Slocan, British Columbia and reads in part as follows:

> Sir: Recently there has been a drastic increase in postal rates. Now I have been informed of another harsh increase, namely for rental of my postal box.
>
> I strongly protest these outrageous increases without a vast improvement in service. Both increases are unjust and the latter appears to be discriminatory.
>
> I, as well as many other residents in this particular rural area along Hwy. 6, must travel several miles, at extra expense, to collect my mail at the post office in Slocan. We are outside the village limits but do not have rural delivery.
>
> I am told that petitions for such delivery have been submitted in the past, with no results.
>
> In this age of statistics and inspectors why should a time-consuming petition be necessary? Your policies should be examined and revised.
>
> Should there be a charge for box rental in the first place? Urban dwellers receive door-to-door delivery by letter carriers. Is the cost proportionate? We have a right to equal service for equal cost. The cost of a set of keys for a box should be adequate. We already pay that additional cost.
>
> Are we being penalized for our preference of environment?
>
> Another grievance is the antiquated policy of the Post Office in refusing payment by cheque for box rentals. Since we have no choice, this causes another expensive inconvenience, especially during winter months. In this area the banking establishments are a considerable distance away. I see no reason why the local grocery store should be expected to provide this service. If I am required to make such payment, I demand that I be allowed to submit a cheque.
>
> I might add that the hours of access to the postal boxes have been curtailed to little more than the Post Office business hours. Access to the wickets is always denied during sorting of the mail—another inconvenience.
>
> An additional insult is the fact that I am required to purchase a 30-cent stamp in order to inform you of these injustices.
>
> I trust you will give these predicaments your immediate attention. I await your early reply.

That is just one example, but it deals directly with some of the problems in a rural area which were discussed by the hon. member for Vaudreuil (Mr. Herbert). There are other complaints dealing with post boxes and group boxes. The request being made is totally understandable and gives us an opportunity to raise some of the grievances in ways other than we do normally, either by dealing with the appropriate minister or now, of course, directly with the Canada Post Corporation, wherever possible.

In the past few months I think that most members will have found the administration of the Canada Post Corporation to be very receptive and to be working as effectively as is possible in a new regime. All of us are going to have to be on our toes when it comes to redrafting the regulations and definitions in an attempt to ensure that some of the current peculiarities are straightened out.

The hon. member for Kootenay East-Revelstoke (Mr. Parker) pointed out to me that, in an area that encompasses part of his constituency and part of mine in the lower Kootenay Lake area, group boxes were being installed by the local post office but that there were some problems with them. People who have subscriptions to magazines and newspapers found that group boxes do not provide any cover so some of the newspapers and magazines were received wet and in an unreadable condition. A constituent who was not satisfied with the group box went to the local post office and asked for his

former box back in the central post office because he had never requested the change to a group box. He was then told he would either take what he was given or his rates would be doubled. That is adding insult to injury. Again, his is not an isolated case. He has paid his money and then is told he has to take his chances when he thought he knew what he was getting in the first place. That is totally unjust, and surely the cost factor to the post office is not such that people should be treated in quite that way.

• (1740)

A member—I think it was the previous speaker from the Conservative Party—mentioned a number of issues relating to the ability of the post office to finance, especially during its current transitory phase, some of the improvements which many of us demand.

The Acting Speaker (Mr. Blaker): Order, please. I am well aware, first, that we are coming to the end of the session; second, that it is the middle of the summer; and third, that it is private members' hour. Still and all, I do not think we ought to put aside completely the rule of relevance. Perhaps it is wise that on some occasions members should be reminded of it.

I want to assure the hon. member that, given the circumstances I just mentioned, I am not going to apply the rule very stringently. However, I do suggest that if he examines the motion he will see the words:

—the receipt of mail by persons living in towns who are not entitled to postal delivery at their residences.

I would also want to indicate to the hon. member that because I was rather busy with other matters I did not pay careful attention to the preceding speaker, the hon. member for York North (Mr. Gamble), but I will pay careful attention to the next hon. member to follow. For the sake of the rule of relevance I would ask the hon. member if he could try to address himself to the motion.

Mr. Kristiansen: Mr. Speaker, I am not aware that I talked about anything other than the problems of people in rural areas who receive their mail either through group boxes or post office boxes, and I have not dwelled at all on those who receive their mail by way of home delivery, which is quite different in some respects from what both the previous speakers spoke about. Perhaps I have been wandering in some areas, but I do not see a distinction at all between what I have been saying and the rule of relevance. However, I will bear it in mind so that I do not stray too much in the future.

In many of the responses which I have received from the post office corporation, and I am sure other members have as well, one of the major points raised regarding prospective improvements is that "we will continue to respond to changing community needs with mail delivery best suited to local conditions as the resources of the corporation permit". Because of the importance of having the corporation spend its money as wisely as possible, I think a number of us have been more than a little taken aback at recent plans, for instance, by the post office to spend some $200,000 in advertising. We are talking of approximately a $400 million deficit, which others have said may grow to $500 million, but nevertheless what is this $200,000 to advertise? I think most people, at least in the area I represent, are quite aware of the limitations on service and they realize that it is going to take some time to improve. They do not need to be told that things are improving; if there is an improvement in service they will see it very quickly and I am sure some of them will even inform us. Some of them have already because they have been heartened by the little progress they have seen in the improvement of delivery which has taken place over the last few months.

There is another matter which touches upon the ability of the post office to finance some of the requested improvements, and it has relevance to a bill currently before the House. Last Friday I asked in the Standing Committee on Miscellaneous Estimates a question of a gentleman appearing before that committee in another capacity but who is a director of the Canada Post Corporation. It had to do with the implications of Bill C-124 and its effect on the post office corporation. Because it does affect the financial ability, as he saw it, of that corporation to provide some of the increased services people are demanding, including the hon. member who sponsored the motion before us, I do indeed think it is relevant to the matter at hand. The answer of Mr. Lang was as follows:

I think Bill Findlay from the letter carriers can probably supplement anything I am about to say. I have been working closely with all the unions in the Crown corporation and the Post Office before it became a Crown corporation, and since it became a Crown corporation I have been one of the labour directors on the Canada Post Corporation. So I do have some familiarity with the Post Office.

Let me say that throughout the transition to Crown corporation status, and since it has become a Crown corporation, all the unions have been working closely under the umbrella of the congress in meeting with the president of that Crown corporation and in looking at all areas of that Crown corporation's activities. I would even go so far as to having real input and making amendments to the long-range corporate strategy on service, financial self-sufficiency, and labour relations. The unions are having a real impact on that corporation in trying to turn it around.

Let me be quite frank with you. Since this bill has come down, it has not only thrown into question all the objectives of Canada Post Corporation, because the five-year plan which had been drawn up and the financial targets which are to be met are now all thrown into jeopardy, both on the receipt side and on the expenditure side—it is very, very doubtful whether the Crown corporation, if the government pursues its Bill C-124, particularly on the price increase side but also on the labour relations side, is going to be able to meet its financial commitments or the financial stringencies this government has placed on it. In other words, if it cannot meet them, what it is going to mean, in my opinion, as a director, is that the Crown corporation is going to have a larger deficit, and that is going to have to come out of general revenue.

I think that points out another danger in areas that we will be dealing with in the days immediately to come, which will put further roadblocks in the way of all those members who have been attempting for months, many for years, to get better service not only in the rural areas but also in urban areas, particularly in western Canada, who have been waiting for ungodly lengths of time for an extension of home delivery. Certainly they have some benefits of urban residents, but they do not have the benefit of a modernized postal service. We certainly hope that whatever is done in the future, if we are successful in assisting those who are trying to modernize the post office, we can bring about some of the improvements to

service which I and many others have been asking for. For example, in Kamloops, areas such as Aberdeen Heights and Dufferin are totally urban in design and density, yet they have been unable to receive door-to-door delivery for many years. The entire district of Salmon Arm, which is a highly urban area with a population in excess of 15,000, has again been waiting for years for door-to-door delivery. It seems to be unfair. In Calgary, Alberta, some areas have finally got home delivery. But we still have many urban areas that are still unable to get that kind of service.

• (1750)

I have one final problem that I want to bring to the attention of the House. It concerns communities which have postal box delivery. Often addressed mail does not have the box number included and the mail is not delivered, but returned. In smaller communities this problem is even more evident. There seems to be no reason why post office officials who know the people in the community very well refuse to deliver mail to the boxes simply because the mail does not have the box number on it. We know that regulations require that all details are to be listed on mail. But in the absence of a list or directory of persons and their box numbers, it seems silly that the only time post office officials are allowed by the regulations to forward mail to boxes without an indication of the box number on the item is when it emanates from outside of Canada.

The excuse used by the post office, although it is not in the regulations, is that it cannot publish such a directory of names and box numbers because it would be contrary to the privacy section of the Human Rights Act. But if someone wants to have an unlisted box number, why can that not be allowed? A person can have an unlisted telephone number. If someone wants to have an unlisted box number, why can a person not make that request to the post office in the same way a person does for a telephone? You simply stipulate to the telephone company that you do not want your name and number listed. Why can that not be done for a post office box number? Why that is permissible under the Human Rights Act for a telephone and not for a post office box is beyond me, and it is beyond the comprehension of many of the people I serve and, I am sure, of many people across Canada. There are many anomalies and oddities in the regulations for which no one seems to be able to find a sensible basis. I do hope that in the very near future many of these things can be straightened out and we can get on with our jobs.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I am happy to express a few points of view today with respect to the Canada Post Corporation. You will recall that making Canada Post Corporation a Crown corporation was supposed to solve many administrative ills. The government engaged a high-powered guy—

Mr. Darling: A high-priced one.

Mr. Dionne (Northumberland-Miramichi): —to take it over, to straighten out problems dealing with such things as mail delivery in towns. However, I have not seen much improvement. I support the motion made by the hon. member for Vaudreuil (Mr. Herbert). I even find myself in agreement with the hon. member for York North (Mr. Gamble) who spoke this afternoon. I never thought I would live to see the day I would agree with him, but I do today. I agree that Canada Post Corporation should be limited not only to the 6 per cent and 5 per cent increases in rates but I say Canada Post should not get a penny more from the public until it has shown that it has its house in order and it is not squandering public funds.

Some hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): It is time there was some order in the post office. As a matter of fact, I have come to the conclusion that the administration of Canada Post Corporation is perhaps the most arrogant group that one could find anywhere in the world. There is a problem in my own home community. For three weeks, since the postmistress resigned, I have been trying to find out what is going on. I might just as well be talking to the man in the moon because my telephone calls are never returned. When I telephone to make an inquiry I am always told that everybody is at a meeting, or they are out or up or down, but never there. One wonders how is one supposed to get answers when no one is ever there. It seems to me that when somebody who represents a constituency in this country calls a Crown corporation, one should have the right to expect a reply and not be completely ignored. I know that Canada Post does not have much time for Members of Parliament. After all, we are a pretty lowly species. I suppose people in Canada Post read the press and find out just how lowly we are and unworthy of discussion. But in any event, when I call Canada Post, I expect to get replies.

There is one thing of which I want to assure the public and members of the House who are having problems with Canada Post, and that is that Section 33(2) of the Canada Post Corporation Act, formerly known as Bill C-42, states that every annual report made before Parliament pursuant to subsection (1) stands permanently referred to such standing committee of Parliament as is established for the purpose of reviewing matters relating to transportation.

It so happens, Mr. Speaker, that, by the grace of my colleagues on the Standing Committee on Transport I am the chairman of that committee. One day Canada Post will at least have to conform with the law and its report will come before the Standing Committee on Transport. For once Canada Post officials will have to answer questions put to it. If I am still chairman of that committee, I am quite prepared to state here and now that the hon. member for Vaudreuil will be able to obtain answers to his questions. I will ensure as well that other members of the House who have been unable to get responses from Canada Post will also get their questions answered. That is the reason the act states that representatives of Canada Post must come before a committee of Parliament to justify the annual report of Canada Post Corporation. That is a wide reference. At that time we can find out about persons living in

towns who are not entitled to delivery at their residence and why certain district directors in this country—who more properly should be called district disrupters—have the authority in their minds to determine that rural areas, entitled to rural delivery within one-quarter mile of the Post Office, can be declared by their whims and wishes to be incorporated villages. The justification a district director gave to the press was that everyone knows the village is a village because there are road signs saying "This is Millerton". It happens to be my home community so I know that it is not an incorporated village, but that does not seem to make any difference. The district director decides. What he decides, because he gets his mandate from God, obviously, has to be right.

If these people decide to move the post office in the middle of the night, that is fine, too. Canada Post officials do not have to notify the people. They can write notices to every person on a particular delivery route telling them that as of such and such a date the address will be changed. There will be a new postal code and the whole bit. When that is challenged and an explanation is demanded, the answer given is, "We have no idea how that letter got written." Despite the fact the letter was signed, that is the answer we get. You are told, "It was all a mistake, it should never have been written." Maybe the postal corporation should pull in some of their people and give them a course in honesty and truthfulness. Maybe the president of the corporation should spend a little less time in meetings and a little more time talking to people. Maybe he should have his people answering phone calls. Maybe he should see that they are in once in a while. If some of these things were done, maybe we would have some service. But until we get that service, the post office should not go to the people of Canada looking for any more funds.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I appreciate the motion which is before the House this afternoon presented by the hon. member for Vaudreuil (Mr. Herbert). I have had a great interest in the post office for some years as a member of our own party's committee on that subject. I can appreciate the hon. member's concern with respect to the charge made for postal boxes. In my area of Parry Sound-Muskoka there are a great many municipalities, yet only one town in the whole riding of Parry Sound-Muskoka, the town of Parry Sound, has mail delivery. All the rest have post offices, both small and large. I have had a great many complaints in recent years concerning increases of 100 per cent on all boxes. A great many people—and of course many of them are not in good financial positions—are very unhappy about it. There has also been a good many complaints from people who live in rural areas where there is mail delivery, but for some reason or other—and this is a small percentage of the population—they would prefer to have their mail delivered to post boxes and to purchase post boxes. Of course they are assessed a 100 per cent surcharge over the regular rate because rural mail is available to them. I feel that this is an injustice.

• (1800)

May I call it six o'clock?

The Acting Speaker (Mr. Blaker): I thank the hon. member for recognizing the time. Before calling it six o'clock, it has been brought to my attention that last Friday I indicated to hon. members I would attempt to produce a solution to the question concerning the mysterious disappearance from the Falkland Islands. That solution has been found. It is called, "war brides".

It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6.02 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

CANAGREX

MEASURE TO ESTABLISH

The House proceeded to the consideration of Bill C-85 to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, as reported (with amendments) from the Standing Committee on Agriculture.

The Acting Speaker (Mr. Corbin): As hon. members are aware, there are 14 motions standing on the notice paper at the report stage of Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada.

Motions Nos. 1, 6, 7, 8, 9, 10, 11 and 12 should be debated together with a vote on motion No. 6, disposing of Motions Nos. 1 and 8; and a vote on motion No. 7, disposing of Motions Nos. 9, 10, 11 and 12.

Motion No. 2, standing in the name of the hon. member for Medicine Hat (Mr. Hargrave) gives the Chair some misgiving concerning its procedural acceptability in that it is attempting to introduce a new definition in Clause 2 by way of an amendment of a substantive nature. Therefore, I refer the hon. member to Beauchesne's Citation 773(10) and to Mr. Speaker Lamoureux's ruling on May 21, 1970, when he said:

> . . . amendments of a substantive or declaratory nature should not be proposed to an interpretation clause. If such amendments were accepted, the clause would not then be an interpretation clause. I am sure hon. members realize the difficulty of accepting substantive amendments or proposals under the general classification of interpretation. I suggest to hon. members with respect that that is not the place to make proposed amendments or motions which are of a substantive nature.

Therefore, I must rule that Motion No. 2 is not acceptable. However, the hon. member, if he so wishes, may present his arguments in favour of the motion at the appropriate time.

Motions Nos. 3, 4 and 5 should be grouped for debate and voted on separately.

Motions Nos. 13 and 14 should be debated and voted on separately.

Mr. Charles Mayer (Portage-Marquette) moved:

Motion No. 1

That Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be amended by striking out the long title at page 1 and substituting the following therefor:

"An act to establish a corporation called Canagrex to promote and facilitate the export of agricultural and food products from Canada".

• (2010)

Mr. G. M. Gurbin (for Mr. Schellenberger) moved:

Motion No. 6

That Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be amended in Clause 14 by striking out lines 13 and 14 at page 9 and substituting the following therefor:

"purposes of promoting and facilitating the export".

Motion No. 7

That Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be amended in Clause 14 by striking out lines 20 to 23 at page 9, lines 3 to 8 and lines 14 to 22 at page 10.

Motion No. 8

That Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be amended in Clause 14 by striking out line 28 at page 11 and substituting the following therefor:

"(*c*) promote or facilitate trade in"

Motion No. 9

That Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be amended in Clause 14 by striking out lines 9 to 37 at page 12.

Mr. Bill McKnight moved:

Motion No. 10

That Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be amended in Clause 16 by striking out line 3 at page 13 and substituting the following therefor:

"grex intends to use for its".

Motion No. 11

That Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be amended in Clause 16 by striking out lines 6 and 7 at page 13 and substituting the following therefor:

"grex with respect to any loan or".

Motion No. 12

That Bill C-85, an act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, be amended in Clause 16 by striking out lines 11 and 12 at page 13 and substituting the following therefor:

"purpose of any loan or guarantee entered".

Mr. Hargrave: Mr. Speaker, I rise on a point of order. May I make an inquiry with respect to your ruling that my Motion No. 2 has been declared unsatisfactory or not acceptable? Am I to understand that Mr. Speaker has ruled that at an appropriate time—I think that was the expression Mr. Speaker used—I may be able to present certain arguments in support of the acceptability of my motion? Am I to understand that I can do this at some later date?

The Acting Speaker (Mr. Corbin): The hon. member has understood correctly. I might repeat that what I said was that Motion No. 2, because of the precedent quoted, is not acceptable in the opinion of the Chair. However, the hon. member, if he so wishes, may present his arguments in favour of the motion at the appropriate time. I would take "appropriate" to mean once we have disposed of the grouping of Clauses Nos. 1, 6, 7, 8, 9, 10, 11 and 12.

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, the bill which is before us tonight deals exclusively with agriculture. During the time I have been in the House it is one of the rare times that we have had an opportunity to discuss agriculture.

Many people may wonder why agriculture is important since many of the available figures which are widely used indicate that there is something less than 5 per cent of the population which is engaged in farming. Therefore, some may wonder why a bill which concerns agriculture may be important. I see here the Minister of Agriculture (Mr. Whelan) and a fair number of government members. Their presence here I think is important because it demonstrates that they also believe that agriculture is important.

The reason why agriculture is so important in Canada is precisely that less than 5 per cent of the population is engaged in that industry. If there were up to 20 per cent, or as many as 50 per cent of the population engaged in farming, such as in India, we would not have the time to enjoy all the amenities which we take for granted in this country. We would not be able to have a 40-hour work week or paid vacations or enjoy a standard of living which we have come to expect and take for granted.

I am also pleased that the Canagrex bill has attracted the attention of the media because this bill is worthy of some media attention, a fact which in turn may attract the attention of the rest of the country.

Too frequently we take the efficiency of our agricultural industry in this country for granted. We take it for granted that we can depend on the agricultural industry. For example, I do not think any of us have been to a store where we could not purchase a loaf of bread, milk or vegetables and fruits which are out of season. Very often farmers or businessmen go to shops to order supplies only to find that they are on back-order or have to be manufactured and shipped to the shop. This just does not happen with respect to our agricultural commodities which we call staples and what we see as necessities in our country. Therefore, I suggest that agriculture has been doing a good job for Canadians.

In addition, I think this bill is important because it addresses the export performance of the agricultural industry. We are all aware of the hard economic times we have been going through in which interest rates have been causing severe problems for small business and farmers. The one bright spot in the economy, probably the brightest, is the fact that agricultural exports from Canada continue to earn record amounts of foreign currency. Not only is agriculture important for our domestic wellbeing in providing us with a high standard of living, it is also important with respect to our foreign exchange. Every day in question period we are told by the Minister of Finance (Mr. MacEachen) and we are told time and again by the governor of the Bank of Canada that we have to protect the value of the Canadian dollar because if we let it fall our imports will cost more money. This includes imports of food such as oranges from Florida, and other fruit and fresh vegetables from California. As our dollar falls in value it makes those imports more expensive, which adversely affects the value of the Canadian dollar and adds to our interest rates.

To counter this reaction we are told that we must raise interest rates. I suggest one method for protecting the Canadian dollar without the necessity of raising interest rates to attract money into Canada which we have to repay is simply to sell those commodities which we produce. That is precisely what agriculture has been doing. I submit that it has been doing a good job here as well.

This bill basically deals with agricultural exports. I think that many of us justifiably feel that Canadian companies and producers have generally been doing a good job in maintaining exports. Certainly, the government has a role to play in the export field. The reason for my amendment is that many people feel that the government should not be directly involved in exports. Many of us feel that the government does have a role to play in helping not only agricultural exports but all exports of Canadian produced commodities. But I would submit that that role should be primarily to keep Canadian producers as productive and therefore as competitive as possible with foreign countries. Our chief agricultural competitor, as we all know, is the U.S. It should be this government's main job in terms of agricultural exports to see that the Canadian farmer is able to compete on a favourable basis as far as costs of production, interest rates, fuel prices, trading arrangements, and tariff and non-tariff barriers with the Americans.

• (2020)

We are dealing with a very important topic here this evening. Just to quote the figures, the total agricultural industry produced something like $17 billion worth of goods last year. That is a lot of money. Of those goods, we exported a great amount. We also imported some, but if one takes the amount of goods exported out of the country and subtract that from the goods that we imported, one finds that agricultural exports were still in a $4 billion surplus position. That is a very important factor in relation to our foreign exchange, keeping our dollar competitive and keeping us competitive with the Americans.

To discuss the bill in somewhat general terms, since the amendment before us this evening is to the long title, our basic concern on this side is with the buy and sell provisions of the measure, with the provision which will allow Canagrex, if passed in its present form, to engage in the export of agricultural and food products from Canada. The bill is presently entitled, "An Act to establish a corporation called Canagrex, to promote, facilitate and engage in the export of agricultural and food products from Canada". The motion would simply remove the words "and engage" from the long title, which would then read, "An act to establish a corporation called Canagrex to promote and facilitate the export of agricultural and food products from Canada".

We need the promotional aspects of this bill and some of the other things that the bill would provide. For instance, we would welcome the additional financing and credit guarantees that it would provide. If one looks at the list of amendments that we have proposed from this side, one will find that the majority of them express a concern over the buy and sell provisions of the bill. They are related to Clause 14 of the bill which would give this Crown corporation the power to become really involved through joint ventures and even to go as far as becoming engaged in the actual production of food in this country.

The government has a responsibility and a legitimate role to play with regard to exports. Among them would be the promotion of agricultural goods around the world. It also has a role to play with regard to credit guarantees when dealing with certain foreign countries where the risk may be great. The government may have a role to play in assisting private enterprise which is in the business of exporting agricultural products where the risk may be such that the private enterprise company could not stand the loss of a sale to a part of the world where credit may be a bit shaky. The government could assume some of that risk and assist in providing guarantees of credit.

Another area which is somewhat similar would involve export insurance, and I think the government has a legitimate role to play here. The fourth area which is implicit in the bill, and which we welcome, deals with the long-term and short-term assessment and analysis of the demand by foreign countries for certain agricultural goods produced in Canada. Many of these things are presently being done. The Department of Industry, Trade and Commerce has a very extensive program involving four or five areas to which I have just referred. In terms of the long-term supply and market demand and analysis of what is going on in other parts of the world, it would indicate to Canadian exporters where they should be looking. We do have trade commissioners in some 70 countries, the list of which I have in my hand. We do maintain commercial offices in our embassies, literally around the world. Just to name few of them, they include Algeria, Costa Rica, The Ivory Coast, Kenya, Morocco, Jamaica, Nigeria, Korea, Kuwait, Mexico, New Zealand and Pakistan.

The assessment of the witnesses we heard before the Agriculture Committee in relation to this bill was that those

commercial attachés and embassies around the world can be given much credit because they have been doing a good job. In addition, the Department of Industry, Trade and Commerce has several programs, and I will outline a couple of them this evening. There is the Promotional Projects Program and its short title, or abbreviation, is the PPP. The department states that "the main objective of the Promotional Projects Program of the Department of Inquiry, Trade and Commerce is to promote the export of Canadian products and services". That would include Canadian agricultural products. The program consists of a number of sponsored promotions designed to meet particular requirements, and these include trade fairs abroad, trade commissions, in-store promotions, incoming trade delegations and buyer programs. That is precisely the kind of program from which agricultural exports can benefit.

I am told that these forms of assistance vary from project to project, where the government cost-shares travel arrangements for people who want to travel to potential markets and assess them on a first-hand basis. The Department of Industry, Trade and Commerce also assists people who are involved in actual sales ventures in other countries. Eligibility in such that the company involved must be established and operating in Canada and that the products which are being exported must be at least 60 per cent manufactured in Canada. Since agricultural products would be 100 per cent manufactured in Canada, those producers would have no problem meeting the criteria. In addition, the Export Development Corporation has a program providing export credit insurance. The purpose of this is to insure Canadian firms against non-payment when Canadian goods and services are sold abroad. Agricultural commodities qualify.

The Export Development Corporation also provides long term export loans. It provides sureties and related insurance for performance and foreign investment guarantees, insuring Canadians against loss of their investments abroad by reason of political actions. Those are some of the things which are presently being done by the government, and we must applaud it for that. Again, from what we have been told in committee, the people in the business of exporting agricultural commodities have made good use of that service, by and large. In addition, in March of this year, a news item in "Trade News", which was sent to my office, stated that the Department of Industry, Trade and Commerce had set up a new program under the EDC, specifically aimed at food, called PEMD Food, the Program for Export Market Development, specifically for food. This program was intended to cover the costs of people interested in developing export markets so that they could visit new markets, identify export potential and allow them to participate in trade fairs in order to bring potential foreign buyers to Canada and to allow for formal bidding on specific projects outside Canada. "Trade News" stated on page 3:

• (2030)

Normally, approved costs will be shared on a 50/50 basis by the department. These costs include personnel costs, travel costs, special costs such as booth space, rentals, consultant and professional fees. The contributions are generally repayable—

This is interesting.

—if the project is successful and results in new export sales. Repayment may be waived in cases where the applicant is not a sales organization and where sales are not generated as a direct result of the project.

The promotional and export guarantees and the market intelligence which is provided for in this bill is now being provided by the Department of Industry, Trade and Commerce generally under its mandate but, more specifically, under a new program which has just been established by that department called the "Program for Export Market Development (Food)". Those of us who have followed this bill through committee really question why the government needs to set up another Crown corporation to compete with existing government programs already in operation.

The mention of Crown corporations brings another point to mind. This government has a penchant for setting up Crown corporations, to the extent that I do not think anyone really knows how many Crown corporations are in existence. We question why we need another Crown corporation to get involved and to compete with government departments already in the field when there are so many other Crown corporations already in existence and when we are having problems in terms of exercising proper financial control over many of those Crown corporations.

There are some very serious questions to be asked about this bill and particularly about the provisions in the bill which allow the government to get involved directly or engage in buying and selling agricultural commodities.

Let me deal with what I think should be the main responsibility of the government in terms of maintaining agricultural exports. Surely the main objective and the main preoccupation of the government should be keeping agricultural production in this country competitive. I submit—and I think I would be backed up by literally every farmer in the country—that this government, and particularly this minister, have been absolute flops at keeping Canadian agricultural producers competitive with producers around the world.

Let me compare our situation with that of our main competitor south of the border. I challenge the minister to do so. I know he will speak after me and ramble and make a lot of noise but, as usual, probably without making a lot of sense. He should look at hard facts about American producers. If he did that, he would realize that American farmers have access to financing at rates of interest lower than those paid by Canadian farmers. Many of us in this House have raised the issue with the minister and with the Minister of Finance of how we could use some American programs as examples of how to bring about lower financing costs for Canadian farmers. I see the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) sitting beside the Minister of Agriculture (Mr. Whelan). It is interesting that he is here tonight. I have had discussions with that gentleman about some of the programs the Americans have in place. Those programs allow American farmers to compete more favourably with us. I had discussions

with the parliamentary secretary's predecessor, the hon. member for Ottawa Centre (Mr. Evans), about how we could do these things, but this government is not disposed to looking at measures which would allow Canadian farmers to remain competitive with their American counterparts.

Any farmer right across the country will tell us that the number one problem he faces is not grasshoppers or climate, whether it be lack of rainfall or hailstorms. It is not even the marketing of his commodity, what he can grow or what he can get for it, although price is a problem. The main problem Canadian farmers face now is high interest rates. I think the government should look at that problem very seriously and look also at some of the suggestions the opposition has been making. If the minister would care to talk to some farmers, he would learn that many of them now follow the weekly interest rate setting process which goes on at the Bank of Canada as regularly as they follow weather forecasts and the markets, because interest rates are now more of a determining factor in how long farmers will stay in business than the weather or the markets. Interest rates are very important. If the minister wanted to be fair about it and wanted to be serious, he would realize that the Americans have access to rates of interest which are lower than those paid by Canadian farmers. I submit that if we are to have increased agricultural exports, the first responsibility of this government is to make us competitive as far as interest rates are concerned.

The second thing we could do to make us competitive would be to do something about the fuel prices farmers pay. Several of us on this side of the House have raised this issue with the Minister of Agriculture and the Minister of Finance with regard to the excise tax, the federal tax on fuels used for production of farm goods. We have all received letters from greenhouse operators. We all know the effect fuel prices have on the cost of agricultural production. American farmers are paying less for fuel than Canadian farmers. If the government were serious about doing something to keep us competitive on export markets, I think it would look seriously at reducing the excise tax on farm fuels. The federal government now takes between 40 cents and 60 cents a gallon on farm fuels. Many of us can remember buying fuel for half that amount. When I first started farming some 25 years ago, fuel cost 18 cents, 19 cents or 20 cents a gallon. Now the federal government is taking two times and three times that much per gallon just for excise tax.

That is only part of the story because as the federal government taxes natural gas, that shows up in increased prices for fertilizers.

In many ways Canadian farmers who consume petroleum products have the worst of both worlds. Canadian consumers generally pay very high prices for petroleum products. We are told increased prices are supposed to guarantee domestic supply, but at the same time this government is increasing its tax take on a gallon of fuel, and this is driving the domestic oil industry out of the country. When I say we have the worst of both worlds, I mean we not only are experiencing high prices but at the same time we are also driving Canadian production down. It seems to me that the government has a responsibility to keep us competitive.

There are several other factors we could talk about in relation to keeping Canadian agriculture competitive in order to maintain our export advantage and to maintain our export markets. One factor is the way this government represents agricultural commodities when it negotiates trade and trade barriers with our trading partners. I think the last round of tariff negotiations in Geneva concluded in 1979, some three years ago. I submit that our agricultural commodities were badly represented by this government. We need only look at the guarantees we gave our trading partners respecting beef imports into this country. Let me talk specifically about the beef industry. We were negotiated into a position where the meat import law we have passed in this session is meaningless because no one stood up for Canadian agriculture at Geneva. If the government is serious about agricultural exports, it should do a better job of going to bat for Canadian agriculture as far as trade barriers are concerned.

We have an initial price for wheat which is set at $4.75 a bushel, which means that when the producer delivers a bushel of No. 1 red spring wheat, he gets something in the neighbourhood of $4.35 to $4.40 a bushel, once freight is taken off and allowance is made for a bit of dockage and shrinkage. In the European Economic Community wheat sells for about $9 a bushel. When we send a bushel of wheat to the European Economic Community to compete with the product there, a levy or excise tax is imposed which brings the price of our grain up to the level set by the European Economic Community. If this government were serious about doing something for agriculture, it could do something in this area. It could make some mileage there and help us export our products to other countries.

I can say the same things about Japan. Japan is very anxious to get certain kinds of agricultural exports from Canada. We know the Japanese are very competitive, ambitious and hard-working people, and we give them credit for that, but they are also very skilful in negotiating the best deal possible for their producers. Japan is very anxious to buy raw rapeseed, but does not particularly want to buy our rapeseed oil. If they buy the raw rapeseed, that provides jobs for the crushers in Japan. There is about a tenfold difference between the value of raw rapeseed oil and rapeseed oil. In other words, the Japanese buy from us about ten times as much raw rapeseed as refined oil. Of course that is good business for them because it means jobs for the crushers in Japan to turn the raw rapeseed into rapeseed oil. It does nothing to provide jobs for the processing industry in Canada, however. If the government seriously wants to increase agricultural exports that is an area where it could take some action.

• (2040)

We question why the government now wants to become directly involved in trading. Indeed, with the history of government generally, one would wonder why people want them to become involved in anything. As governments become larger

and larger, the people who vote have less and less control over them. Members of Parliament are asked to decide many, many things with one vote. Another Crown corporation is going to make it tougher for us to control government and see that it does a good job for the taxpayers who foot the bill.

One way in which the government could do something about keeping this country competitive in exports is by establishing a stabilization plan for beef. Last December the minister spoke about this, and the agriculture committee offered to hold an in camera meeting if he wanted to discuss it. That is eight or nine months ago, and we have not heard anything about it since. If the government wants a competitive beef industry in this country, it should ensure that there is uniformity in pricing from coast to coast. When the provincial treasuries of each province bid against each other in order to maintain their beef industry, it is apparent that this is not good for the long-range prospects of a national beef industry.

Whether the minister likes it or not, the beef industry is of major importance in this country. It is important to agriculture because it is a large consumer of feed grains. A stabilization plan with uniformity of pricing from coast to coast would keep it competitive. Fortunately, the beef industry has a long history in this country, so I do not think that even the minister, in the ten years he has been in office, could destroy it. It is more credit to the beef industry if it survives, however, than to the minister.

I find it strange that the government wants to become involved in exporting some of these commodities without fulfilling its obligations at home to keep them competitive. I could make the same comments about a stabilization plan for hogs. There should be a national plan along the same lines as a beef stabilization plan, but no leadership has been shown by the federal government.

In April the Farm Credit Corporation Act, Bill C-88, was amended to allow the corporation to borrow funds by any means with the concurrence of the Minister of Finance. We have not seen any results from that as yet. There is a new head of the Farm Credit Corporation, and we give him credit—no pun intended—for the qualifications he brings to the job, and we wish him well in it. I would urge him to do what he has to do posthaste, however, because agricultural producers are facing very serious financial problems. An export Crown corporation would be meaningless if all our producers were out of business. The minister needs to do his homework and see that the provisions of Bill C-88 are implemented so that additional funds are made available to producers as quickly as possible.

I should like to deal with the minister's attitude toward the buy and sell and "engage in" provisions of the bill, Mr. Speaker. It has been said, and I will repeat it, that some of the functions set out in the bill are already being carried out by one or more government agencies or departments, so it seems that the government must want this bill in order that it may become more directly involved in the export of agricultural commodities. In fact, at committee the minister said so—in a very crude fashion which I found rather unfortunate. I will try to refine and clean up what he said, which was to the effect that unless Canagrex is allowed to engage in the export of agricultural commodities it would be as useless as what I will call the mammary glands on a boar pig. I think this points to the government's deliberate intention to become directly involved in farming and the agricultural industry. We do not need that, Mr. Speaker.

By setting up a Crown corporation to promote and provide credit facilities, the government will provide competition for the Department of Industry, Trade and Commerce. It is interesting that we could not persuade the Minister of Agriculture to allow the Department of Industry, Trade and Commerce to send its witnesses to the committee to set out how the provisions of this bill would compete or complement Canagrex. One would think that if the government were interested in providing services to taxpayers at the least possible cost, it should co-ordinate the efforts of the different departments to this end. The Department of Industry, Trade and Commerce has a plan which pertains specifically to food, yet we did not have the opportunity of examining that program in committee and comparing it with the one that is proposed in this bill. I think we should be able to co-ordinate the programs to get the best value for our tax dollars.

Other problems came to light in committee. For instance, there are several commercial attaches with our embassies around the world who are strictly concerned with agriculture. I have to give credit to the former minister of agriculture in the Clark government, the hon. member for Elgin (Mr. Wise). In his brief tenure in office he increased the number of agricultural attaches with a view to accomplishing some of the things this bill sets out to do. I have to give him a lot of credit for that because when he proceeded as quickly as he did, he showed he was interested in agriculture, that it was a priority and he was interested in getting the job done. But if we have a situation where Canagrex, in its present form as a Crown corporation, would be competing with the private sector for agriculture exports and an agricultural attaché in Mexico City found a market for some white beans or navy beans, you would wonder where that information would go. Would it be made available as openly and freely to the private sector as it would be to the Crown corporation? You would think there would certainly be in some ways a conflict of interest there. That issue was raised several times in committee and is one which needs to be examined very closely because, by and large, the private sector has been doing a very good job as far as exports are concerned. There are several export firms in Canada competing with each other for export markets, but they can only compete fairly if every one of them has access to the same kind of information. Anyone who knows anything about marketing, particularly farm commodities, knows that if you go into a marketing situation and you are not equipped with all the information, then you are very much at a disadvantage.

• (2050)

It seems to me that in a situation where Canagrex was operating as a competitor to the private sector and there was information available from a federal government source, there would be some possibility at least of that information being

made available more readily to the Crown corporation than to the private sector. I find that a very disturbing kind of question and dilemma which is associated with this bill. It is disturbing from the point of view that the private sector is in business to make a profit and they pay taxes on that profit. Those taxes fund the government. So you could find yourself in a situation where the government was using taxes derived from the private sector to take unfair advantage in the marketplace. It is a very serious question which needs to be answered and it was not answered to my satisfaction and that of most of the members on this side, in the extensive airing the bill had in committee. So if the government is really interested in proceeding with this bill and doing what is right for Canadian agriculture, I would certainly urge it to accept not only this amendment but the rest of the amendments you grouped together, Mr. Speaker. I believe they were Nos. 1, 6, 7, 8, 9, 10 and 11. They all have to do with the buying and selling as far as the Crown corporation is concerned. That would certainly signal to the agricultural community that the government is not as interested as it was in getting directly involved in the export of their products.

There are some other amendments, Mr. Speaker, having to do with better management, a sunset clause, a better accounting system as far as reporting back to the House is concerned, and those kinds of things. But the main objection we have to the bill is the fact that it will allow the government, because of the widespread powers in Clause 14, to willy-nilly get into the agricultural commodity export business. Let me sum up by saying I think the government has a responsibility to Canadian agriculture. By and large, as far as the export of agricultural commodities is concerned, I think it has been doing a fairly good job, but I submit the main responsibility it has is to create and maintain a healthy economic climate at home so that our producers can remain competitive. After all, the thing that is going to sell our agricultural products is price. If we can remain competitive and offer an assured supply at a fair price, that is basically what is needed to maintain and increase our agricultural exports. That should be the main preoccupation of this government and this minister.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I appreciate the opportunity to speak on this bill tonight. I also appreciate following the hon. member for Portage-Marquette (Mr. Mayer) who always seems to present his agruments in such a reasonable fashion.

After a couple of hundred years of the existence of agriculture in Canada we have a nation which is very dependent on agriculture and where it is still a major industry. But over that period of time things have changed considerably from a basic approach of survival where the farmer raised what he could for himself and helped to keep his neighbour alive by selling or trading with him, to that point where agriculture is a major part of the Canadian economy. It has become one of the most important factors in our world trade. For example, our exports of agricultural products in the period from 1971 to 1975 were about $3 billion. By 1980 they reached $7.8 billion, and have of course increased since then. That represents an increase of about 261 per cent. It is also very important to note that our surplus of agricultural products exported over those imported is more than $2.7 billion. Compare that with our over-all surplus and our balance of trade for 1980 of $5.25 billion. Agricultural products represented over 50 per cent of the total trade surplus, while accounting for only 10 per cent of our total trade in dollars. That is a pretty good record which the agricultural industry has built up over the years.

The bill, Mr. Speaker, is an attempt by the government to increase that expansion still further. However, I have some worries about this bill and the approach the government has taken to agriculture. The government does not deal with some of the real concerns of the farmers, concerns which every member of this House recognizes and is aware of. Indirectly, possibly, the development of a corporation to increase farm exports would really be worthwhile. But it is interesting to note that this bill has taken a long time to get through this House. First reading was on December 8, 1981. Second reading started on January 25, 1982, and we are now only at the report stage. Part of the reason for this situation is that the official opposition have spent a lot of time on this bill in committee, in fact approximately six months. This is a little surprising when you look at the initial support the official opposition gave to the bill. For example, I will quote from a speech by the hon. member for Elgin (Mr. Wise) who said, speaking of the bill on January 25:

• (2100)

> I welcome it because it is at least an indication that this government at long last is showing some interest for the time being in the promotion of agriculture or the sale of agricultural products. I wonder why it took some ten months, from February to December, to prepare this legislation when farm organizations and farm leaders have been requesting this type of scheme for at least five or six years. I can recall my first introduction to the Canagrex concept when it was brought to the attention of our caucus back in 1973.

He goes on to say:

> It should also be noted that even the February 20 announcement came one year after the 1980 election, and in that campaign Canagrex formed a very integral and important part of the Liberal Party's agricultural platform. If this government had acted upon this promise a year and a half ago and had given priority to increasing agricultural exports, then our agricultural industry might not be experiencing the same severe economic distress which plagues it today.

That is a very concise statement indicating the kind of support that we need for some form of push to be given to exports if we are going to increase our agriculture structure by exports.

Part of the reason for this delay was also caused by the rather antiquated procedures by which bills are brought into the House and are passed by it. For instance, if the official opposition and even members of the government had had the opportunity to make suggestions to this bill before it was drafted, I am sure that it would not have taken nearly as long to get through committee stage. The only weapon the opposition has in changing a bill is, I suppose, delay. It is very unfortunate because that is exactly what the official opposition did. The bill was delayed by the official opposition to make amendments which may have been unnecessary had this House

had the opportunity to make some contribution to the drafting of the bill rather than leaving it to the bureaucrats.

Since I have been here I have found that bureaucrats seldom have a real insight into what members want in a bill. I am not speaking only of members of the opposition but of members of the government as well. The official opposition has concentrated its attack on the ability of Canagrex to take an effective part in agriculture. The actual sale of goods or the ability to stockpile, if you wish, to purchase and to sell certain products might have a detrimental effect on agriculture. That is the basis of the official opposition's position.

The official opposition has also suggested that it does not want such a corporation to be able to dictate prices, establish quotas and so on. There is some inconsistency in the position of the official opposition. It shows up again in a speech made by the hon. member for Elgin who said:

> One of the major problems facing Canagrex will be its effectiveness in view of its very limited budget and staff.

He went on to say:

> However, with these massive reductions from the minister's own personal assessment of minimum standards for Canagrex, I wonder whether the corporation will be able to perform adequately the role laid out for it in Bill C-85.

The danger expressed by the hon. member in that speech is that Canagrex is not big enough. Since that time, we have had a number of approaches by the opposition. We have heard them say that Canagrex is too big or that it might get too big.

Again, a whole area of concern, not only of the official opposition but of members of the government and members of my party is the accountability of Crown corporations. This is not limited only to Canagrex but to all Crown corporations. Here I must give the official opposition a great deal of credit because its members stuck to the point. If we had been able to take part in drafting this bill, we may not have had to go through weeks of meetings concerning it.

As I said, members of the official opposition stuck to the point and, along with members of the government and members of my party, we have been able to create through this bill a corporation which will be the most accountable of all Crown corporations, certainly of federal Crown corporations. A lot of provincial corporations need this kind of accountability.

I want to go through just a couple of the clauses in the bill which point out the accountability. First let me refer to Clause 14. this is a somewhat controversial clause as you can see from the number of amendments put forward, Mr. Speaker. Those members who were in the committee hearings will recognize that it continually caused controversy because it lays out the powers and purposes of the corporation. Within it, in its present form, it has several limiting clauses which make it impossible for Canagrex to strike out on its own. It also limits the purchasing of property so that it can only make purchases for certain uses.

These clauses were proposed, or at least forced to some extent, by the official opposition. It should be noted that Clause 14 (1) makes provision for the credit union system to be part of the financial structure of Canagrex. We thank the minister for this concession which was welcomed by the credit union system in Canada. Second, Clause 29 provides financial controls which has the corporation report to the minister and have its account audited by the Auditor General. It further allows the Auditor General to proceed with a comprehensive audit when he deems it necessary. This would guarantee a referral not only to the Auditor General if he makes that decision, but to the minister, eventually to the Standing Committee on Public Accounts, and then back to Parliament. This is much more accountability than is required by any other Crown corporation in the federal structure, and there are some 400 of them. Lately the need for such accountability has been well pointed out, highlighted rather thoroughly, and underlined by a rather damaging report which was tabled not too long ago by the Auditor General in his partial comprehensive audit of the Canadian Dairy Commission. I think it might be interesting to make some comparisons between Canagrex and the Canadian Dairy Commission.

• (2110)

In order to be fair to Canagrex, I suppose I should review a bit of what happened to the Canadian Dairy Commission since it began. It has been subjected to three investigations on aspects of its operations in the past 19 months. There has been a report from Mr. Justice Gibson, an arbitration report from Mr. David Kates and a comprehensive audit by the Auditor General. These are the kinds of things which can happen to a Crown corporation if it does not have built into it the kind of accountability and security which I hope will be built into Canagrex.

Essentially these reports said the same thing about the operations of the Canadian Dairy Commission, namely, that there was little in the way of effective management for operating procedures to ensure that the Canadian Dairy Commission performs effectively. In the drafting of the Canagrex bill some of these things were taken care of by the very fact that they will have to be referred to the Auditor General and then back to the minister.

Our party supports orderly marketing. We want supply management to work well where it has been established, but we have some difficulty supporting the workings of an agency which has performed as badly as the Canadian Dairy Commission. If we are to have the kind of agency that we can accept, we must be sure that it will have the kind of accountability that makes it work well.

I should like to refer to three other sections of the act. Clause 31 requires that the corporation operate according to a three-year plan. Clause 40 requires an annual report which will be referred to the minister and then to the Standing Committee on Agriculture. Clause 41 requires that the act will be referred to the House for review after five years. I hope these sections will make this particular agency much more acceptable and much more accountable to Parliament.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I must say that the hon. member surprises me by the shortness

of his speech. I did not expect him to quit so soon, so I was reading some documents at my desk.

I am amazed by some of the things which have been said about the corporation we are proposing—Canagrex. The hon. member who just finished speaking referred to the fact that it was mentioned many years ago. As he pointed out, we in our party used it as part of our party platform in two different election campaigns. It was not hidden from the public. As late as this evening, I have been told, certain individuals on the news said that Canagrex would have a monopoly. I say that is an untruth and a falsehood. There is no way that it could possibly have a monopoly even in the first instance and, even more so, since the amendments were made in committee by members on different sides of the House. They suggested that we amend it so that it can only enter into a venture when requested to do so. I do not understand how these people can say the things which they said as late as this evening on public electronic media broadcasting. I say, "Shame on them" for what they are saying because they know darned well that it is not true.

Mr. Mayer: What is not true?

Mr. Whelan: There are no monopoly powers granted under the Canagrex act. The hon. member knows it as well as I do, and they know it as well as I do. But they have planted the fear in people's minds that farmers will not be able to sell anything at all unless it is sold through Canagrex. I say that that is an outright falsehood, and they know that it is an outright falsehood, as far as that goes. They are guilty of a misdemeanour.

Mr. Mayer: You do not even know what a misdemeanour is.

Mr. Whelan: Mr. Speaker, I was as docile as I could be while they were talking. I cannot understand why they are a little aroused now. I am putting some of the facts on the record.

An hon. Member: Why don't you go back to reading?

Mr. Whelan: Perhaps I will refer to a letter which I was reading earlier. It reads:

Dear Mr. Whelan:

Thank you for the strength you bring to the cabinet and the government of our great country.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Kempling: You wrote it yourself.

Mr. Whelan: It is a very short letter. It continues:

I sincerely pray that you may overflow with God's wisdom and strength as you continue to wholeheartedly serve Canadians.

It is from a man way out in Vancouver, British Columbia. I could read thousands of letters like it, if hon. members opposite want me to.

Some hon. Members: Oh, oh!

Mr. Whelan: I receive many good letters about what I am doing and what the government is doing in Canada. I will read from another one. This is from Walter E. Kroeker in Manitoba. He wrote:

Let me assure you that there was a full appreciation of your efforts in Arostook County. It would have warmed your heart to imagine all these growers as your constituents!

I am sure, Mr. Speaker, you know where that county is. It is in potato country not very far from your constituency. They were saying what a great job I was doing on behalf of Canadian potato growers, and that it was making it impossible for the United States to compete with potato growers in Canada. That huge, big country could not compete with Canada because of what we have done for potato growers. He ends up his letter, Walter does—and he is an old friend of mine but of a different political faith, I believe—by saying:

I would respectfully urge that there be no new programs for potato growers, and especially, no stabilization programs. Not included in this recommendation are assistance efforts directed toward offshore exports only, such as Potatoes Canada and, when operational, Canagrex.

That is what Walter wants. Walter is a former president of the Canadian Horticultural Council of Canada. He is a very successful entrepreneur in potato production and in other kinds of agricultural production in the province of Manitoba. He is very active in the broadcasting field, the seed production field, etc. He is one of the most knowledgeable men in all of Manitoba. I am sure the hon. member who led off this discussion would virtually agree with that. That is the kind of letter Walter wrote me. I say, "Wonderful", thank you, Walter". He has a member who sits right across from me who is his brother-in-law.

Some hon. Members: Hear, hear!

Mr. Whelan: When the hon. member talks about the United States, I am sure he is aware of that great big country and its great big trading and enterprising system. They have the amended law 480 to give them tremendous powers to dump their products.

The hon. member for Lisgar (Mr. Murta) has asked several questions in the House about what we will do if the United States Secretary of Agriculture uses law 480 and the powers which he has. He is worried about it, and he has every reason to be worried about the powers which they have under law 480. They can buy and sell. They can establish facilities in other countries for processing of any product they want. They can do that in their great free-enterprise system in the United States.

• (2120)

What have they done with the Webb-Pomerene bill? United States legislators voted in 1916 giving power to establish a cartel to determine price. They enacted the law, which has never been used since 1916, but the government of the United States of America saw fit to put it into practice now and to give them a cartel over poultry.

None of our marketing boards have such a thing. None of the provisions we are proposing in the Canagrex Act would even suggest such a thing, and it makes me so mad that they go to the extremes that they do to say that we are giving cartel powers, that we are giving authority to have monopoly in Canagrex.

I am almost tempted to say, Mr. Speaker, that it is a damn lie, but I would not go so far as to say that. It is just an untruth, that is all, a very bad untruth.

I am most surprised by the amendments that have been put forth by the opposition members in relation to the Canagrex legislation. The fact of the matter is that the bill has gone through a gruelling four months of debate. As the hon. member for Price Albert (Mr. Hovdebo) said, it was introduced in December, and was four months in standing committee, during which time more than 30 organizations and companies came forward with their comments and criticisms. And there were a lot of them. Many were legitimate and we paid attention to many of them. We reviewed all the presentations that were made to the committee. Acting on constructive suggestions that we heard during those hearings, we made a number of important amendments to the original bill. In fact, 11 of the 14 amendments approved by the all-party committee are substantive and the other three deal with language.

Among the amendments that have already been made to this bill is one brought in by the hon. member for Elgin (Mr. Wise) which is three pages long. It does what the hon. member for Prince Albert says, that is to make sure there can be no vested interest by the directors or the management of this board. It is a direct replica of part of a bill that they introduced when they were the government of Canada, and I agreed to that.

I agreed also to the amendments of the hon. member for Prince Albert whereby the Auditor General would make a review every year. I do not know if he knows this, Mr. Speaker, but it is the first time in the world that that will be done. No other Crown corporation in the world is automatically subject to a complete review every year.

So they say we are building a huge monster. The fact is that it is subject to scrutiny as is no other Crown corporation in any province, in any federal system, in any democracy in the world. I have readily agreed to that, to show how sincere I am, to make sure it is going to run right, yet they said, "Who is this fellow Whelan?" I challenge you to find anything with which I have had anything to do before or since I came to this House that was run badly, and if we found it to be so that we did not do something about it. My record is pretty darn good and I am proud of it, as far as that goes. I have dealt with big corporations, little corporations, etc., much more than those who would criticize me and hide behind somebody else. Some of them are in the House tonight, I am told, and I was looking to see where they are. They are supporting some of the worst marketing systems in the world and leading a revolution against Canagrex—for what? I will touch on that later.

As I said, we have made these amendments, we have made these concessions, we have leaned over backwards to make sure that we guaranteed that we were not creating any kind of a monster.

As Canagrex is now constructed in the bill, we have a potent tool to assist in expanding exports and at the same time we have numerous safeguards for both the private sector and the taxpayer.

Of the 14 amendments we have before us, only one is a government amendment, and it is merely a language change, a correction. Nine of the remaining 13 amendments are identical to the ones proposed by the Conservatives in committee, which gave rise to the extensive amendments that we have agreed to.

As their spokesman indicated on July 8, the amendments were dealt with in a fair manner. Eight of the opposition's amendments are aimed at taking away Canagrex's power to engage in exports when requested to do so. I will deal with those amendments as a group, but first I would like to speak to the other five amendments which would have us do the following things: exclude beef from Canagrex's realm of operation, and you, Mr. Speaker, have already made the ruling on that, and you were going to allow the mover of that amendment to raise his objections at the proper time; restrict the president or a director to no more than two terms of office; force the publication of the directors' salaries and expenses; impose a sunset clause.

The hon. member who led off the discussion today says that what they needed was stabilization for beef. He said there has been no offer of leadership in this. Let him come with me to my office and I will show him the presentation that we made in 1978 to the provinces, Mr. Speaker, 100 per cent of income insurance for all products. Who objected to that? Several of the provinces did. The Canadian Cattlemen's Association did; the Canadian Federation of Agriculture did, because they said it was too good, it was too lucrative, and today, in 1982, they are asking for basically the same thing that they turned down in 1978. One hundred per cent of income insurance I offered them. They said, "You will have no controls over production, you will have farmers producing like you cannot imagine if you have that kind of system." I thought it was a pretty good system. I had cabinet approval. When the hon. member for Elgin was minister of agriculture, he withdrew it. He said it was going to be too costly.

They want me to go ahead with a program like the one in Alberta, and Alberta has lots of money. They are putting into the beef industry in that one province this year, as the minister of agriculture told me at our provincial federal ministers' meeting several days ago, $158 million. That is that great, free enterprise, productive system? Mr. Speaker, that is a form of welfare. I cannot imagine them taking welfare for such a productive, efficient entity, and it is a very efficient, productive entity. There is none any better in the whole world. They do not have that system in the United States, no way do they have that system. They do not even have the stabilization program that we have, that many people say is obsolete at the present time. I just say that about the programs that we have in Canada, as was pointed out in the hearings both in Boise,

Idaho, and in Bangor, Maine, about the potato programs that we have that are too good.

You know, Mr. Speaker—well I will not ask you to make comments, because I know you cannot in your present position, but I know you could, and I know you would if you could, I should say.

I will speak on the last point first. It is on Motion No. 14. A sunset clause is what they call it. In effect it presumes that Canagrex is guilty unless proven innocent and puts the corporation to death at the end of five years unless it is rescued through extraordinary measures. I understand that the intent of the sunset clause is to ensure that the government carries no deadwood, that it only maintains agencies that are proven effective. I believe we have answered that concern through the amendment that we put forth in Clause 41. In that clause we agreed that after five years Canagrex's operation should be brought before the Standing Committee on Agriculture for report and full review. This is a much more meaningful process than the sunset clause. It will provide for an effective scrutiny of the agency, but it also presumes that Canagrex as a business will continue to function.

Tell me, Mr. Speaker, how could we attract top people to the agency if they had to assume that that agency would not be around after 1987? How could we get some highly skilled persons to move, say, from Alberta, a province that has been very successful at exporting and whose organization has the power to buy and sell? They said they were not successful until they were granted in Alberta the power to buy and sell?

While I am talking about Alberta, maybe we should put on the record how many Crown corporations they have in Alberta. They have 18. Many of them have the power to buy and sell. They even have an airline, they have a trust company, they have many Crown corporations.

Mr. Mayer: Would the minister accept a very brief short question?

Mr. Whelan: When I am finished, with pleasure.

• (2130)

I just finished mentioning all the successful Crown corporations which the province of Alberta has. There is the Alberta treasury branches, and I could give you a whole list. I am amazed at the number there are in Alberta. As well, look at the amount of land Alberta has leased to farmers—state-owned land that is farmed. There are millions of acres under that kind of program. No one says that Alberta is grabbing all the land. No one says anything like that. For instance, that was not said when I met the new premier of agriculture in Saskatchewan. How many Crown corporations do they have in Saskatchewan? They have 24. I asked the minister if he was going to get rid of those Crown corporations that he has the power to buy and sell. He laughed. He said, "Not if they are making money. Not if they are being run well." I will bet you that they will not get rid of one, because if you look at the records, those corporations are all doing pretty well. I can go as far east as we can go, to Newfoundland. How many Crown corporations do they have in Newfoundland? They have 37. The minister of agriculture for Newfoundland told me in Halifax that his government is creating three new ones to assist the agriculture industry in Newfoundland. They have the power to buy and sell. He said, "I do not see very much wrong with what you are doing. I do not really see anything wrong."

When the members from Alberta in particular really study their Crown corporations, they will see that they have imagined that I am creating something that is different from what is there. Your own livestock people have admitted that they could not be successful until they have the power to buy and sell. When they appeared before the committee they admitted the difficulties they had with the present federal program to assist them in exporting live cattle to Mexico. They could not do it. I even became involved in the issue with IT & C as a minister trying to assist them. We could not assist them, but we will under Canagrex.

I will not list all the Crown corporations, but a quick review of the list shows that the provinces have over 200. It is true that we have Crown corporations in the federal system, but certainly there are Crown corporations as well in the provincial system. I just have to mention Ontario Hydro, for instance, which is a monster which has the power to expropriate, buy and sell and do everthing else.

Agricultural development is a long-term process. It is not the kind of thing that lends itself to the quick and dirty kind of atmosphere that the sunset clause would create within the Canagrex office. That clause means you could walk in and kill them at the end of five years, no matter how successful they are. However, if the committee finds that Canagrex is ineffective when a five-year review is conducted, the committee could recommend its demise.

The next amendment I would like to discuss is motion No. 2 which would delete beef cattle and the beef products from Canagrex's possible realm of operation.

Mr. McKnight: I rise on a point of order, Mr. Speaker, I hesitate to interrupt the hon. minister but I believe he is addressing an amendment that has been ruled out of order by the Chair.

Mr. Whelan: Mr. Speaker, the hon. member for Medicine Hat (Mr. Hargrave) said that he would bring it up later. The hon. member who led off the discussion spoke about everything. There is nothing in the bill about gasoline, taxes or anything else. He was involved in everything. He talked about just everything I ever did or said. I had my hearing aid turned off but I even heard some of what he said. I was told that I did not miss much either.

I would like to quote from a letter which I received from the Canadian Hereford Association in January. It says:

> We look forward to utilizing the services of Canagrex to help us expand our international markets.

I have also heard from many other smaller organizations and firms in the beef business who have expressed their

support for Canagrex. They seem more than satisfied, especially since we made the amendments, that we will not just go in and gobble them up like some have suggested. That was never our intention. Every one of those members knows that. That is true for those sitting in the gallery who also may have some concerns. Instead of selling products, they are trying to stock beef and have a little organization to sell it. Some of them are sitting in the gallery. I know who they are, I know what they are doing here. They are lobbying for their own hide.

It is because some people see themselves as the good guy having a shoot-out with the bad guy government that they allow themselves to overlook the concerns of many of the country's beef producers simply because they do not share their prejudice against governments. Do not forget that Canagrex's services are voluntary. As I said several times, they are not compulsory, but those hon. members believe that if they say it loud and clear enough people will believe them. They have implanted this in people's minds.

I was on a hot-line show which ran as far north as Edmonton to as far south as Calgary. A young farmer said to me on that show, "I will not be able to sell anything unless I sell it through you." That is what those members have them believing. I cannot understand how any good Member of Parliament could ever try to create that kind of thought in a person's mind. We have made the amendments which allowed for voluntary action and provided for joint ventures, but these hon. members were still saying it as late as today. Some of you know that. You know that it is wrong, too.

Mr. Mayer: Name one member who said it.

Mr. Whelan: I am amazed that members would say things like that. The services are voluntary. Its services can only be used in relation to export markets in co-operation with or at the request of governments. Those members have farmers believing that if they want to sell a calf they have to do it through Canagrex, through the local butcher. That is garbage. These services can only be used in relation to export markets, as I said, in co-operation with or at the request of governments, Canadian companies, co-operatives, marketing boards, associations or other Canadian enterprises or individuals carrying on business in Canada. Is there something wrong with that? Those people who use the trade services now like them because they are relatively free. We get involved in many trade promotion programs and they take part in them. It costs the Department of Agriculture money, but we are very proud of the trade promotion we work on with IT & C. We want to expand upon it. We do not want to be stymied when it comes time to make a deal, and they cannot do so or they will not because there are not the necessary guarantees, and they cannot be provided that kind of guarantee under any legislation which exists at the present time unless they try to combine three or four measures. Even that combination cannot always accomplish the final contract which is needed.

Motions Nos. 3 and 4 would restrict the tenure of the president and the directors to two terms. I wonder if the opposition would care to make the same restriction apply to Members of Parliament?

Mr. Deans: Yes.

Mr. Whelan: Some are suggesting that we go to the Republican system. I heard that comment even without my hearing aid. I believe the democratic process to be very good, as far as I am concerned. Some of us continue to come back here, regardless of what the opposition says.

Obviously, the reason we would not want to place the two term restriction on the directors is that we would prevent ourselves from keeping valuable people on the board. At the same time, the three-year or five-year term gives the government an opportunity to replace people who are not measuring up to what we expect. I am sure that is what hon. members would want. I would just add that in a field as vast as the international agri-food trade, the more experience a person has, the more valuable he will be to Canagrex and to Canada. It would be foolish to dump them just because they had served their terms.

Motion No. 5, dealing with publishing the director's salaries and expenses, is something that the board itself would have to decide.

The eight remaining amendments were dealt with extensively in committee and they add up to one thing: stripping Canagrex of its power to engage in exports when so requested. They would restrict Canagrex basically to providing marketing information, promotion, credit and grants. Those services are important, but they must be part of a total package that includes the ability to engage in exports when necessary in the limited circumstances set out in the amended bill. Without that ability, Canagrex will not be seen as an active, potent partner of the Canadian agricultural industry as we want it to be.

The Canadian Federation of Agriculture has some strong views. I would like to quote from a letter dated July 27 from the President of the Canadian Federation of Agriculture. It states:

• (2140)

The Canadian Federation of Agriculture board of directors meeting today has reviewed its position regarding the Canagrex legislation in light of the amendment to the bill as reported in the agricultural committee report and reaffirms the position previously indicated to the government in the agriculture committee. To repeat, the CFA, in its early submission, made it clear that the whole purpose of Canagrex is to have an operational agency that can, in appropriate ways, engage in export activities as agent, broker, participant in joint ventures, and it is desired by the governments of some importing countries as an exporter. The CFA still strongly supports that position. The other authorities as provided in Bill C-85 are also important but do not in themselves constitute an adequate basis for action by Canagrex. The CFA has made it clear that Canagrex must approach its work on a go-slow basis while it gains experience, must operate co-operatively and not competitively with co-operatives, the private trade and producer boards and organizations, and must avoid—

It is a big word. They do not want bureaucratization.

Mr. Prud'homme: Next time don't write that, okay?

Mr. Whelan: It is a very long word and that is a quote by a farmer. It goes on to state:

The CFA also reiterates its strongly held position that the majority of the board of directors be representatives of producer organizations.

Mr. Hargrave: Who signed that?

Mr. Whelan: Glenn Flaten, the President of the Canadian Federation of Agriculture. He is from Saskatchewan.

The important thing to remember in this whole question is that in committee we had unanimous support for an amendment stating that Canagrex will only become involved in buying and selling products in co-operation with or at the request of other governments, Canadian companies or Canadian producer organizations. Canagrex cannot go out into the market on its own initiative. It was never the intention to have Canagrex engage directly in farming or processing, and this is assured by another amendment to Clause 14 as approved by the committee. Why in the world would it want to be involved in that? That is what I cannot understand. It would only be involved as part of joint ventures with the private trade. Private trade has been requesting that for many years, even before I was Minister of Agriculture. It wanted more assistance for those perishable products in which they are dealing, the sale of which on the world market involves a tremendous risk.

Let us consider some of the other provisions of the amended bill which further ensures that the private trade will benefit as a result of Canagrex. The most obvious fact is that most of the people on the board of directors will be supplied and selected from the private sector. They will understand exactly what kind of assistance is needed to maximize this country's export of agri-food products and they will be subject to strict conflict of interest rules, as I already said. These rules are contained in the amendment put forward in the committee, and I searched it, by the hon. member for Elgin and are contained in the amended bill. If one checks the legislation on the books in any province, or in the federal system, one will probably find only one other bill which has that amendment providing for the strict conflict of interest rules. Furthermore, this will be backed up by a policy advisory committee of people from all over Canada. Never has there been such preparation or thought behind a bill to ensure that all suspicions would be alleviated. I would put the operation of Canagrex against the operation of any private company, any co-operative or any marketing board because of these amendments which were made, and I accepted some of them from the members of the opposition who said I was stubborn, I would not bend, I would not listen—

Mr. McKnight: You never did.

Mr. Whelan: —I would not accept any of the motions. I would advise hon. members that I accepted them, because I can well remember the night when I said I would accept this and I would accept that. I thought the hon. member for Elgin had the whole committee convinced that we were ready to bring the bill into the House and give it swift and speedy passage, because many people in the part of Canada from which he comes are 100 per cent behind Canagrex.

Mr. McKnight: They are getting further behind, too.

Mr. Whelan: The public is protected through a number of means. Perhaps the main one is that Canagrex must submit annually a revised three-year corporate plan. I ask hon. members, what other Crown corporation can one think of that does that?

Mr. Mazankowski: VIA Rail.

Mr. Whelan: We have been checking to find out how many do. There are very few which must do that kind of thing, which is binding, which will form the basis for its strategy and its budget for the year. A summary of the corporate plan will be made in public but, of course, yearly details must be kept confidential because they are in competition with other companies in the world. There are few government agencies that are subject to such stringent safeguards and restrictions. I think one can probably count them on the fingers of one hand. With the amendment I have made, I believe the Canagrex legislation is well balanced in terms of its modified purposes, powers, checks and its operations. I believe we can go no further without crippling Canagrex unfairly.

I urge the House to defeat the 13 amendments proposed by the opposition at report stage. As I said earlier, these points have been extensively debated during committee, and their constructive aspects have already resulted in extensive amendments which were approved by the committee.

I would ask that the House approve the government's one amendment, Motion No. 13, which is simply a language change. In short, to succeed in its job of reinforcing its role as a partner in export capabilities of Canada and the food industry, Canagrex must have the flexibility spelled out in the amended bill. So, we should go over the facts and the history and consider the power which I mentioned in the country with which we have the most similarity, the United States of America, and what it is doing at the present time. Right now we are living with deep concern about what the United States will do with its dairy industry. Four, five or six years ago, when we spoke with the United States about meeting with the countries involved in surplus industrial dairy production competing on the world market, and we asked to have a meeting, two former secretaries of agriculture in the United States said, "There is no need for such a meeting because we will never have a surplus of industrial dairy products." Because of the subsidization program in their country, without any control overproduction, it is costing $2.5 million a day, or over $2 billion annually. In a report given in Fredericton on Monday of this week, a USDA official said that it could cost the United States much more than that and that they do not know what to do. After speaking with Secretary Black, we felt that the United States could cut the price. It was his idea to cut the price to farmers and they would cut production. But because of cheap feed grain prices and its subsidization program, the

producers turned on their dairy production like one cannot imagine. There are over 500,000 tonnes of surplus industrial milk products. Secretary Black told me, "We do not intend to dump it on the world market to hurt any of our trading partners". I do not know what he will be forced to do. In the United States there will be an election in the fall and there are many rural ridings at stake. If one reads the proceedings of Congress and the Senate, one finds that they did not cut the price of the dairy farmers in the United States. They held it at the status quo and they are looking at the matter again. It is not expected that there will be any changes in the price of dairy products until after the New Year in 1983.

We have discussed trade, stabilization and prices. The hon. member mentioned prices for gasoline and we have made a comparison of prices for gasoline and for diesel fuel. There is not much difference in prices in the various areas of Canada and the United States. Some are just about even. Some are a little higher, but there is not the tremendous difference hon. members opposite seem to try to put across in this House at different times in questions and so forth. We have the facts and figures. They are long and detailed. Hon. members opposite talk about the tax on gasoline. Let them check and see where that revenue goes. That added increase in costs goes to refineries, provincial governments and the federal government. The actual federal tax on gasoline and diesel fuel in Canada is very small indeed.

• (2150)

Some hon. Members: Oh, oh!

Mr. Neil: Sixty cents a gallon.

Mr. Whelan: Hon. members opposite know full well that taxing is a different system than the sharing of revenue.

Mr. Mazankowski: A tax is a tax.

Mr. Whelan: The table I have shows a breakdown of consumer prices for gasoline components including provincial sales tax, federal tax, royalties and taxes on crude oil, the petroleum compensation charge and payments to the oil industry.

Mr. Mazankowski: Canadian ownership charge.

Mr. Whelan: We can give a complete breakdown of prices and taxes. The federal excise tax of 1.5 cents per litre is levied only on gasoline. It is rebated to all commercial users, including farmers, and there is no federal excise tax on diesel fuel, heating fuel or propane. I am talking about federal excise tax because that is what hon. members opposite keep referring to.

Mr. Mazankowski: We are talking about federal tax.

Mr. Whelan: When we are talking about royalties and taxes on crude oil, that is a different thing. The producing provinces levy royalties and taxes on crude oil at the point the oil is sold or transferred to refineries. These taxes are estimated at 5.36 cents per litre for gasoline and can be regarded as being the same for farm fuel.

Mr. Mazankowski: A tax is a tax, and you know it.

Mr. Whelan: The hon. member knows full well that the provinces and the industry are taking the biggest share.

Mr. Mazankowski: That is not right.

Mr. Whelan: The hon. member knows that full well, and he also knows full well that somebody must be taking a bigger rip-off in the United States when Americans pay a comparable price but do not have the same taxing system. Who is making the profit? There is not much difference in the price producers pay for their product.

Mr. Mazankowski: We pay Alberta only $25 a barrel for oil. Where is the difference?

Mr. Whelan: The average price paid by farmers for gasoline ranges from a low of 29.1 cents per litre in Alberta to a high of 34.8 cents per litre in British Columbia. These estimates exclude the federal excise tax and provincial sales tax, with the exception of the 2.4 cents per litre levied in British Columbia. That is the only province which levies that kind of tax on fuel used for agricultural production. The average price paid by farmers for diesel fuel varies from 28.8 cents per litre in Alberta to 35.2 cents per litre in British Columbia, which is the highest of all.

Mr. Mayer: What do they do in North Dakota?

Mr. Whelan: I have a whole list which I will make available to anyone who wants to make a comparison of the costs farmers—

Mr. Mazankowski: It is deceitful.

Mr. Whelan: —pay in different regions in the United States and in different regions in Canada, but I can tell hon. members that there is not much difference. There may be a difference of one cent here or a cent there, but there is not much difference in the costs producers are paying.

Mr. Mazankowski: What about the wellhead price?

Mr. Whelan: What the hon. member for Vegreville (Mr. Mazankowski) is really saying is that in the United States some companies must be making tremendous profits because they are charging farmers the same. The difference is in the taxing system, if hon. members want to call it that. We have a revenue system which ensures we have greater ownership of our energy industry in Canada. The vast majority of the people of Canada, whether in the east or in the west, go along with that kind of program, and the hon. member knows that.

Canagrex is a corporation about which we have talked for a long time and needed for a long time to help make our agricultural exports what we all want them to be and what we all say we want them to be. We have one disagreement, and that is with respect to the power to buy, sell, own and so forth. There are many, many Crown corporations, provincial and federal.

Mr. Mazankowski: Too many.

Mr. Kempling: You don't need any more.

Mr. Whelan: Crown corporations in provinces from which hon. members on all sides come have these same powers. I do not hear hon. members condemning them for having that kind of authority right in their own backyards, but they condemn me for wanting this little farm organization called Canagrex to do a certain job. Hon. members opposite should read the minutes of the Standing Committee on Agriculture. I was amazed today to hear about what a good job we are doing for agriculture. Mr. Speaker, you have been here long enough to have heard questions like "Why aren't you selling more?" Hon. members opposite have said that if it was not for wheat, we would have a great trade imbalance in Canada. Where are we selling all the other products? Hon. members opposite condemn the government and this minister when we try to do something to improve trade and assist entrepreneurs and private industry people so that they can compete with other countries in the world and have some kind of organization that assists them one way or another. Our people tell us continuously we cannot compete because we do not have the same guarantees and we do not have the same security.

Mr. Wise: Mr. Speaker, I rise on a point of order. I did not want to interrupt the minister's speech because he was enjoying himself so much during its delivery. However, knowing the minister as I do, I am sure he would not want to leave any inaccuracies on the record or mislead the House. He made some reference to the rationalization of stabilization across the country. He knows that was on the agenda of the provincial ministers' conference in 1978, and it was also on the agenda in 1979 when I was minister. The minister indicated he had a financial commitment from the Treasury Board. He is absolutely correct. Where the inaccuracy occurred was in an indication that when I was minister I withdrew support. That is not correct. That is inaccurate. The minister knows there was no more support for that type of program in 1979 than there was in 1978. The people who were against that program were against it for the reasons the minister mentioned tonight. He is absolutely correct. In addition, only about two of the ten ministers representing the provinces supported the plan; thus the reason for the discontinuation of that program.

Mr. Whelan: Mr. Speaker—

The Acting Speaker (Mr. Corbin): Is the minister rising on the same point of order, if it is a point of order?

Mr. Whelan: Yes, Mr. Speaker. I think my memory is pretty good. I am going by the record. When the hon. member was minister I do not believe he shredded any of the decisions he made or the transcripts of any of the discussions in which he was involved. If I have read the record correctly, he was the minister of agriculture at the time it was decided to withdraw the program. According to the notes I have seen, the reason was the cost of the program. I will do some double-checking and, if I find that I am wrong, I will readily apologize.

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I have only two or three minutes left to me, and in that short time I would like to make several points. I was prepared to make a very reasoned and, I think, reasonable argument and comment on the bill before us tonight. It is very difficult to be reasonable following the Minister of Agriculture (Mr. Whelan). We have been treated to another vintage ministerial outburst which would well qualify the minister for any acting award, but it had very little to do with the important issue before us and the serious concern we on this side of the House have about some of the measures proposed in this bill.

The first point which should be made is that although the minister did not refer to a "damned lie" because that would have been an unparliamentary thing to say, he did comment on 17 different associations—which are too numerous to mention in the short time I have—which have very serious concerns. They represented themselves in the news media in much the same way the minister often does, and brought forward a very reasoned position on the bill.

The second point I would like to make before calling it ten o'clock is that people who read *Hansard* or are watching today should be reminded of the comments of the minister in the House in response to the hon. member for Vegreville (Mr. Mazankowski) several days ago. The minister was responding to questions about promises he made regarding the prices of fuels and capital gains tax exemptions for farmers. He made promises to the agricultural community and to the Canadian public during the last election campaign. When responding to the hon. member for Vegreville, the minister said:

> —I do not know what research the hon. member is using for all those statements that I made, because if he is reading speeches I gave during the election campaign, those were not prepared . . . . They were made in the heat of debate, you could almost say off the cuff, but there isn't any cuff there!

One hon. member said:

> What is on your shoes?

Thank you very much, Mr. Speaker.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PENITENTIARIES—SHOWING OF PORNOGRAPHIC FILMS AND STAGING OF TOPLESS DANCING. (B) CORONER'S STATEMENT ON CYANIDE DEATHS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, in the past few days the country has been shocked by newspaper accounts of what happened in the penitentiary at Archambault and the tragedy visited upon the families of some guards who worked there. What happened to the guards, and the long-term agony the families have to face as a result of what has happened to their loved ones who worked at the prison, is indeed a tragedy. What is also of concern is the question this tragedy raises in the minds of the public across Canada.

As I told the Solicitor General (Mr. Kaplan) in the House yesterday, we were informed by press reports that sometimes it is the practice to allow prisoners at Archambault to view pornographic films—at what level of pornography we do not know—and that in at least one of these showings topless dancers performed.

Serious questions have been raised in this House and across the country about how the prisons are being run and whether the objective of the prison authorities is to provide security for all Canadians. The Solicitor General denied yesterday that prisoners are being allowed to see these kinds of films. But, Mr. Speaker, why would the guards who work at the prison issue a statement to the press which the Solicitor General said is not true? What is in it for the guards who have to go to work next day? If they have been saying things to the press that are not true, then they have to face the administration which has, in effect, been libelled by them. Why would they issue a false statement in this case?

This points to a double problem. If the films are shown, and the allegations are correct that they are shown because the administration is afraid of the reaction of the prisoners if they are refused, there are two problems. First of all, what is the effect of those films on the prison population? Just this evening I spoke to a psychologist about this and he said that the fantasizing in the minds of those prisoners would be uncontrollable. If they are then released to society, what is to stop them from acting in the vicious manner they have seen in the film?

The second problem is that if the allegations of the guards are correct and the administration is allowing the films to be shown because they are afraid of the reaction from the prisoners if they are not, then who is running the prisons? Who is making the choices? Who is calling the shots?

The Solicitor General also said yesterday, in answer to my question, that the policy of the correctional system is to follow the classifications made by the film censors. Presumably films are classified because the public has a right to be alerted about the destructiveness of some of them. The public ought to enjoy that right, so the classifications are identified in the movie ads. If some are classified as being harmful to our general society, society can accept responsibility for its decisions. If it is possibly harmful to those people, is it not logical to assume that it is even more harmful to a group of people who are in prison because they cannot handle life in a normal society? We are in fact not dealing with a segment of normal society.

• (2205)

The minister says those films are shown according to classification, but what assurance does he have that those classifications are being followed in the showing of those films? How does he know whether the authorities in the prison system are clearly following the classifications issued by the officer in that particular province? Are the regulations being adhered to?

If the classification prohibits viewing under certain circumstances, and those circumstances are very limited because those films happen to be very damaging, is it not reasonable to assume that those very regulations could be met by this society? For example, if a classification officer decides a film can be shown only to a stag club because it is that kind of film and should not be shown in mixed company or to the general public, does it not follow that the segment of the population within the prison would qualify as meeting the requirements of that particular classification, as happened in the B.C. Penitentiary about three years ago?

The Acting Speaker (Mr. Corbin): Order.

Mr. Friesen: Just this one comment.

The Acting Speaker (Mr. Corbin): Order.

Mr. Friesen: I call upon the minister to do a study across Canada of the correctional system to make sure that the regulations are being adhered to.

[*Translation*]

Mr. Alain Tardif (Parliamentary Secretary to Solicitor General): Mr. Speaker, I should like to give the following answer to that question.

[*English*]

The policy in general is to permit inmates to view only films that are approved for public showing by the film classification boards in the provinces in which the institutions are located. This is in keeping with the rule of law that an inmate continues to enjoy all his rights, just like a free citizen, except those taken away by law or by the nature of his confinement.

[*Translation*]

Mr. Speaker, the CSC acknowledges its responsibility with respect to both the security of the institution and the protection of the neighbouring community. It also takes the appropriate measures to make sure that the films shown in the institutions are consistent with the acceptable standards of the community and that they are censored by the film classification board of the province where the institution is located. Still, even after that important stage, the director general or the institution warden may decide not to show any film whatsoever if, in his opinion, it might disrupt order in the institution.

Before allowing the screening of a film that has not been censored by the film classification board, the warden must see and approve the film. In keeping with its policy, the department does not allow the screening of pornographic films or shows given by erotic dancers in penitentiaries. Indeed, the Solicitor General did make some comments on such a show a few years ago. The authorities had not in any way approved the show, but they felt at the time that any intervention might have compromised the safety of the artists.

As to the remarks of Coroner Maurice Laniel about the increasing use of cyanide in suicide attempts, I would simply

point out that never in a federal institution has an inmate committed suicide that way. We hope that the report of the inspector general will reveal how the inmates were able to obtain the cyanide, and we would be well advised to await his findings before deciding what measures should be taken to prevent such incidents.

• (2210)

[*English*]

CANADIAN WHEAT BOARD—QUERY RESPECTING APPLICATION OF SIX PER CENT RULE TO TWO-PRICE SYSTEM. (B) ANNOUNCEMENT IN SENATE

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, I take part tonight in the adjournment debate as a consequence of a question I asked on July 21, 1982, of the Minister of Transport (Mr. Pepin) in his responsibility for the Canadian Wheat Board. It had to do with the government's proposed 6 per cent and 5 per cent guidelines. Having regard to the two-price system for domestic grain I asked whether the 6 per cent applies this coming year and the 5 per cent the following year to the increases that would be needed to assist the producers of grain in Canada to meet some of their costs. The minister told me at that time that he was unable to answer the question.

I went on to ask if the minister's assistant in the Senate had been mistaken when he told Senator Roblin that the 6 per cent rule would apply because the mechanism was already in place and that the rule should be continued.

The need for an increase in the price for domestic grain in Canada is very evident. When the two-price system for domestic grain started two years ago, the price was established at a floor of $5 and a maximum of $7 a bushel for No. 1 Canadian Red Spring wheat. In the last two years we have had an increase in the cost of input of between 23 per cent and 25 per cent. That increase will bring the floor price to $6.25 a bushel and the maximum price will go to $8.50 from $7.50 a bushel. These increases are less than adequate to meet the projected 35 per cent plus decrease in income for agriculture in the province of Saskatchewan, which produces about 50 per cent of the cereal grains grown in Canada.

I asked my question because the two-price system expires on July 31, 1982, two days from this evening. On at least three occasions the minister has been asked whether the price will be increased, whether it will remain the same and what are his intentions. On each occasion the minister has replied that he was unable to answer the question. I think it is incumbent upon the minister and the government to make known to the producers of grain in western Canada, the area where the two-price system applies, and what the government's intentions are for the next two years.

The two-price wheat system which was implemented back in 1975 has undergone many changes. Every time there has been a change there has been an increase, because the cost of production has been recognized. The increase in 1979 was made in the middle of the crop year. That increase was made by the hon. member for Vegreville (Mr. Mazankowski) in his responsibility for the Canadian Wheat Board. It was granted because the cost of production was recognized and the producers were to receive the benefit of a domestic price for wheat.

I hope the parliamentary secretary who answers this evening will be able to announce what the domestic price will be in the coming crop year under the two-price system. Unless the announcement has been held off to give the domestic millers and the consumers of domestic grains in Canada an opportunity to stockpile the grain, to the detriment of the producers, I cannot understand why the announcement cannot be made tonight. If they are being given the opportunity to stockpile, I think it is wrong. It is against the interests of the producers of grain, and it is against the best interests of this government. I hope the parliamentary secretary will be able to make an announcement tonight that the two-price wheat system will be increased from the present floor of $5 to a floor of approximately $6.20, and that the ceiling will be raised to approximately $8.50 as required by the cost of inputs necessary to produce grain.

• (2215)

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I would like to take this opportunity in answering the hon. member for Kindersley-Lloydminster (Mr. McKnight) to describe the two-price wheat system, in order to explain the context within which the government is assessing the application of its administered prices policy on the price of domestic wheat.

Since December 1978, wheat sold for human consumption in Canada has been priced within minimum and maximum limits set by regulation. Since August 1980, these price limits have been, as the hon. member already mentioned tonight, between $5 and $7 per bushel for No. 1 Canadian Red Spring wheat. But he did not point out that for Durum the same minimum applies but there is no maximum. I was wondering what prices he would give for Durum at the minimum and maximum. The actual price within these limits is set by the Canadian Wheat Board on the basis of prevailing export prices.

The rationale underlying this mechanism is to provide protection for both producers and consumers from wide price fluctuations. I would contend that the system is serving its purpose adequately.

When the current limits were set in August 1980, the minister in charge of the Canadian Wheat Board undertook to review them in two years. Consequently, as the hon. member noted, they are now under review but do not, as he said, expire on July 31, 1982. They continue until replaced by new limits. I would like to make that correction. It can be seen that the manner in which the administered prices guidelines would apply is not immediately obvious. The minister in charge of the Wheat Board offered some thoughtful comments in the other place on July 7. Perhaps the hon. member would like to indicate how he would propose to deal with this question. He dealt with suggested prices, but not of various kinds of wheat.

In any event, I am confident that the review will yield a fair and equitable solution which will be announced in due course.

ENERGY—FUNDING FOR OIL EXPLORATION IN SENEGAL. (B) MACHINERY AUCTION SALE

Hon. Don Mazankowski (Vegreville): Mr. Speaker, may I first of all congratulate you on your elevation to your very lofty position. I know you will serve the House and the country very well and with distinction.

The policies of the federal government have caused a major disaster in the exploration and servicing sector of Canada's oil industry. The National Energy Program, combined with the economic policies of the government, has served to drive business upon business associated with the exploration and service industry into financial ruin and bankruptcy. For many who have spent a lifetime of work in building up these businesses, it leaves nothing more than bitter memories of their hard work, sacrifice and dedication in trying to make their businesses a success. There is anger and bitterness over the failure of so many companies associated with this industry. There is anger and bitterness directed toward the government, which is the most destructive and deceitful government that has ever served Canadians.

There are many examples I could highlight this evening, but I want to single out one which is really the substance of the questions I posed on July 9, as reported on pages 19175 and 19176 of *Hansard*. It concerns the liquidation sale of two firms in Lloydminster, Alberta, namely, Midway Oilfield Services and Weldex Machine. These two companies were doing very well. They were well-established and well-managed. They had been in business for years, and during the period of 1979—1980, prior to the implementation of the National Energy Program, they were doing very well. The businesses were humming; 150 jobs were involved in their operations. In about February, 1982, the effects of the National Energy Program and of the economy served to bring these two businesses into very serious difficulty, and they were forced into receivership. The government refused to fundamentally alter its National Energy Program, which, and I suggest most people agree, has been one of the major contributing factors to the current recession.

By July, 1982, these two companies were forced to liquidate through an auction sale. On July 6 and July 7 in Lloydminster, Alberta, there was a huge auction sale to dispose of all assets of the two companies. I might say that the assets were worth in excess of $3.5 to $4 million. They sold at a public, unreserved auction sale for something in the order of 30 cents to 50 cents on the dollar.

• (2220)

Who came up to buy this equipment? It was mainly Americans who bought up the excess surplus equipment. The sale of that equipment was forced as a result of the bankruptcies. The Americans come up with their premium dollars, buy this equipment and take it back to the United States and put it to work. In this case, 150 jobs have gone down the drain.

I could mention another company in Lloydminster as well; Universal Industries which was in the business of building pumps, tanks and other ancillary pieces of equipment associated with the oil service industry. In 1981 that company employed about 350 people. Today the number is down to 200. The firm has gone into receivership, and it will be lucky if it survives. If it does survive, it will probably end up with 100 people, at best.

I could cite many examples. One has only to pick up the *Edmonton Journal* and look at the sheriff's sales, the receivership auction sales, bankruptcy auctions, unreserved public auctions—I could go on, page upon page.

Two years ago, prior to the National Energy Program, the oil industry in this country was humming, there were some 500 rigs working in western Canada, either drilling, in transit, or in the process of being set up. Today there are less than 100; and when we look at the record we find that some 20,000 jobs have been lost.

The reason I pose the question is that in spite of all this we are spending money looking for oil in other countries. For example, we are spending money looking for oil in Jamaica, in Senegal, in Tanzania, in Bangladesh, in Pakistan and in Kenya while we are destroying our own industry right here in this country.

One should consider this great organization called Petro-Can. It has $250 million to spend looking for oil in foreign countries. I asked the Minister of Energy, Mines and Resources (Mr. Lalonde) to explain to my constituents why and how he could justify, in the face of these companies going bankrupt, during these economic difficulties, this time of recession, this time of restraint, the expenditure of this kind of money looking for oil which would add to the self-sufficiency of other countries rather than our own.

Specifically, I asked how he could justify Canada spending the sum of $16.9 million in aid to look for oil in Senegal. That is not all. A Jamaican deal that has been signed, and there is an upcoming deal with Tanzania for $25 million which is to be signed. There is another project worth $21 million. None of these deals will bring any return to Canada, and the oil will all belong to the foreign countries.

The policies of this government are closing companies here, and destroying our oil industry. This government is trying to make a great name for ourselves in the international world. The people in my area do not understand the reason for the double standard.

I learned in just the last couple of days that the federal government is going to bail out Maislin Transport. That is the first service industry I know of that is going to be bailed out by this government. This government is prepared to bail out Massey; it is prepared to bail out Chrysler; it is prepared to bail out Dome; it is prepared to bail out any of those companies which are friends of the government. It is prepared to provide grants and subsidies to those areas served by Liberal cabinet ministers while it deliberately destroys a once viable

industry in western Canada. This must stop, Mr. Speaker. We must stop this blatant political patronage. We must stop this lunatic destruction. I can tell you, sir, I am convinced that this will only stop when this Liberal government is turfed out. Then we can get some sanity and order back in the country again.

Some hon. Members: Hear, hear!

• (2225)

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I join with my hon. colleague for Vegreville (Mr. Mazankowski) in extending best wishes to you on being elevated to the Chair. I am as certain as he that you will do a very admirable job.

The Minister of Energy, Mines and Resources (Mr. Lalonde) made it very clear that such assistance to developing countries was not detracting in any way from the extensive and increasing support being given Canada's own oil industry through recently passed legislation and long-standing commitments. I need not remind the hon. member that just recently the Government of Canada provided, under the National Energy Program, in excess of $2 billion toward the oil and gas industry. This, coupled with the $5 billion provided by the Government of Alberta, makes a total of $7 billion in terms of tax concessions to the oil and gas industry which, I might add, is primarily located in western Canada.

In reference to the question raised by the hon. member with respect to money or assistance which is being provided to developing countries, I should say to him and his party that the economies of many developing countries are being seriously affected by the price they must pay for imported oil. Non-oil developing countries as a group have had current account deficits every year since the Arab oil embargo of 1973, and the group deficit has grown from $11 billion in that year to $68 billion in 1980. This, of course, has much reduced their ability to use scarce foreign exchange to purchase other goods needed for economic development. Numerous international meetings and reports in recent years have recognized the threat which rising energy import bills pose for economic development and for the success of development assistance programs, including Canada's.

In 1980, the World Bank reported that "the sharp rise in the cost of energy in recent years has underlined the urgent need to expand domestic energy production in developing countries that are dependent on imports."

Ironically, developing countries have known oil and gas resources, or promising possibilities for discovery. Typically, however, the countries involved, like the one referred to by the hon. member, lack both funds and expertise, and the multinational oil companies, which have both, have tended to concentrate their efforts in industrialized or established oil exporting countries. Recognizing this, the Government of Canada has established the Petro-Canada International Assistance Corporation to assist developing countries to reduce or eliminate their dependence on imported oil by using Canadian technology and expertise for oil and gas exploration and directly related activities.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

At 10.28 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, July 30, 1982

The House met at 11 a.m.

● (1105)

ROUTINE PROCEEDINGS

[*English*]

LABOUR CONDITIONS

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

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas there are more than nine million young Canadians between the ages of 15 and 35 years, whereas they need and want jobs to secure their futures, and whereas the government has known they were in the system and should have created a business climate so that they could secure their futures, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Liberal cabinet, the Liberal backbenchers and the Liberal Party of Canada stand condemned for not maintaining a business climate so that these young Canadians might have jobs; but instead have policies such as the National Energy Program and a budget socialist philosophy which have in fact taken jobs away from young Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MEMBERS OF PARLIAMENT

STATEMENT MADE BY MR. COOK ON PORT OF CHURCHILL—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, I rise under the provisions of Standing Order 43. In light of the fact that the Conservative member for North Vancouver-Burnaby (Mr. Cook) said Monday that, and I quote, "We should close down the Port of Churchill and let that grain go through the Great Lakes—," thus illustrating the Conservative insensitivity to the prairie economy and the effects on our farmers of such an action, I move, seconded by the hon. member for Prince Albert (Mr. Hovdebo):

That the hon. member for North Vancouver-Burnaby be granted the Jack Murta Award for the Conservative member most proficient at Churchill-bashing.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SERVICE

SUGGESTION THAT ADVISER TO PRIME MINISTER SHOULD RESIGN—MOTION UNDER S.O. 43

Hon. John A. Fraser (Vancouver South): Madam Speaker, I rise also under the provisions of Standing Order 43. My motion concerns Michael Kirby, the Prime Minister's (Mr. Trudeau) *eminence grise* and his second senior adviser. In view of the fact that Mr. Kirby was appointed with much fanfare to head a task force to solve the problems of the Atlantic fishery and then to become deputy minister of fisheries, and in view of his recent admission that he would never have agreed to take on the task force if he had known how complicated the fisheries field is, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House commend Mr. Kirby's frankness as the first completely honest admission of failure of the Liberal government; and that the Prime Minister allow Mr. Kirby to withdraw gracefully from a task too onerous for him—in other words, let Mr. Kirby off the hook—so to speak.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

ENTRY OF WOMEN TO TRAINING PROGRAMS—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise under Standing Order 43. In June the largest increase in unemployment was amongst females aged 15 to 24, an increase of some 21,000. This group could benefit greatly from training and retraining programs, and yet of 31,000 trainees enrolled in the government's non-traditional occupation training programs, only 2,000 are women. I move, therefore, seconded by the hon. member for St. John's East (Mr. McGrath):

S.O. 43

That this House urge the government to take immediate steps to remodel its present inadequate training and retraining programs drastically to ensure that young women in Canada have every opportunity to acquire the skills necessary for available jobs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1110)

HOUSING

CALL FOR REDUCTION IN MORTGAGE INTEREST RATES—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Amidst a considerable amount of fanfare the Minister of Finance (Mr. MacEachen) announced a $3,000 grant program for home buyers. Fewer than 10 per cent of those eligible for this program thought the incentive enough to make any inquiry at all about it and only 251 Canadians actually applied. Of that number only 33 applications have been processed during the one month this program has been operational. Therefore I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the government give Canadians some credit for their intelligence by dropping the gimmicks and getting on with a program that would provide the only meaningful incentive to home buyers, that is, a reduction in current mortgage interest rates.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

DEMAND THAT BYELECTIONS BE HELD—MOTION UNDER S.O. 43

Hon. Edward Broadbent (Oshawa): Madam Speaker, I rise to move a motion for which I am sure there will be unanimous consent. Noting that Canadians in three constituencies, namely, Timiskaming, Broadview-Greenwood, and Leeds-Grenville, have been without representation in the House of Commons for many months; and noting that during this period, people in these areas have experienced lay-offs, mine closures, housing problems and other difficulties directly involving federal government responsibility, I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House instructs the Prime Minister to live up to his moral responsibilities by calling byelections to take place in these constituencies on a date no later than September 30, 1982.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE MINISTRY

CALL FOR RESIGNATION OF SENATOR ARGUE—MOTION UNDER S.O. 43

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Because of the continued inability of the Minister of Transport's assistant in the other place, the Minister of State for the Canadian Wheat Board Senator Argue, to acquire for grain producers a return over their costs of production, and because of the minister's assistant's own words to the effect that he is a "retread" and the criteria for his ministerial appointment was because "he was able to sit up and take nourishment," I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the transport minister's assistant in the other place be allowed to return to being a flat tire and spend his leisure time taking nourishment.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GRAIN

DECLINE IN PRICE OF RYE—MOTION UNDER S.O. 43

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, I rise on a matter of urgent and pressing necessity. Last year the rye growers in southern Ontario received some $4 a bushel for their product. This year the market not only started at a depressed price of $3 a bushel, which was reduced to some $2.89 a bushel in the last sales, but this past week when farmers took their rye to the brokers they were told it could not be taken at any price. Surely the government could have foreseen this failure in the rye market and could have informed the producers beforehand and thus prevented the possibility of disking these crops under and taking losses in the tens of thousands of dollars. Therefore I move, seconded by the hon. member for Oxford (Mr. Halliday):

That the government take immediate steps to rectify this unacceptable problem in Canada's agricultural industry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

AUTOMOTIVE INDUSTRY

IMPORTATION OF CARS MANUFACTURED IN SOVIET UNION—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Since the Liberal government is continuing a policy of harassing west coast importers of Japanese cars, thereby threatening employment of importers, truckers, longshoremen, auto dealers and salesmen, ostensibly to protect the jobs of those in the auto industry in central Canada, I move, seconded by the hon. member for Kindersley-Lloydminster (Mr. McKnight):

That the Minister of State for International Trade explain to this House how it is that Lada cars, made in the Soviet Union, seem to have no difficulty coming into Canada, even though they may be guilty of dumping and are thereby taking jobs away from central Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSE OF COMMONS

SUGGESTION MONDAY BE RECOGNIZED AS PARLIAMENTARY HOLIDAY—MOTION UNDER S.O. 43

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, since British Columbians will be celebrating B.C. Day on Monday, and since Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and the Northwest Territories will be observing a civic holiday on Monday, under the provisions of Standing Order 43, I move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That this House recognize Monday as a parliamentary holiday.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

PROVISION AFFECTING STAFFS OF MEMBERS OF PARLIAMENT—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise to move a motion under Standing Order 43. Whereas Bill C-124, currently under consideration by this House, proposes to reduce the current salaries of the staff of MPs, and noting that this bill is supported by both the Liberals and the Conservatives, and whereas this group of workers has no collective bargaining rights, no job security, and is for the most part already underpaid, I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House condemn the government and the Conservative opposition for this clearly vindictive act and call upon the government to remove this particular proposal from Bill C-124.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1115)

ORAL QUESTION PERIOD

[*English*]

TRANSPORT

MAISLIN TRUCKING COMPANY—INQUIRY RESPECTING DECISION ON GOVERNMENT LOAN

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is directed to the Minister of Transport. Maislin Trucking Company is in trouble because poor management made wrong decisions, buying companies in the United States in the face of deregulation, and it will continue to lose money. There are a total of approximately 67,000 trucking jobs in Ontario and Quebec. Any federal money will not increase that number one bit. It will not increase the GNP, but it will increase animosity in the United States where legislation is under way to prevent further take-overs. In light of this, is the Minister of Transport prepared to announce whether or not cabinet has approved a massive loan to its Liberal friends at Maislin and, if so, under what conditions?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we have been discussing with Maislin the basis for an offer of a loan guarantee—not a loan—to assist the company to restructure on the basis of it agreeing to certain conditions, including involvement in the six and five per cent guideline program. When matters are at a final and definitive stage, I will be happy to make an announcement.

Mr. Ellis: The guarantee about which we have been talking will cost at least five times per job that which was spent for guarantees to Massey and Chrysler. No one has seen a financial statement for Maislin for at least the last 18 months.

AVAILABILITY OF ASSISTANCE FOR OTHER TRUCKING COMPANIES

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, is the minister now open to proposals from trucking companies in other parts of Canada? I can assure him that that amount of money would guarantee at least 7,000 jobs in other well-managed trucking companies in eastern Canada which

may be eager to buy Maislin on the open market but do not have the political clout of the Bronfmans and other Liberal friends in Montreal.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I would be happy to bring to the attention of my colleagues the situation of companies that are in similar restructuring difficulties. If the hon. member has specific companies which he wants to bring to my attention, I would be happy to receive the information about them.

REASONS FOR GRANTING ASSISTANCE TO MAISLIN COMPANY

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, finally I would like to ask the minister, if indeed it is true, that only one job out of four in the Maislin corporation is in Canada and that in fact, in giving this guarantee to Maislin, they are rewarding a company for its ineptitude, and giving it a further financial edge by forcing its unions into a six and five agreement, whereas other companies in Canada are not being forced that way.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, my information is that half of the jobs of the company, some 2,000 of them, are in Canada.

Mr. Trudeau: Out of 4,000.

Mr. Gray: Some 2,000 out of the total 4,000 are in Canada. If the company and its employees are respecting the six and five guidelines, surely that is something my hon. friend would encourage, not just for them but for other trucking companies, in light of the support by himself and his party for the guidelines program as exemplified by their votes in the House.

* * *

FINANCE

REQUEST GOVERNMENT LOWER INTEREST RATES BY SIX PER CENT

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, in the absence of the Minister of Finance I would like to direct my question to the Minister of State for Finance. Despite a recent and minimal lowering of prime interest rates by Canadian chartered banks, the level of interest rates in the country is still far too high. Thousands of Canadians are still expected to lose their homes because of the astronomical cost of renewing their mortgages; thousands of businesses are still going bankrupt, causing the loss of thousands of jobs. The minister, through his June budget, asked all Canadians to get behind his 6 per cent solution. In light of the continuing damage to our economy by high interest rates, would the minister consider applying his solution to these rates and having them immediately lowered by the much touted 6 per cent?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I may remind the hon. member that one of the major objectives contained in the budget is aimed at bringing about a substantial drop in interest rates, and urging all Canadians to join their efforts in reducing inflation down to six and five per cent within the next two years.

Until this joint effort has produced tangible results, the government will implement transitional measures to help home buyers, farmers and small businesses. The purpose of these measures is to reduce interest rate levels and to provide financial assistance for those who want to buy homes. However, we must be patient and persevere in this joint effort if we are to bring down inflation and put our economy on the road to recovery. If we do, interest rates will go down as well. Meanwhile, Canadians can take advantage of the measures introduced by the Minister of Finance (Mr. MacEachen) in his last budget to help the people of this country get through the difficult period that lies between us and an improved economy.

* * *

• (1120)

[*English*]

EMPLOYMENT

REQUEST FOR JOB-CREATION PROGRAMS IN SMALL COMMUNITIES

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, the minister is well aware of the thousands of Canadians, almost half of them in Ontario alone, who have recently been told they will be laid off, or have already been laid off. Massive group lay-offs gain media attention because they involve a large number of workers employed by big businesses in major centres, but not those being laid off by smaller firms in rural areas where the unemployment situation is even more critical.

The situation in my own riding of Parry Sound-Muskoka is a good example of the magnitude of this disaster. In a one week period this past month, 800 more people were registered for unemployment benefits than during the same time a year previously, which is an increase that has had a devastating effect on the entire nation, when considered across the country. Is the minister preparing to implement employment programs which would be of benefit to smaller communities across the country where the plight of the 1.5 million Canadians who are out of work is more deeply felt?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I think the point raised by the hon. member in which he refers to the many lay offs taking place is actually related to a much broader issue I mentioned earlier, which implies that we must fight inflation, improve our productivity,

and be more competitive on all markets. The hon. member was asking for ad hoc job-creation programs to help those who are currently unemployed to find work. These programs already exist. In fact, they were announced this week by the Minister of Employment and Immigration. Millions of dollars are being spent on job-creation programs, and if the hon. member makes this information available to his constituents, they will be able to take advantage of these programs which will help them get through this very difficult period for all Canadians.

* * *

[*English*]

HOUSE OF COMMONS

REQUEST THAT PRIME MINISTER SET DATE FOR BYELECTIONS

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Prime Minister. Canadians who live in the constituencies of Timiskaming, Broadview-Greenwood and Leeds-Grenville have been denied political representation in the House of Commons for many months. Considering that Canadians in these areas, as well as elsewhere in the country, have been experiencing record levels of lay-offs, problems with mining shutdowns, housing problems, not to mention other difficulties directly involving federal responsibility, will the Prime Minister now live up to his moral responsibility and name the date for byelections in these three constituencies?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will do so within the time provided for in the law.

RIGHT TO REPRESENTATION

Hon. Edward Broadbent (Oshawa): Madam Speaker, would the Prime Minister explain to the members of the House of Commons and, more important, to the Canadians living in these areas who have a great deal of difficulty in coping with the problems of the Canadian economy, why he will not give them the right at least to have an elected Member of Parliament, from whatever party happens to win those byelections, in the House fighting on their behalf and doing a job for them? What moral right does the Prime Minister have to deny them their representation in the House of Commons?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member wants me to explain to him why the law says what it says.

Mr. Broadbent: No, that is not the question.

Mr. Trudeau: I am telling the hon. member that I will comply with the law with regard to byelections. That is my answer.

MORAL OBLIGATION TO PEOPLE

Hon. Edward Broadbent (Oshawa): Madam Speaker, the law of Canada permits people to lie to one another, but that does not make it morally acceptable. The law of Canada does indeed permit the Prime Minister to wait many months to call a byelection, and he knows he can set it for many months after that date. We are not interested in the precise question of what is legally permitted to the Prime Minister. We want him to live up to his moral obligations to those people, and their right to have representation in the House of Commons. Therefore I ask him will he not give them the right to elect a member to this House to do work on their behalf, work that they need done in these difficult economic times?

• (1125)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the House of Commons had made the same distinction between morality and legality as the hon. member seems to be making—

Mr. Broadbent: Pretty basic.

Mr. Trudeau: —he would then be suggesting that the members of the House of Commons acted immorally at the time, by providing a certain delay. If the House of Commons felt that a shorter time was morally right, I am sure its members would have voted for a shorter time.

* * *

NATIONAL DEFENCE

MOVEMENT OF NAVAL RESERVE HEADQUARTERS FROM HALIFAX TO QUEBEC CITY

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Acting Minister of National Defence. This seems to be pork-barrel week in the House of Commons. Can the acting minister inform the House what tactical or strategic reasons have convinced the Government of Canada to move Naval Reserve Headquarters from Halifax to Quebec City?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, I would be pleased to take notice of the question and provide the hon. member with an answer.

Miss MacDonald: That's not good enough.

Mr. McKinnon: This was surely an important decision and must have been discussed in cabinet. I can hardly accept the fact that the Acting Minister of National Defence knows nothing about it.

REASONS FOR RELOCATION TO QUEBEC CITY

Hon. Allan B. McKinnon (Victoria): All our reserve headquarters are located on a functional basis. For instance, Air Command has Reserve Air headquarters in Winnipeg. The headquarters of our reserve army is co-located with Mobile Command at St. Hubert. What on earth could the Government of Canada be thinking about, to disrupt this functional system by moving the Naval Reserve Headquarters from

Halifax to Quebec City? If the Minister of Veterans Affairs is unable to answer this, perhaps the Prime Minister would answer.

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, I have indicated that I will be pleased to take notice of the question and provide the hon. member with an answer.

GOVERNMENT DECISION ON MOVEMENT OF NAVAL RESERVE HEADQUARTERS

Mr. Howard Crosby (Halifax West): Madam Speaker, it poses a great difficulty to the opposition that the Minister of National Defence is not in the House to answer this important question. The acting minister has no knowledge of it, so I will address my question to the Prime Minister. Will he, on behalf of his cabinet colleagues, deny that the government intends to move Naval Reserve Headquarters from the City of Halifax to Quebec City in order to increase the presence of the Canadian navy in the Province of Quebec? Is that plan afoot? Will that happen? Will he admit it, or will he deny it?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Minister of National Defence is attending graduation ceremonies at Canadian Forces Base Moose Jaw, in Saskatchewan. He is a very regular attendant in the House. I think the acting minister was quite correct in saying that he would take notice on the minister's behalf. The question will be answered on the first day that minister returns.

REQUEST THAT PRIME MINISTER ACT ON ISSUE

Mr. Howard Crosby (Halifax West): I think, Madam Speaker, that the Prime Minister of Canada knows the traditional history of the City of Halifax in the Province of Nova Scotia in relation to Canada's naval force. We have just had a $500 million expansion of the dockyard in Halifax. We have always associated the Canadian Navy with the east coast and the City of Halifax. Will he now undertake not to do anything drastic with respect to removal of Canadian naval facilities and resources from the City of Halifax in the Province of Nova Scotia to the Province of Quebec, purely for the purpose of increasing the presence of the Canadian Navy in the Province of Quebec to satisfy the demands of persons in that province, and not in connection with National Defence or with our role in NATO?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I repeat that the question will be properly answered by the minister, but I would want to make it quite clear that the minister never acts in an arbitrary sense, just because, as the hon. member says, some Member of Parliament asks him to do a certain thing. I am sure that if he has made any decision in that area he will have made it after a very extensive consultation and with the support of the Armed Forces themselves.

• (1130)

GRAIN

LEVELS OF ADVANCE PAYMENTS

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, I have a question for the Minister of Transport on increasing the levels of financial limits under the Prairie Grains Advance Payments Act. I had prior discussion with the minister, prior correspondence, and have given him notice of the question. Is the minister now in a position to announce that the levels will be increased, bearing in mind that the last time they were increased was in 1975, and also bearing in mind that if those levels could be increased it would give some help to hard-pressed prairie farmers who are in a cash-short position, so that when the new crop comes off they will be in a position to pay their bills, which not only will benefit themselves but the whole western economy?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, as I indicated to the hon. member before, there was a preliminary discussion of that possibility in one of the cabinet committees. It was decided to put this issue in the wider context of western grain policies. Consequently, I will not be in a position to confirm or deny the possibility of increasing the maximum until some time in the fall.

In the meantime, I would like to underline the fact that today is the last day of the crop year. I would also underline the fact that Canada has done extremely well in the last year. Almost all records with regard to types of grain and ports have been broken. Therefore, there is a compensation for the lower price in the fact that the quantities in this crop year have been extremely high.

POSSIBLE BENEFITS TO WESTERN COMMUNITIES

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, what the minister says is true. I submit to him that the reason we have these record levels of exports is as a result of many of the things put in place by the former minister of transport, the hon. member for Vegreville.

Some hon. Members: Hear, hear!

Mr. Mayer: Also, it is small comfort to prairie farmers that, even though there is an increase in exports, they are being paid less per bushel.

Let me point out to the minister a couple of matters he should take into consideration when talking about increasing the levels of cash advances. First, he will know that the Canadian Wheat Board borrows money at prime minus one quarter per cent. That is something he should consider when he is looking at whether to raise the cash advance levels. As an economist, he will know that for a very few million dollars he can put money into circulation to roughly 150,000 Canadian farmers. That would benefit virtually every community in western Canada, as well as having a ripple effect throughout the whole economy. I ask the minister to consider those points

seriously and give us a reply on whether he will use those arguments to convince cabinet to raise the cash advance levels.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will consider those arguments, and others. On the subject of grain performance, I would underline the fact that in the last several months Canada has signed four long-term grain agreements with the U.S.S.R., China, Algeria, and recently with Brazil. This is a great year indeed. Something else that is rather interesting is that a number of spot sales have been made, for example, to China, made possible by our capacity to deliver very rapidly the grain being ordered. That again indicates the importance of the transportation system in Canada, the primary objective in the western innovations that we are pursuing at this time.

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HOUSING

STATUS OF CANADIAN HOME OWNERSHIP STIMULATION PLAN

Mr. Garnet M. Bloomfield (London-Middlesex): Madam Speaker, the new program known as the Canada Home Ownership Stimulation Plan was announced approximately one month ago. Will the minister responsible for Canada Mortgage and Housing Corporation give this House an update on the status of the program, and an indication of how many Canadians are availing themselves of the $3,000 grant made available to buyers of new homes or to first-time buyers of existing homes?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, as the Minister of State for Finance indicated, $300 million was set out in the budget for this program to assist young Canadians. I am very pleased to report that, as of yesterday, 100,053 people had inquired about the plan, 51,941 had received application forms, 5,735 had returned the application forms, 2,641 had been approved, and 2,139 cheques were issued in the space of two weeks, helping the industry, creating jobs, and helping young Canadians find accommodation.

Some hon. Members: Hear, hear!

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EMPLOYMENT

QUERY RESPECTING JOB-CREATION PROGRAMS

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, in the absence of the Minister of Employment and Immigration and his parliamentary secretary, I will direct my question to the Prime Minister. On Wednesday, the Minister of Employment and Immigration announced a total job-creation package which, at most, may provide 57,000 low-paying jobs; and only 14 per cent of the funds—the special response feature—will be partially used to help those who have exhausted their unemployment insurance benefits.

Considering that some half million Canadians will run out of unemployment insurance and go on welfare this year due to the long-term stagnation caused by Liberal policies, and that Wednesday's measures will constitute less than a 6 per cent solution to their problem of long-term unemployment and expired benefits, what additional non-political programs is the government prepared to pursue in order to provide productive jobs to these jobless Canadians all across Canada, and not just in Liberal ridings?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, the Minister of Employment and Immigration is well aware of the situation. He has the matter under study and will undoubtedly be able to give a reply to the hon. member in the House very soon.

ALLOCATION OF FUNDS TO CONSTITUENCIES

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, my supplementary question should properly go to the Prime Minister. Yesterday we learned that much of the allocation of employment funds will be to Liberal ridings, mostly in eastern Canada. Now we have evidence of a politically directed allocation of employment fund opportunities in ridings within western Canada as well.

I have information from officers within Employment Canada, for instance, that, "The Prime Minister's office has been providing projects. They have to be approved by Lloyd Axworthy. There are no regional allocations." I would like to ask the Prime Minister, in relation to the immediate employment stimulation program, why are funds being directed by Liberal Senators in British Columbia, and Saskatchewan, and why is program direction coming from the Prime Minister's office instead of using the accountable, both financially and politically, process of local advisory boards, which would save money for the taxpayers and provide more jobs and more bang for the buck?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, the hon. member knows very well that this is one of the most accountable systems ever introduced in this country. Every Member of Parliament has a choice either to appoint an advisory committee or to do otherwise. The scheme is implemented along similar principles, and I am very surprised that the hon. member would attempt to discredit the program at this stage.

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FORESTRY

CANADA-NOVA SCOTIA AGREEMENT

Miss Coline Campbell (South West Nova): Madam Speaker, my question is directed to the Minister of the Environment. It concerns the Canada-Nova Scotia forestry agreement. As the minister is aware, it expired at the end of March. Is the minister now in a position to tell the House when we can

anticipate this agreement being renewed, and when he expects it to be signed?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, the agreement which was worked out with the Province of Nova Scotia has been affirmed by the cabinet. I hope to have it signed as soon as possible. I want to thank the hon. member for the work she has put into moving us toward this objective.

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CANADIAN WHEAT BOARD

INCREASE IN FARMERS' COSTS—REQUEST THAT SELLING PRICE BE INCREASED

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, my question is for the Minister of Transport in his capacity as the Canadian Wheat Board minister. Last night in reply to a question that I asked, his parliamentary secretary stated that the policy of the government, as it was last evening, is to continue with the minimum of $5 a bushel and maximum $7 for domestic Red Spring wheat for human consumption and a minimum of $5 for durum. That is what the parliamentary secretary said last night. If that is true, can the minister advise why he has not taken into account the 25 per cent increase in the cost of input in the last two years, 1980 to this year, and why he would not increase the domestic price for grain in Canada by that amount of 25 per cent because of the cost farmers are facing as a result of grain selling below the cost of production? This should be very simple and rudimentary for the government to perform.

• (1140)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am quite sure that my parliamentary secretary also said that a review of this particular subject is going on. In the meantime, we are continuing with the range that exists in the act now. This is under review and we probably will have an announcement to make in the future on the subject.

* * *

RAILWAYS

CROWSNEST PASS RATES—REQUEST FOR PUBLICATION OF GILSON REPORT

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I am sure the minister is aware that we are going into a new crop year on August 1, and that farmers are selling grain below the cost of production. He spoke of large wheat sales, but farmers cannot make more money by increasing volume when they lose money on every bushel they sell. We assume that the minister intends to implement a 45 per cent increase in the next three years in the cost of transportation for western grain. In this House he assured us that by the end of July he would announce the government's policy regarding the Gilson report. Today is July 30. Is the minister prepared to make the government's position on the Gilson report public, or is he going to wait, as I suggested he would, until the House has adjourned so that he will then be safe from the attacks that the opposition plans to mount?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I expect that the House will be sitting in the coming days. The Cabinet has reviewed the Gilson report and will be in a position early next week to give the first response to it.

* * *

METRIC CONVERSION

COMPULSORY ASPECT OF LAW ON ADVERTISING

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, in the absence of the Minister of Justice I will direct my question to the Acting Attorney General or to whomever can speak for justice on the government benches.

In view of the fact that the government dropped charges against Mrs. Zoritza Kasparian of Calgary because she had violated Section 7 of the Weights and Measures Act, which says that she was not allowed to advertise her carpets in imperial measure, and in view of the variety of positions taken by the government on the Kasparian case, what advice will the Department of Justice be giving to the Metric Commission with respect to Section 7? Will it be to modify or remove altogether the compulsory aspect of this law which forces metric advertising only?

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, this is an issue which has been discussed by the Minister of Justice and the Minister of Consumer and Corporate Affairs. Discussions are going on with the industry at the moment, as the hon. member opposite is aware. The charge under Section 7 of the Weights and Measures Act was withdrawn because of technical problems that were being encountered in the specific circumstances. Accordingly, we feel that it is appropriate to undertake further consultations with a view to clarifying Section 7 of the Weights and Measures Act and the regulations, and in order to make them more precise so that Canadians can better understand their rights and obligations under these provisions.

Mr. Scott (Hamilton-Wentworth): Madam Speaker, quite obviously the government could not make Section 7 stick. If it is unenforceable we can only assume that any further prosecutions will be held in abeyance until Section 7 is cleared up.

REQUEST THAT MEASUREMENTS BE PERMITTED IN BOTH IMPERIAL AND METRIC SYSTEMS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, I wonder if I might put a question to the Prime Minister in a more general vein. The Minister of Consumer and Corporate Affairs is now carrying on discussions with the industry and is

reviewing the regulations pertaining to metric. Can the Prime Minister tell us whether the government will consider a tandem system of measurement in both imperial and metric, for packaging? This is particularly important when we see the devastating effects being experienced by farmers with their crops when they are forced to interpret metric only measurements.

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, the hon. member is no doubt aware that when we announced the introduction of metric scales in retail food merchandising, we also said that for two years, in all communities where metric scales were to be introduced, prices would be posted for both metric and imperial weights. Now, I have not looked into this, and I would have to check with my colleague, the Minister of Consumer and Corporate Affairs, on the feasibility of using the hon. member's suggestion for a tandem system of measurement in both imperial and metric. I shall look into the feasibility of the hon. member's proposal.

* * *

[*English*]

CANADA POST CORPORATION

ELIMINATION OF SATURDAY RURAL DELIVERY SERVICE

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, in the absence of the minister responsible for Canada Post Corporation perhaps an acting minister could answer my question.

The Corporation was established not only to reduce the dependency on the taxpayers of Canada but also to improve service to Canadians who use the mail. In the first year we had an unbelievable increase in postal rates and an unacceptable definition of the term letter, which tightened up the monopoly. Now we are told there will be a reduction in service, that being the removal of Saturday rural delivery. There is something wrong in "Warrenville", Madam Speaker.

Will the minister tell the House whether the problem lies with the Crown corporation or with the deficit reduction program laid down by the government? Could he also tell us what steps are being taken to correct the situation?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, this kind of question is always rather difficult to answer. All the members of this House would agree that the government should reduce its spending and should try to operate as much as possible on a cost-recovery basis. On the other hand, we realize that the Canada Post Corporation has a deficit that is increasing from year to year, and yet, when the Corporation suggests how it could bring down its deficit, hon. members ask the Corporation not to drop the service in question. Madam Speaker, I myself come from a rural area where we have Saturday mail delivery, and I think that people in rural areas are prepared, like other Canadians, to accept a five-day delivery system, as is the case for most Canadians living in cities. I do not think this is tantamount to depriving Canadians of essential services.

[*English*]

Mr. Bradley: Madam Speaker, we see again why this is called question period, and not question and answer period.

REQUEST THAT COMMITTEE STUDY REDUCTION IN SERVICE

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, perhaps I could address a supplementary question to the Prime Minister. Since there is in excess of $400 million of taxpayers' money going to the Crown corporation this year, could the Prime Minister assure Canadians that there will be no reduction in mail service in this country until the implications of such reduction are studied by a committee of the House?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will do what the responsible minister would do, and undertake to refer the hon. member's representations to the Crown corporation for consideration.

* * *

INDUSTRY

REQUEST FOR ASSURANCE OF LOAN GUARANTEES TO NEW BRUNSWICK COMPANIES

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce.

An hon. Member: Announcement!

Mr. Dionne (Northumberland-Miramichi): Madam Speaker, we have the usual rash judgment from hon. members opposite.

In view of the government's apparent willingness to provide a loan guarantee to Maislin Transport whose Canadian employees, according to my information, number closer to 700 than 2,000, can I now offer companies in my constituency that are facing bankruptcy an assurance of loan guarantees from the Government of Canada?

Some hon. Members: Hear, hear!

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, one of the programs of this government that has been in place for many years is the Enterprise Development Program. One of its components is to make loan guarantee assistance available on a last resort basis to help in the restructuring of companies in difficulty, in order to assist them to return to long-term viability.

I would be very happy to have my hon. friend, in his usual efficient and hard-working manner on behalf of his constituents, bring cases to my attention which may qualify under the rules so that we can discuss them at the level of ministers.

* * *

FINANCE

EFFECT OF HIGH INTEREST RATES ON BUSINESS WORKING CAPITAL

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, in the absence of the Minister of Finance I will direct my question to the Minister of State for Finance. The question concerns the liquidity position of Canadian enterprise and commerce. Since the last quarter of 1980 the Minister of State for Finance will be aware of the serious problem faced by Canadian business, the loss of working capital, loss of cash flow, and loss of equity position. He will know that the consequence of this has been 400,000 fewer jobs in that period of time.

Is the minister aware of this critical situation, and of what will happen if interest rates continue high, and is he aware of the vulnerability of Canadian business and Canadian jobs in this situation?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the situation described by the hon. member is another consequence of the present recession. I would like to draw the hon. member's attention to an important document that was tabled with the budget in June and is now being analysed by a group of businessmen and experts. As soon as the committee has finished its assessment and made its recommendations to the Minister of Finance, and as soon as a decision is made, it will be possible to provide funds at reasonable interest rates and thus make cash available to Canadian enterprises. This would certainly help alleviate the difficult liquidity position referred to by the hon. member.

• (1150)

[*English*]

EFFECT OF GOVERNMENT RESTRAINT PROGRAM ON INTEREST RATES

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, I understand the documents presented by the Minister of Finance with his budget statement and the proposals to be examined by the blue ribbon committee suggest that the lowering of interest rates for business, farmers, and home owners will be by way of government grants to pay down the interest rates. Will the Minister of State for Finance tell us what sort of leverage the government will have by lowering interest rates in this way?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I think the hon. member must have read a very brief summary of the document that was published and which provides an in-depth analysis of proposals for reducing interest rates by subtracting the component due to inflation. I would ask the hon. member to re-read the document carefully, and he will realize that there is no question of grants but of a formula for adjusting the taxation system so that it applies to the interest paid, minus the component due to inflation.

* * *

[*English*]

NUCLEAR ARMAMENTS

TESTING OF AIR-LAUNCHED CRUISE MISSILE

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I would like to ask the Prime Minister if it is still government policy to flight test the air-launched Cruise missile, or whether the fact that the Strategic Arms Reduction Talks, START, have more or less gotten under way has caused the government to reconsider its earlier decision to flight test the missile?

Right Hon. P. E. Trudeau (Prime Minister): As the hon. member knows, Madam Speaker, the START talks have been adjourned for the summer, I believe until September. We are more interested in the INF talks. Unless they show very substantial signs of succeeding, Madam Speaker, we still want to continue with our plans.

REQUEST FOR RECONSIDERATION OF DECISION

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I think the Prime Minister would know that the air-launched Cruise missile is to be part of the U.S. strategic force, not the European nuclear force. That would be the ground-launched Cruise missile. Because that is the case, and because we hope the START talks will resume in the fall, I would like to know whether the Prime Minister will therefore consider our not becoming involved in testing the air-launched Cruise missile, in line with his own suggestion at UNSSOD II that the real problem is that technological advances are going on ahead of reduction talks?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not want to disagree with the hon. member because the answer would be the same anyhow. The Pershing II and the Cruise are part of the INF arsenal, and the ones which would be tested in Canada would be regulated under the INF talks. The answer would be the same in both cases, that until progress has been made at the START talks or the INF talks we have no cause to change our policy. I made that quite clear in my speech at UNSSOD. The Soviet negotiators should not assume we are going to change our minds unless they themselves are prepared to talk seriously about the INF missiles.

EXTERNAL AFFAIRS

LEBANON—PARTICIPATION IN POSSIBLE PEACEKEEPING FORCE

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, my question is directed to the Prime Minister. Recognizing the carnage and death of thousands of Lebanese, Palestinians, Syrians and Israelis in Lebanon, what is Canada's position regarding either an ad hoc or UN multilateral disengagement force? Is the Canadian government currently engaged, directly or indirectly, in bilateral discussions or negotiations through the UN regarding the establishment of and the participation by Canada in such a force?

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Madam Speaker, we have not been asked to participate in a peacekeeping force but, as Mr. Danson, the former Minister of Defence, has said, we virtually invented peacekeeping, and if we are asked, if the parties agree, and if it is constructive, we will participate.

HOMELAND FOR PALESTINIANS—GOVERNMENT POSITION

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, will the Prime Minister tell us what the government's current position is regarding Palestinian rights to national self-determination and security through the establishment of a homeland for the Palestinians?

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Madam Speaker, I would not use the word "self-determination" that the hon. member has used, but I think Canadians would want us to show the same compassion to Palestinians that we have traditionally shown to Israelis. Therefore, we do support a homeland for Palestinians. I think Canadians would want this government to do that, and that is what this government is doing.

* * *

HOUSING

PROVINCIAL RENT REVIEW BOARD INCREASES

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is for the Minister of Public Works. In the last few days there have been meetings between the Government of Canada and the mayors of various Canadian cities. Are there any meetings planned with provincial governments particularly with respect to rent review programs? I have in mind my own province where rent review boards are now granting rent increases of 15 per cent, 20 per cent, 35 per cent and 40 per cent, at a time when the Government of Canada is trying to bring us to the six and five world. These two things are incompatible. Is it the minister's intention to initiate such meetings with the appropriate provincial ministry wherever it is applicable, and particularly in Ontario?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, as the representatives of the municipalities indicated after the meeting with the Prime Minister and the Minister of Finance yesterday, there are many areas, probably most, under which municipalities have to respond to provincial legislation and they cannot act independently. Rent controls are obviously a matter which impinges upon municipal operations through their housing authorities, but it is under the authority of the province because, under the Constitution, they have responsibility in that area.

As I have indicated, Madam Speaker, where the federal government has any operational impact we have announced that rent increases will be kept within six and five, such as projects under CMHC control. In that area, where we have the option, we are adopting the six and five rule. Where the provinces have jurisdiction, they will have to make up their own minds. I have talked to a half dozen of the provincial ministers, and I hope to conclude that in the next few weeks in discussions with other ministers. However, as I say, we are doing what we are able to do under the jurisdiction available to us.

REQUEST THAT FEDERAL-PROVINCIAL MEETING BE CONVENED

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I want to ask the minister a direct question. Is it his intention to convene a federal-provincial meeting with provincial housing ministers to look into the question of rising rents for people who are going to become more and more affected by curtailment of income? I would hope the answer to that question will be yes, because those people are being impinged upon as a result of rent review cases and landlords increasing rents. Surely that must be stoppted if there is to be any justice in the six and five program?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I just indicated to the hon. member that I have already met with six of the provincial ministers of housing and I intend to meet with the balance in the next few weeks. We discussed many items right across the board. In so far as the federal responsibility is concerned, and the leeway that we have, CMHC has indicated that rents will not increase above the six and five mandate. In order to achieve that, as you know, the six and five applies to the wages of people employed by Canada Mortgage and Housing Corporation. There are ways in which the federal government has demonstrated we can act to protect people in those rental projects. We hope that the example of the federal government will be followed and adopted by the provinces and by municipal corporations.

• (1200)

CANADA MORTGAGE RENEWAL PLAN

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a supplementary question for the minister responsible for housing. The only response by the government for those 500,000 Canadians facing mortgage renewal apparently has been the Canada Mortgage Renewal Plan, which would provide grants of up to $3,000 for those whose mortgage interest payments exceed 30 per cent of gross income. The minister knows, or should know, that CMHC is currently

receiving approximately 60 applications a day. CMHC has its hands tied because the government has failed to give legislative action to this proposal in the budget of last June. Does the minister intend to bring in the necessary amendment to the National Housing Act so this very important part of the government's response to the housing crisis can become operative immediately?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, there are a number of changes in the plan, for example, the opportunity to provide grants rather than deferred interest. The extension of the program for an additional year requires legislation which was supported by the hon. member and his party this year, but that will have to be done when the act is returned to the House in the fall. I assume from the thrust of the hon. member's question that the response of the opposition to this very serious problem will be a lot faster than it was last year when it took us three months to get approval for that plan.

ROUTINE PROCEEDINGS

[*English*]

COMMITTEES OF THE HOUSE

FINANCE, TRADE AND ECONOMIC AFFAIRS—PRESENTATION OF SEVENTEENTH REPORT OF STANDING COMMITTEE

Mr. John Evans (Ottawa Centre): Madam Speaker, I have the honour to present the seventeenth report of the Standing Committee on Finance, Trade and Economic Affairs.

[*Translation*]

PUBLIC ACCOUNTS—PRESENTATION OF SEVENTEENTH REPORT OF STANDING COMMITTEE

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, I have the honour of tabling the seventeenth report of the Standing Committee on Public Accounts.

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

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[*English*]

PRIVILEGE

MR. NYSTROM—REPORT STAGE AMENDMENT TO BILL C-124

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, this morning under Standing Order 17, I gave you notice of a question of privilege that I wished to raise. I want to say at the outset that I think you are aware that I raise questions of privilege very rarely in the House. I do so now only because I feel that our privileges collectively as private Members of Parliament, and my privileges as a Member of Parliament, have been affected by a motion that appears on today's Order Paper.

I was very careful to spend some time this morning reading Beauchesne's Parliamentary Rules and Forms as to what a question of privilege means concerning the work of Members of Parliament. On page 11 of Beauchesne we find Citation 16, which reads:

> Parliamentary privilege is the sum of the peculiar rights enjoyed by each House collectively as a constituent part of the High Court of Parliament, and by Members of each House individually, without which they could not discharge their functions—

I will not quote any more but Beauchesne refers to the fact that privileges also refer to the services of Members of Parliament being unimpeded. In other words, we have the right as Members of Parliament to provide services to our constituents unimpeded.

My question of privilege, and I will not get into the arguments on a substantive basis, arises out of Motion No. 3 to amend Bill C-124, appearing on today's Order Paper. I will paraphrase the motion. It says that the salaries of members' staff—in other words, the staff of Members of Parliament, both the parliamentary staff here in Ottawa and our staff in the constituencies—will, when the bill is passed, be rolled back. Bill C-124 treats this staff radically different from the public servants in our country who will not have their salaries rolled back but will have their salaries limited to a 6 per cent increase next year.

If we are to serve our constituents well and if we are to do what we have been elected to do—I assure you this is not a partisan issue—we have to depend to a great extent on our staff and their morale is very important. If we are to keep our staff, it is very important that their salaries not be rolled back; otherwise certain of our staff will leave. If we are to attract good staff, it is important their salaries be at an adequate level.

You are aware, Madam Speaker, that on March 31, 1982, the staff of Members of Parliament received a salary increase of 11 per cent.

Madam Speaker: Order, please.

Mr. Nystrom: Just one moment, please, Madam Speaker.

Madam Speaker: I think I would have to reverse that and say to the hon. member "Just one moment, please." My impression is that the hon. member is debating the motion which is going to come up for debate later this day. He does not have a question of privilege but a matter of debate. I invite the hon. member to debate the issue when the motion is called precisely for that purpose.

I have listened to the hon. member and I have not been able to detect a trace of a question of privilege in what he has said. It is quite obvious to me that he is debating the motion. Of course, the hon. member has the right to debate that matter, and I hope he will when the motion is called.

Mr. Nystrom: Madam Speaker, if I may, I would like to refer you to Beauchesne, in particular pages 11, 12, 13 and 14, under the definition of "Privilege". I will not waste the time of the House to quote in detail, but I want to say to you that I believe the staff we have play a very essential part in helping Members of Parliament with their constituency work and in performing their duties.

Madam Speaker: Order, please. I am grateful to the hon. member for not quoting the whole definition of a question of privilege to me. I had that in mind when I said to the hon. member that I felt he was debating the motion.

* * *

[*Translation*]

FINANCE

TABLING OF DOCUMENTS CONCERNING REVISION AND CONSOLIDATION OF TRUST AND LOAN COMPANIES LEGISLATION

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, under the provisions of Standing Order 41(2), I wish to table in the House a set of documents on the revision and consolidation of the Trust Companies Act and the Loan Companies Act. The documents include a draft revision of the legislation, a working paper and a summary of those two documents.

Madam Speaker, I feel that the information I am tabling will provide an excellent opportunity for all parties concerned to make their views known to the government before a final decision on policy is made.

* * *

[*English*]

PETITIONS

MR. SARGEANT—TESTING OF CRUISE MISSILES ON CANADIAN SOIL

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise today to present a petition signed by a number of Canadians who are opposed to the testing of the U.S. Cruise missile on Canadian soil. These people ask that the government scrap its plans to test this missile since such testing indicates a willingness on the part of the Canadian government to support the insane arms race that is currently being waged by the superpowers. The petition also asks that Canada be declared a nuclear-free zone.

This petition, Madam Speaker, also has the support of 3,650 residents of Manitoba who have signed cards opposing Cruise missile testing and advocating a declaration of Canada as a nuclear-free zone. These cards are being delivered to the Prime Minister (Mr. Trudeau) right now. It is my hope and the hope of the petitioners that he will heed their call.

MR. COOPER—RECONSIDERATION OF BILL C-53

Mr. Albert Cooper (Peace River): Madam Speaker, today I have the honour to present to the House a petition on behalf of people in my constituency concerning Bill C-53. The petition respectfully calls upon Parliament to retain prohibitions on spouses charging one another with sexual assault, that the age of consent not be lowered, that the law continue to prohibit acts of gross indecency and that there be a class of sexual assault or rape retained.

* * *

• (1210)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,379, 2,380, 2,381, 2,382, 2,383, 3,697, 4,170, 4,195, 4,196, 4,248, 4,261, 4,311 and 4,390.

[*Text*]

PUBLIC SERVICE SUPERANNUATION ACCOUNT

Question No. 2,379—**Mr. Knowles:**

1. Does the actuarial report on the Public Service Superannuation Account (PSSA) as at December 31, 1972 state there were 256,958 contributors to the PSSA on December 31, 1972 and does the report as at December 31, 1977 state there were 246,059 contributors on January 1, 1973 and, if so, by what amount were the actuarial liabilities of the PSSA reduced as a result of the reduction of 10,899 contributors from the rolls on January 1, 1973?

2. (a) What annual rate of salary increases resulting from promotions did the actuarial report as at December 31, 1972 assume would be received by PSSA contributors (b) what annual rate of such salary increases did PSSA contributors receive during the period January 1, 1973 to December 31, 1977 (c) what annual rate of such salary increases does the actuarial report as at December 31, 1977 assume will be received by PSSA contributors?

3. (a) What was the average age at which the actuarial report as at December 31, 1972 assumed PSSA contributors would retire in the future (b) what were the average ages at which PSSA contributors retired for each year during the period January 1, 1973 to December 31, 1977 (c) what is the average age at which the actuarial report as at December 31, 1977 assumes that PSSA contributors will retire in the future?

Hon. Pierre Bussières (Minister of State (Finance)): 1. While there appeared to be a reduction of 10,899 reported active contributors as at January 1, 1973, there was also an increase of 668 in the number of reported pensioners. For purposes of the report as at December 31, 1977, it was estimated that as a result of the reported change in the number of contributors the liabilities may have been reduced by about $176 million. However, this figure is extremely difficult to estimate and the true figure may have been very much less. There would have been practically no change in the actuarial liabilities for the 668 cases whose status may be assumed to have merely changed as at January 1, 1973. If, in addition, the

remaining 10,231 cases could be assumed to be employees whose service terminated before January 1, 1973, but who were included in the 1972 valuation, the implicit reduction in the actuarial liabilities as at January 1, 1973 might have been of the order of only $8 million or 0.16 per cent of the estimated total 1972 liabilities.

2. (a) Promotional salary increases assumed for purposes of the 1972 actuarial report were in accordance with the following table:

Age	Males	Females	Age	Males	Females
18	0.385	0.396			
19	0.401	0.412			
20	0.418	0.429	45	0.887	0.899
21	0.436	0.447	46	0.898	0.910
22	0.455	0.466	47	0.908	0.919
23	0.475	0.486	48	0.917	0.928
24	0.496	0.507	49	0.926	0.936
25	0.517	0.529	50	0.934	0.943
26	0.539	0.551	51	0.941	0.950
27	0.561	0.573	52	0.948	0.956
28	0.583	0.596	53	0.954	0.962
29	0.605	0.619	54	0.960	0.967
30	0.627	0.642	55	0.965	0.971
31	0.649	0.664	56	0.969	0.975
32	0.670	0.686	57	0.973	0.979
33	0.691	0.707	58	0.977	0.982
34	0.711	0.728	59	0.980	0.985
35	0.731	0.748	60	0.983	0.988
36	0.750	0.767	61	0.986	0.990
37	0.769	0.785	62	0.988	0.992
38	0.787	0.802	63	0.990	0.994
39	0.804	0.819	64	0.992	0.995
40	0.820	0.834	65	0.994	0.996
41	0.836	0.849	66	0.995	0.997
42	0.850	0.863	67	0.997	0.998
43	0.863	0.876	68	0.998	0.998
44	0.876	0.888	69	0.999	0.999
			70	1.000	1.000

(b) Information on promotional salary increases actually received during the five years ending December 31, 1977 is not available. However, studies carried out in connection with the 1977 report indicated the following progression of salaries from age to age.

Age	Males			Age	Females		
20	$1,000			20	$1,000		
25	1,396			25	1,233		
30	1,750	$1,000		30	1,497	$1,000	
35	1,976	1,129		35	1,744	1,165	
40	2,094	1,197	$1,000	40	1,944	1,299	$1,000
45	2,175	1,243	1,038	45	2,096	1,400	1,078
50	2,236	1,278	1,068	50	2,198	1,469	1,131
55	2,283	1,305	1,090	55	2,263	1,512	1,164
60	2,321	1,326	1,108	60	2,303	1,539	1,185
65	2,344	1,340	1,119	65	2,322	1,551	1,194

(c) Promotional salary increases assumed for purposes of the 1977 report for females were the same as for the 1972 report (see 2(a) above) and for males were in accordance with the following table:

Age	Males	Age	Males	Age	Males	Age	Males	Age	Males
18	.357								
19	.390								
20	.424	30	.742	40	.888	50	.948	60	.984
21	.459	31	.767	41	.895	51	.953	61	.986
22	.493	32	.789	42	.902	52	.957	62	.988
23	.525	33	.808	43	.908	53	.961	63	.990
24	.558	34	.824	44	.915	54	.965	64	.992
25	.592	35	.838	45	.922	55	.968	65	.994
26	.624	36	.851	46	.927	56	.971	66	.996
27	.655	37	.861	47	.933	57	.974	67	.997
28	.686	38	.871	48	.938	58	.978	68	.998
29	.715	39	.880	49	.943	59	.981	69	.999
								70	1.000

3. (a) The rates of retirement and mortality assumed for purposes of the 1972 report produce probable average ages of retirement of 63.75 for males and 63.83 for females.

(b) Actual average ages at retirement

1973-74	62.9
1974-75	62.5
1975-76	62.4
1976-77	62.2
1977-78	62.3

(c) The rates of retirement and mortality assumed for purposes of the 1977 report produce probable average ages of retirement of 62.24 for males and 62.29 for females.

Question No. 2,380—**Mr. Knowles:**

1. Does the actuarial report on the Public Service Superannuation Account (PSSA) as at December 31, 1977 show a deficit of $61.5 million in the valuation balance sheet of the PSSA as at December 31, 1977?

2. What would be the deficit in the sheet as at December 31, 1977 if the 1977 PSSA actuarial report had examined the PSSA in accordance (a) with the assumptions used in the actuarial report as at December 31, 1972 (b) with the 1972 PSSA actuarial report assumptions of 0-0-4 per cent for annual inflation, salary revision increases, and interest rates respectively and in accordance with the 1977 actuarial report assumptions for all other factors (c) with economic assumptions of (i) 0-0-3½ per cent (ii) 0-2½-3½ per cent for annual inflation, salary revision increases, and interest rates respectively (d) with an assumption of 3 per cent annual inflation, 5½ per cent annual salary revision increases, but with an annual interest rate assumption of (i) 6½ per cent during the period PSSA participants are employed in the public service and are eligible to receive public service salary revision increases (ii) 3½ per cent during the period PSSA participants are no longer eligible to receive public service salary revision increases, that is 3½ per cent on the liabilities in respect of current and future beneficiaries calculated so that employer contributions made in respect of former contributors who have taken a return of contributions and the unreturned interest earnings in respect of the employee-employer contributions of these former contributors are assigned between actively employed contributors and beneficiaries according to the proportion of liabilities in the PSSA as between actively employed contributors and beneficiaries?

3. What would be the deficit in the sheet as at December 31, 1977 if adoption of the 3 per cent inflation scenario contained in the 1977 PSSA actuarial report, namely adoption of economic assumptions of 3-5½-6½ per cent for annual inflation, salary revision increases, and interest rates respectively, had been accompanied by an amendment to the PSS Act providing that the first 3 per cent of annual indexing of PSSA benefits paid on December 31, 1977 and thereafter would henceforth be paid out of the PSSA and would be regarded as PSS Act benefits?

4. What is the employer contribution rate, expressed as a percentage of the effective employee contribution rate to the PSSA, that would be required to provide all PSS Act benefits in respect of current service if the actuarial examination of the PSSA as at December 31, 1977 had been carried out in accordance with the assumptions and conditions described in parts 2 and 3?

5. What is the amount that would have to be credited to the PSSA on December 31, 1977 to reduce the employer contribution rate by 10 per cent of the effective employee contribution rate to the PSSA to finance all PSS Act benefits in respect of current service after December 31, 1977 under the scenarios described in parts 2 and 3?

Hon. Pierre Bussières (Minister of State (Finance)): 1. Yes.

2. (a) $713 million. (b) $1,002 million. (c) (i) $1,906 million. (ii) $2,908* million (includes $909 million for accrued supplementary retirement benefits). (d) $3,884 million (includes $1,124 million for indexed accrued supplementary retirement benefits).

*For comparability with 2(d), notional assets were valued at 3.5 per cent which increased them by $4,166 million. This was partially offset by a reserve of $2,710 million for salary increases of the same size as implicitly included in 2(d), i.e., providing for increases until 1983 greater than the basic 5.5 per cent assumed in 2(d).

3. $3,884 million (includes $1,124 million for indexed accrued supplementary retirement benefit).

4. Employer contribution rates expressed as percentage of effective employee contribution rate.

Assumptions as for	Employer Multiple*
2(a) above	105 per cent
2(b) above	115 per cent
2(c)(i) above	140 per cent
2(c)(ii) above	170 per cent**
2(d) and 3 above	150 per cent**

*These figures are subject to modification when CPP/QPP contribution rates are increased above 3.6 per cent of contributory earnings.

**For purposes of consistency between 2(c)(ii) and 2(d) and 3, it was assumed that employees contribute to the public service superannuation account a total of 7.5 per cent of salary less CPP/QPP contributions (i.e., including the 1 per cent supplementary retirement benefit contribution) and that all benefits are paid out of the account.

5. There does not appear to be any way to determine an amount equivalent to a reduction in the employer contribution rate the indefinite future.

Question No. 2,381—**Mr. Knowles:**

1. What would be the deficit or surplus in the valuation balance sheet of the Public Service Superannuation Account (PSSA) if the actuarial report as at December 31, 1977 had used economic assumptions of 0-2½-3½ per cent for annual inflation, salary revision increases, and interest rates respectively?

2. What would be the deficit or surplus in the sheet as at December 31, 1977 if the 1977 PSSA actuarial report had examined the PSSA in accordance with (a) economic assumptions of 6-8½-9½ per cent for annual inflation, salary revision increases, and interest rates respectively (b) an assumption of 6 per cent annual inflation, 8½ per cent annual salary revision increases, and an annual interest rate assumption of (i) 9½ per cent during the period PSSA participants are employed in the public service and are eligible to receive public service salary revision increases (ii) 3½ per cent during the period PSSA participants are no longer eligible to receive public service salary revision increases, that is 3½ per cent on the liabilities in respect of current and future beneficiaries calculated so that employer contributions made in respect of former contributors who have taken a return of contributions and the unreturned interest earnings in respect of the employee-employer contributions of these former contributors are assigned between actively employed contributors and beneficiaries according to the proportion of liabilities in the PSSA as between actively employed contributors and beneficiaries (c) economic assumptions of 6-8½-9½ per cent for annual inflation, salary revision increases, and interest rates respectively and if the PSS Act were amended to provide that the first 6 per cent of annual indexing of PSSA benefits paid on December 31, 1977 and thereafter would henceforth be paid out of the PSSA and would be regarded as PSS Act benefits?

3. What is the employer contribution rate, expressed as a percentage of the effective employee contribution rate to the PSSA, that would be required to provide all PSS Act benefits in respect of current service if the actuarial examination of the PSSA as at December 31, 1977 had been carried out in accordance with the assumptions and conditions described in parts 1 and 2?

4. What is the amount that would have to be credited to the PSSA on December 31, 1977 to reduce the employer contribution rate by 10 per cent of the effective employee contribution rate to the PSSA to finance all PSS Act benefits in respect of current service after December 31, 1977 under the scenarios described in parts 1 and 2?

Hon. Pierre Bussières (Minister of State (Finance)): 1. $2,908* million deficit (includes accrued supplementary retirement benefits).

2. (a) $1,281* million surplus (PSSA only). (b) and (c) $4,141* million deficit (includes indexed accrued supplementary retirement benefits).

*For consistency and comparability, notional assets in each case were valued at the assumed rate of interest. Moreover, the actuarial liabilities include reserves for salary increases until 1983, such that 1 and 2(b) and (c) may be compared with question 2,380 part 2(d), and 2(a) with question 2,380 part 1.

The premium included in the value of notional assets and the special reserve in each case were as follows:

	Premium on Assets	Special Reserve
1. above	$4166 million	$2710 million
2. (a)	$879 million discount	($2 million)
2. (b) and (c)	$879 million discount	$15 million

3. Employer contribution rates expressed as percentage of effective employee contributions.

Assumptions as for	Employer Multiple*
1. above	170 per cent**
2. (a) above	65 per cent
2. (b) and (c) above	130 per cent**

*These figures are subject to modification when CPP/QPP contribution rates are increased above 3.6 per cent of contributory earnings.

**For comparability with question 2,380 part 2(c)(ii) and 2(d) and 3, it was assumed that employees contribute to the public service superannuation account a total of 7.5 per cent of salary less CPP/QPP contributions (i.e., including the 1 per cent supplementary retirement benefit contribution) and that all benefits are paid out of the account.

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4. There does not appear to be any way to determine an amount equivalent to a reduction in the employer contribution rate into the indefinite future.

Question No. 2,382—**Mr. Knowles:**

1. What would be the deficit or surplus in the valuation balance sheet of the Public Service Superannuation Account (PSSA) if the actuarial report as at December 31, 1977 had used economic assumptions of 0-2-3 per cent for annual inflation, salary increases arising from both promotions and salary revisions, and interest rates respectively?

2. What would be the deficit or surplus in the sheet as at December 31, 1977 if the 1977 PSSA actuarial report had examined the PSSA in accordance with (a) economic assumptions of 3½-5½-6½ per cent for annual inflation, salary increases arising from both promotions and salary revisions, and interest rates respectively (b) an assumption of 3½ per cent annual inflation, 5½ per cent annual salary increases arising from both promotions and salary revisions, and an annual interest rate assumption of (i) 6½ per cent during the period PSSA participants are employed in the public service and are eligible to receive public service promotions and salary revision increases (ii) 3 per cent during the period PSSA participants are no longer eligible to receive public service promotions and salary revision increases, that is 3 per cent on the PSSA liabilities in respect of current and future beneficiaries calculated so that employer contributions made in respect of former contributors who have taken a return of contributions and the unreturned interest earnings in respect of the employee-employer contributions of these former contributors are assigned between actively employed contributors and beneficiaries according to the proportion of liabilities in the PSSA as between actively employed contributors and beneficiaries (c) economic assumptions of 3½-5½-6½ per cent for annual inflation, salary increases arising from both promotions and salary revisions, and interest rates respectively and if the PSS Act were amended to provide that the first 3½ per cent of annual indexing of PSSA benefits paid on December 31, 1977 and thereafter would henceforth be paid out of the PSSA and would be regarded as PSS Act benefits?

3. What is the employer contribution rate, expressed as a percentage of the effective employee contribution rate to the PSSA, that would be required to provide all PSS Act benefits in respect of current service if the actuarial examination of the PSSA as at December 31, 1977 had been carried out in accordance with the assumptions and conditions described in parts 1 and 2?

4. What is the amount that would have to be credited to the PSSA on December 31, 1977 to reduce the employer contribution rate by 10 per cent of the effective employee contribution rate to the PSSA to finance all PSS Act benefits in respect of current service after December 31, 1977 under the scenarios described in parts 1 and 2?

Hon. Pierre Bussières (Minister of State (Finance)): 1. $3,589* million deficit (includes accrued supplementary retirement benefits).

2. (a) $312* million surplus (PSSA only). (b) and (c) $4,252* million deficit (includes indexed accrued supplementary retirement benefits).

*For consistency and comparability, notional assets in each case were valued at the assumed rate of interest. Moreover, the actuarial liabilities include reserves for salary increases until 1983, such that 1 and 2(b) and (c) may be compared with question 2,380 part 2(d), and 2(a) with question 2,380 part 1.

The premium included in the value of notional assets and the special reserve in each case were as follows:

	Premium on Assets	Special Reserve
1. above	$4795 million	$3169 million
2. (a)	$1166 million	$1305 million
2. (b) and (c)	$1166 million	$1539 million

3. Employer contribution rates expressed as percentage of effective employee contributions.

Assumptions as for	Employer Multiple*
1. above	185 per cent**
2. (a) above	90 per cent
2. (b) and (c) above	125 per cent**

*These figures are subject to modification when CPP/QPP contribution rates are increased above 3.6 per cent of contributory earnings.

**For comparability with question 2,380 part 2(c)(ii) and 2(d) and 3, it was assumed that employees contribute to the public service superannuation account a total of 7.5 per cent of salary less CPP/QPP contributions (i.e., including the 1 per cent supplementary retirement benefit contribution) and that all benefits are paid out of the account.

4. There does not appear to be any way to determine an amount equivalent to a reduction in the employer contribution rate into the indefinite future.

Note: The assumptions underlying the figures in respect of part 2 and the corresponding part 3 do not include the usual provision for promotional salary increases.

Question No. 2,383—**Mr. Knowles:**

1. What would be the deficit or surplus in the valuation balance sheet of the Public Service Superannuation Account (PSSA) as at December 31, 1977 if the 1977 PSSA actuarial report had examined the PSSA in accordance with (a) economic assumptions of 6½-8½-9½ per cent for annual inflation, salary increases arising from both promotions and salary revisions, and interest rates respectively (b) an assumption of 6½ per cent annual inflation, 8½ per cent annual salary increases arising from both promotions and salary revisions, and an annual interest rate assumption of (i) 9½ per cent during the period PSSA participants are employed in the public service and are eligible to receive public service promotions and salary revision increases (ii) 3 per cent during the period PSSA participants are no longer eligible to receive public service promotions and salary revision increases, that is 3 per cent during the period following their employment in the public service when they and their survivors are entitled to immediate and deferred PSS Act benefits calculated so that employer contributions made in respect of former contributors who have taken a return of contributions and the unreturned interest earnings in respect of the employee-employer contributions of these former contributors are assigned between actively employed contributors and beneficiaries according to the proportion of liabilities in the PSSA as between actively employed contributors and beneficiaries (c) economic assumptions of 6½-8½-9½ per cent for annual inflation, salary increases arising from both promotions and salary revisions, and interest rates respectively and if the PSS Act were amended to provide that the first 6½ per cent of annual indexing of PSSA benefits paid on December 31, 1977 and thereafter would henceforth be paid out of the PSSA and would be regarded as PSS Act benefits?

2. What is the employer contribution rate, expressed as a percentage of the effective employee contribution rate to the PSSA, that would be required to provide all PSS Act benefits in respect of current service if the actuarial examination of the PSSA as at December 31, 1977 had been carried out in accordance with the assumptions and conditions described in part 1?

3. What is the amount that would have to be credited to the PSSA on December 31, 1977 to reduce the employer contribution rate by 10 per cent of the effective employee contribution rate to the PSSA to finance all PSS Act benefits in respect of current service after December 31, 1977 under the scenarios described in part 1?

Hon. Pierre Bussières (Minister of State (Finance)): 1. (a) $1,365* million surplus (PSSA only). (b) and (c) $4,585*

million deficit (includes indexed accrued supplementary retirement benefits).

*For consistency and comparability, notional assets in each case were valued at the assumed rate of interest. Moreover, the actuarial liabilities include reserves for salary increases until 1983, such that 1(a) may be compared with question 2,380 part 1, and 2(a) with question 2,380 (part 2(d)).

The premium included in the value of notional assets and the special reserve in each case were as follows:

	Premium on Assets	Special Reserve
1 (a) above	$879 million discount	$218 million
1 (b) and (c) above	$879 million discount	$347 million

2. Employer contribution rates expressed as percentage of effective employee contributions.

Assumptions as for	Employer Multiple*
1 (a) above	45 per cent
1 (b) and (c) above	110 per cent**

*These figures are subject to modification when CPP/QPP contribution rates are increased above 3.6 per cent of contributory earnings.

**For comparability with question 2,380 part 2(c)(ii) and 2(d) and 3, it was assumed that employees contribute to the public service superannuation account a total of 7.5 per cent of salary less CPP/QPP contributions (i.e., including the 1 per cent supplementary retirement benefit contribution) and that all benefits are paid out of the account.

3. There does not appear to be any way to determine an amount equivalent to a reduction in the employer contribution rate into the indefinite future.

Note: The assumptions underlying these figures do not include the usual provision for promotional salary increases.

SECOND CONFERENCE ON LATIN AMERICAN WOMEN

Question No. 3,697—**Mr. Gamble:**

1. With reference to the Second Conference on Latin American Women held in Winnipeg on November 28 and 29, 1981 funded by the Department of the Secretary of State, who attended and, in each case, what was his/her organizational affiliation?

2. Who applied for the conference grant and what were their organizational affiliations?

3. What was the amount of the grant?

4. Was the grant for the total cost of the conference and, if not, what were the other sources of funding and the amounts involved?

5. (a) Which conferees were from foreign countries and, in each case, which country (b) on what basis were visas granted to foreign conferees?

6. Were any persons attending Cuban and, if so, had they fled Communist tyranny or were they spokespersons for the Communist government of that country?

7. Were any persons attending from El Salvador and, if so, were they supporters or opponents of the anti-Communist government of El Salvador?

8. Were any persons attending of Chilean background and, if so, were they supporters of the current anti-Communist government or of the former Allende Marxist government of Chile?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Secretary of State and the Department of External Affairs as follows:

1. As this conference was not organized by the government, the names of individuals attending the conference are not known to the Secretary of State and the Department of External Affairs. However, organizations invited to participate at the conference were as follows: Provincial Council of Women, Manitoba; Young Women Canadian Association, Winnipeg; Canadian Advisory Council of Women, Winnipeg; Manitoba Provincial Council of Women; Manitoba Federation of Labour, Equal Opportunity Committee; Manitoba Action Committee on the Status of Women; Chilean Canadian Cultural Centre, Women's Committee, Winnipeg; Manitoba Council for International Cooperation; International Centre, Winnipeg; Match Internation, Winnipeg; Oxfam, Winnipeg; Chilean Information Centre, Winnipeg; Committee of Solidarity with Latin America, Winnipeg; Unitarian Church, Winnipeg; Nellie McClung Theatre, Winnipeg; New Democratic Party, Status on Women Committee, Winnipeg; Voice of Women, Winnipeg; Association of United Ukranian Canadians, Women's Branch 224, Winnipeg; Congress of Canadian Women, Winnipeg; Manitoba Peace Council; Pregnancy Information Centre, Women Health Clinic, Winnipeg; Community Task Force on Material and Child Health, Winnipeg; Central America Solidarity Committee, Winnipeg; Indian Metis Friendship Centre, Winnipeg; United Church, Winnipeg Presbitery; Canadian Catholic Organization for Development and Peace, Winnipeg; United Jewish People Organization, Winnipeg; Women's Bureau, Manitoba Department of Labour; Red River Community College, Women's Coordinator, Winnipeg; Lombard Jaycees, Winnipeg; Women and the Law, Winnipeg; National Farmers' Union, Winnipeg; Menonite Central Committee, Winnipeg; Manitoba Metis Federation; Metis Women's Association, Winnipeg; Women Employment Service, Winnipeg; United Nation Association, Winnipeg; Religious Society of Friends, Winnipeg; La Ligue des Femmes, Montréal; Conseil de la Paix du Québec; Calgary Chilean Association; Voice of Women, Calgary Branch; Voice of Women, Toronto Branch; Voice of Women, B.C. Branch; The Catholic Church of Saskatoon; Learning Centre of Quebec; Solidarity with Democratic Chile Committee, Toronto; Toronto Chilean Association; Regina Chilean Association; Saskatoon Chilean Association; Edmonton Chilean Association; Montreal Chilean Association; Vancouver Chilean Association.

2. Mrs. Elizabeth Willcock, executive director of the Citizenship Council of Manitoba, applied for the grant. The Citizenship Council of Manitoba is affiliated with the Citizenship Federation of Canada.

3. The amount of the grant was for $4,650.

4. The amount was for partial assistance only. The remaining costs of $3,410 were assumed by the Chilean Canadian Cultural Centre, Women's Committee, Winnipeg.

5. (a), 6, 7 and 8. See answer to part 1.

5. (b) All those who attended from outside of Canada would have been admitted to Canada according to the criteria set out in the Immigration Act and regulations.

REYE'S SYNDROME

Question No. 4,170—**Mr. Mitges:**

1. Is the Minister of National Health and Welfare aware of the medical report recently released by the Center For Disease Control in the United States that links the occurrence of Reye's Syndrome in small children who receive aspirin or ASA when suffering from influenza or other viral diseases?

2. Is the Department of National Health and Welfare or any of its agencies currently undertaking studies of its own to verify those already undertaken in the United States and (a) if so, what is the status of the studies (b) if not, on what date will the department begin the studies?

3. Is the department or any of its agencies aware of any other study or studies beyond the results recently released by the center that has linked Reye's Syndrome and the use of aspirin or ASA in small children suffering from influenza or other viral diseases and, if so, will the minister make the reports available to the public?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Yes. The Minister of National Health and Welfare is aware of the report released by the Centre for Disease Control in the United States. This report describes an association between ASA use and the occurrence of Reye's Syndrome, but it does not claim a causal relationship between the two.

2. (a) and (b) No. The Department of National Health and Welfare is not carrying out any new studies at this time. It is however in constant contact with the Canadian Paediatric Society, The American Academy of Pediatrics and The Food and Drug Administration and monitors their activities in the follow-up of the Reye's Syndrome problem. The U.S. Secretary of Health and Human Resources has directed the U.S. Food and Drug Administration to plan an educational campaign to parents and doctors and to look into means to label ASA products with a warning. The Health Protection Branch is consulting with the Canadian Paediatric Society in respect of information to be provided to the public. The Health Protection Branch is also exploring the feasibility of co-operating with the provinces in the development of a uniform system of reporting and monitoring cases of Reye's Syndrome across Canada.

As well, other aspects of studies on Reye's Syndrome are being carried out by investigators supported by the Medical Research Council (MRC). MRC has provided funds in 1982-83 to Dr. S. H. S. Lee and Dr. K. R. Rozee of the Department of Microbiology, Dalhousie University, Halifax, for a research project entitled "Viral pathogenesis: the role of interferon and other factors". Part of this research is concerned with the role that emulsifiers commonly found in the environment may play in the development of Reye's Syndrome.

3. Neither the Department of National Health and Welfare nor the Medical Research Council are aware of any new studies. However further information on Reye's Syndrome cases which occurred in Ohio has been published recently in the *The Lancet* (January 23, 1982). Also a report by the National Institute of Health Consensus Committee on the Diagnosis and Treatment of Reye's Syndrome as published in *The Journal of The American Medical Association* (November 27, 1981). Both these journals are widely read by Canadian physicians.

ELDORADO AVIATION LIMITED—LOANS TO EMPLOYEES

Question No. 4,195—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of Eldorado Aviation Limited or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Eldorado Aviation Limited reports as follows: The requested information is considered to be of a managerial and administrative nature between Eldorado Aviation Limited and the corporation's employees and, therefore, cannot be released to the public.

ELDORADO NUCLEAR LIMITED—LOANS TO EMPLOYEES

Question No. 4,196—**Mr. Baker (Nepean-Carleton):**

Were loans made to any employee of Eldorado Nuclear Limited or its subsidiaries since March, 1980 and, if so, in each case (a) what is the name and title of the employee (b) on what date was the loan taken out and on what date is it due (c) what was the amount of the loan (d) what interest rate is being charged (e) what was the purpose of the loan?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Eldorado Nuclear Limited reports as follows: The requested information is considered to be of a managerial and administrative nature between Eldorado Nuclear Limited and the corporation's employees and, therefore, cannot be released to the public.

CONSUMER AND CORPORATE AFFAIRS—CODE OF CONDUCT

Question No. 4,248—**Mr. Crosby:**

1. Does the Department of Consumer and Corporate Affairs have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. The Department of Consumer and Corporate Affairs does not have a code of conduct per se. The department issued, in 1974, "Instruction on Employee Ethics" covering subjects of: conflict of interest,

confidentiality and release of information, public appearances, statements and publishing, acceptance of gifts, entertainment and other forms of hospitality, political activity and employee organization activities. These guidelines are given to every new employee on his/her first day of work and are available to the public upon request.

In addition, the departmental Personnel Management Manual which is readily available to all employees provides information on hours of work, leave, holidays, discipline, termination of employment, and employee performance review and appraisal. Information on standard of conduct is also provided in the Treasury Board Administration Policy Manual for subjects such as contracting for services, travel and removal regulations, etc.

2. The department keeps records of disciplinary measures taken for two years only. To be consistent with the provisions of the Canadian Human Rights Act we are not providing names.

The following list indicates all suspensions that have occurred from January 1, 1980 to March 31, 1982. There has been no discharge during that period.

Suspensions January 1980—March 1982

Year	Month	Date	Suspension
1980*	June	16	8 days
		16	10 days
	October	6	1 day
		6	3 months
		14	2 days
		14	2 days
		14	5 days
		16	2 days
		17	1 day
		20	5 days
		20	5 days
		20	5 days
		23	2 days
		27	12 days
1981	March	4	1 month
	April	1	2 days
		21	10 days
	June	1	10 days
		2	1 day
		9	2 days
	August	11	2 days
	September	29	2 days
	October	6	5 days
	November	30	15 days

*None from January to May 1980.

NATIONAL HEALTH AND WELFARE—CODE OF CONDUCT

Question No. 4,261—**Mr. Crosby:**

1. Does the Department of National Health and Welfare have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Yes, written rules are embodied in a document entitled "Conflict of Interest Guidelines", provided to all employees during orientation, and this document is available to the public.

2. In accordance with departmental discipline procedures and the provisions of most collective agreements, records of disciplinary action are destroyed after two years have elapsed since the disciplinary action was taken, provided that no further disciplinary action was recorded during this period.

In view of the above mentioned requirements, departmental records reflect 112 disciplinary sanctions imposed in the five years preceding April 1, 1982.

	Written Reprimands	Suspensions	Discharges
1977/78	6	7	None
1978/79	5	9	1
1979/80	8	8	2
1980/81	30	9	3
1981/82	12	10	2

To be consistent with the provisions of the Canadian Human Rights Act we are not providing names.

COMPLAINTS LODGED AGAINST RCMP

Question No. 4,311—**Mr. Robinson (Burnaby):**

Since September 30, 1979, how many complaints were lodged against the RCMP at its complaints section and how many were (a) disposed of informally (b) found to be substantiated?

Hon. Bob Kaplan (Solicitor General): Total complaints reported from October 1, 1979 to December 31, 1981 were 5,150.

(a) Out of the 5,150 complaints

(i) 2,708 (53 per cent) were informally resolved. (Informal resolution relates to minor complaints which could be resolved to the satisfaction of the complainant in an informal manner at the local level without conducting a full investigation).

(ii) 2,442 (47 per cent) were formally resolved. (Formal resolution relates to any public complaint of a serious nature including those which could not be informally resolved and therefore required a thorough service and/or criminal investigation).

(b) Out of the 5,150 complaints

(i) 1,075 (21 per cent) were substantiated. The allegations were supported by sufficient evidence and this category includes complaints of a minor as well as those of a serious nature).

(ii) 722 (14 per cent) were unsubstantiated. (There was insufficient evidence to prove or disprove the allegation(s) or the complaint was withdrawn or not proceeded with).

(iii) 3,353 (65 per cent) were unfounded. (The allegation(s) did not occur or the member(s) acted lawfully or properly).

Statistics from January 1, 1982 to May 1, 1982 are not available.

"UNDERSTANDING CANADA"

Question No. 4,390—**Mr. Hawkes:**

1. Did the Department of External Affairs supply funds at any time to a United States publishing firm to print a book entitled "Understanding Canada" to be used in American universities to encourage the study of Canada and, if so (a) what was the cost (b) what were the names and nationalities of the persons contracted to produce the manuscript and what amount did it cost the Canadian taxpayer for their services?

2. Was a Mr. Norman London, Academic Relations Officer at the Canadian Embassy in Washington, D.C., involved in the project and, if so, what was his function and did he ever receive a grant at any time from any department?

3. Was the Department of External Affairs involved in any transaction at any time to sell the copyright for the book to the Association for Canadian Studies in the United States and, if so (a) for what amount was it sold (b) was any money supplied to the association at any time by any department in the form of grants or gifts?

4. Does the department have any plans to revise and translate the book into foreign languages for an upcoming high school edition and, if so (a) what amount will this venture cost the Canadian taxpayer (b) who authorized such a plan and what were the names of all persons involved in this undertaking?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. The Department of External Affairs did not supply any funds to a United States publishing firm for the printing of this book. As for the payments made to U.S. academics who were contracted to prepare the manuscript, please see reply to question 4,318 answered June 17, 1982.

2. Mr. London, who joined the staff of the Embassy in August, 1980, has not been involved in this particular project.

3. (a) Please see reply to question 4,318 answered June 17, 1982. (b) The Association for Canadian Studies in the United States receives from time to time grants from the department under the latter's mandate to promote the teaching and research about Canada in institutions of higher learning abroad.

4. No.

[*English*]

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

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

[*English*]

Mr. Nickerson: Madam Speaker, I rise on a point of order. First of all, I should like to thank the Parliamentary Secretary to the President of the Privy Council for providing so quickly an answer to a matter which I brought to his attention earlier this week. He did it in one day; that must be a record.

That experience prompts me to ask something else of him. He will undoubtedly be aware that under Section 9 of the Canadian National Railways Act, 1961, respecting the line from Grimshaw to Great Slave Lake, it is a requirement of the government to table in the House the annual financial statements of that company. This is normally done with respect to financial statements from the preceding calendar year either in April, May, or occasionally in June. It is now the end of July, 1982 and the financial statement for 1981 has not yet been tabled. I wonder whether the parliamentary secretary would be good enough to look into this matter.

Mr. Smith: Madam Speaker, needless to say, I am intimately familiar with that act and, I will be happy to look into the matter on the hon. member's behalf.

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House proceeded to the consideration of Bill C-124, respecting compensation in the public sector of Canada, as reported (with amendments) from the Standing Committee on Miscellaneous Estimates.

Madam Speaker: As hon. members are aware, there are 18 motions standing on the notice paper at the report stage of Bill C-124, respecting compensation in the public sector of Canada.

Motion No. 1, standing in the name of the hon. member for Churchill (Mr. Murphy), gives the Chair some misgivings as to its procedural acceptability. The long title sets out, in general terms, the purposes of the bill and should be amended only if and when amendments of substance are made to the bill which would necessitate as a consequence changes to that title. For the benefit of the hon. member, I refer him to page 465 of May's which reads in part:

Both the long title and the short title are amended, if amendments to the bill made it necessary.

And not the other way around. This is further substantiated by Citation 780(1) of Beauchesne's which reads as follows:

The title may be amended if the bill has been so altered as to necessitate such an amendment.

Unless the hon. member wishes to present argument on this point later, I intend to rule motion No. 1 as not acceptable.

Motions Nos. 2, 3, 5, 6 and 7 should be grouped for debate and voted on as follows: Motion No. 3 should be voted

separately, and a vote on motion No. 5 will also dispose of motions Nos. 2, 6 and 7.

Motion No. 4 should be debated and voted on separately.

Motions Nos. 8, 9, 10 and 11 should be grouped for debate and voted on as follows: The question will first be put on motion No. 9 and an affirmative vote on that motion will dispose of motions No. 8, 10 and 11; and a negative vote on motion No. 9 will necessitate the question being put separately on motions Nos. 8, 10 and 11.

Motions Nos. 12, 13, 14, 15 and 16 should be grouped for debate and voted on as follows: An affirmative vote on motion No. 12 disposes of motion No. 13; a negative vote on motion No. 12 necessitates the question being put on motion No. 13; motion No. 14 should be voted on separately; and an affirmative vote on motion No. 15 disposes of motion No. 16, with a negative vote necessitating the question being put on motion No. 16.

Motions Nos. 17 and 18 should be debated and voted on separately.

Before recognizing the hon. member for Churchill, I should like to say to the House that Bill C-124 was reprinted with an error, that is to say, it was reprinted as it was; it did not include a change which was made subsequently. Clause 6 should read in line 44 at page 5 as follows:

Section 4, be entitled to the merit increases, incremented increases or—

Mr. Rod Murphy (Churchill) moved:

Motion No. 2

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended in Clause 2 by striking out lines 7 to 11 at page 1 and substituting the following therefor:

"'compensation' means wage rates and benefits directly related thereto, other than pension and paid maternity benefits, but does not include the monetary value of hours of work, leave entitlements, leave for union activities, standards of discipline or any other working conditions;"

Hon. Donald J. Johnston (President of the Treasury Board) moved:

Motion No. 3

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended in Clause 2 by adding immediately after line 11 at page 2 the following:

"(3) The following provisions apply, notwithstanding anything in this Part that is inconsistent therewith:

(a) every person referred to in paragraph 3(2)(a) and every research staff member of a political party that is represented in Parliament on the day this Act is assented to shall, as of the day this Act is assented to, be entitled to receive, in lieu of the wage rate to which he would, but for this paragraph, be entitled, a wage rate equal to the product of the wage rate to which that person was entitled on March 31, 1982 and one hundred and six per cent;

(b) wage rates in effect under paragraph (a) shall continue in force for the twelve month period immediately following the day this Act is assented to;

(c) wage rates continued in force under paragraph (b) shall not be increased by more than five per cent for the twelve month period immediately following the period referred to in paragraph (b); and

(d) every compensation plan to which paragraphs (a) to (c) apply shall be extended for a period of twenty-four months from the day this Act is assented to and the terms and conditions of the compensation plan, other than wages rates, shall continue in force without change for the period for which the compensation plan is extended, subject to such changes as the Treasury Board may authorize where it deems it appropriate."

Mr. Rod Murphy (Churchill) moved:

Motion No. 5

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended by striking out Clause 4.

Mr. Rod Murphy (Churchill) moved:

Motion No. 6

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended in Clause 4 by striking out lines 24 to 34 at page 3 and substituting the following therefor:

"four months from the day immediately following the day on which the compensation plan would, but for this section, expire, where no increase in wage rates is to occur under the compensation plan on or after June 29, 1982."

Mr. Rod Murphy (Churchill) moved:

Motion No. 7

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended by striking out Clause 6.

He said: Madam Speaker, I believe you did not call motion No. 4.

Mr. Baker (Nepean-Carleton): It is to be voted on separately.

Mr. Murphy: I apologize, Madam Speaker; it was my error.

An hon. Member: Good.

Mr. Murphy: My error seems to make some people happy.

The Acting Speaker (Mr. Blaker): I realize the hon. member for Churchill (Mr. Murphy) has been recognized, but I should like to interrupt him for a moment and to indicate to hon. members that there are available copies of Madam Speaker's ruling with respect to the various motions. I am not sure whether hon. members have copies of it on their desks.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): Then I ask the pages to distribute photocopies of Madam Speaker's ruling in both official languages to hon. members.

Mr. Murphy: Mr. Speaker, it is a pleasure to participate in the report stage debate of Bill C-124. I should like to commence my remarks by referring to an article which appeared in yesterday's edition of *The Citizen*. Of course, I am referring to the fact that the research bureau of the Liberal Party of Canada is starting what it calls "the good news syndrome". The bureau is providing good news to be disseminated by Liberal Members of Parliament and senators across the country in their householders and through other mechanisms, so that people do not realize the current problems facing Canada. This means that the Liberal government will be able to minimize the problems facing Canadians. In other words, to quote Charles Dickens, "It was the best of times, it was the worst of times—". The Liberal government wishes to focus on the best of times so that Canadians will forget the very real problems which they face.

In the newspaper article I found something else which reminded me of Dickens. I am referring to a quotation of the Right Hon. Leader of the Opposition (Mr. Clark) in response to an interview by Mr. Ben Tierney and Aileen McCabe, wherein he said:

> I would reject controls. And I wouldn't allow my PMO to be issuing rumours that they were coming in while I was saying that they weren't. I think that controls wont't work.

Now I should like to turn to what the Leader of the Opposition had to say concerning the budget. He said:

> We are relieved that it is beginning to accept that government spending is a major cause of current economic problems . . . it is a step in the right direction.

Earlier I referred to "A Tale of Two Cities" because in this city we are getting two tales from the Leader of the Opposition. In fact, we have witnessed that same approach during the debate on Bill C-124 and its many amendments which are in front of us at the present time. Conservative members at the end of second reading debate voted, with the exception of one, with the government on this piece of legislation.

• (1220)

In committee the hon. members of the Conservative Party time after time pointed out the very glaring errors that are in this bill, yet they talk about voting for this bill. I have just pointed out that the leader of that party has two completely opposing positions on wage controls. What are we to believe?

In regard to the substance of the amendments that we have before us at this time, we have suggested amending Clause 2, the definition of compensation. Let me quote from motion No. 2:

> 'compensation' means wage rates and benefits directly related thereto, other than pension and paid maternity benefits, but does not include the monetary value of hours of work, leave entitlements, leave for union activities, standards of discipline or any other working conditions;—

The purpose of that specific amendment is to make sure that when this bill is put into force, as I presume the government and the opposition party will make sure this bill is passed, people are still able to negotiate for paid maternity leave; that they are still able to negotiate for pensions which will affect those individuals who will be going on pensions in the near future, not for two years but for the rest of their lives.

We believe that in this particular instance of paid maternity leave and pensions that this government, and hopefully the opposition party who supports the government on this bill, will recognize the very serious problem that would exist in this country if people are prevented from negotiating pension increases and if people are prevented from negotiating paid maternity leave as a result of this clause as it now stands.

The rest of that amendment basically provides that people be able to negotiate on standards of discipline and on other working conditions, and that the monetary value of leave entitlements, leave for union activities, etc., would not be included in the six and five regime that the government wants imposed on this country. So it is an amendment to clarify that compensation is basically the wage rates and the major fiscal benefits of the compensation plan.

With the present definition as proposed by the government we are afraid we could have a situation where the union wants to negotiate for two of their members to be off to investigate health and safety provisions, that these people could be booked off to do this very vital role of making sure that the workplace is safe, that union people are educated about workplace safety and that as few lives as possible are lost, but under the provisions of this bill it is possible that any attempt to negotiate leave provisions would be considered part of the six and five regime. Therefore, workers would lose even the six and five per cent increases allowed under this bill if they wanted to have some of their union representatives working on health and safety.

So this is a very constructive amendment which I hope the government and the official opposition will accept, because if this bill is, in reality, an attempt to keep down wages and hopefully fight inflation through that method, then a definition of this sort is a constructive definition, a definition which would only increase the good working relationships between union and business and union and government in this country and, as I mentioned earlier, to allow for paid maternity benefits without hurting the financial situation of other workers in that same barganing unit.

The position of the government, I understand, is that they will now allow, although I am not sure how they are going to allow—I cannot see that in the amendment they propose—paid maternity benefits, that that can now be negotiated through some mechanism. Again, I am not sure what that mechanism is, because the bill and the government amendments do not clarify what they intend to do to allow for collective negotiations.

If the government does allow for collective negotiations in some manner of speaking, then we do not want to see paid maternity benefits included as part of the 6 per cent and the 5 per cent benefits that workers are entitled to or are restricted to under this legislation. We do not believe that paid maternity leave could only be given if all of the workers are to suffer as a result of that.

We believe it is a benefit which Canadian women are entitled to. It is a motion which we have suggested not only at this stage but at the committee stage. We certainly believe in paid maternity benefits, but we do insist that the government exclude that from the six and five regime.

Other amendments that are proposed by us to be debated at this time include amendments 5, 6 and 7. In amendment 5 we are saying that we strike out Clause 4, and in amendment 6 we are modifying Clause 4 if we do not get our way on motion No. 5.

We do not like Clause 4 for a very major reason. Clause 4 allows the government to break its word with government employees. The government has signed collective agreements for 9 per cent, 10 per cent and 11 per cent increases, not much more, because government workers are getting less money and less increases than those workers in the private sector. But this bill provides that the government can ignore the agreement that it signed with its workers for 9 per cent, 10 per cent or 11 per cent increases, that the government can break those

contracts that the government itself negotiated and signed and impose a 6 per cent and 5 per cent regime over a two-year period, despite the fact that the government basically gave its word by signing a collective agreement that people would be entitled to 9 per cent or 10 per cent increases.

Yet this is the same government that says it must not break the agreement it has signed with the provinces and with some oil companies to allow them to have increases of approximately 31 per cent in energy prices over the next 18 months. So on the one hand, the Minister of Energy, Mines and Resources (Mr. Lalonde) and other ministers of the Crown in this Liberal government have said that they must honour agreements with the provinces, that they must honour agreements with the oil companies; on the other hand, they are saying they have no moral obligation to honour agreements with their own employees.

• (1230)

The government has stated through the budget of the Minister of Finance (Mr. MacEachen) and through this piece of legislation that it wants the co-operation of all sectors of the Canadian economy, including business, the provinces, government workers and private sector workers. How can the government even pretend to expect co-operation when it breaks the collective agreements that it has already signed with its employees, or agreements which Crown corporations like CN have already agreed to with its workers, and when it breaks agreements by way of amendments it introduced in committee that private sector railways have signed with their workers?

Certainly the municipalities, the provinces, small and large businesses and workers generally want to see the government get the Canadian economy back on the right track again. All Canadians, wherever they come from in Canada, want to see the government improve our economic situation which is still in difficulty, despite the good-news bad-news atmosphere the government is now pretending exists. While the government pretends there is good news about economic recovery, it is not so.

I would like to refer to a Gallup Poll which was recently conducted. This poll asked, "Which of the following do you consider to be the best way to cure Canada's economic problems?" The response was that 42 per cent favoured job-creation, 37.1 per cent said lower interest rates, 6.4 per cent indicated greater public controls over investment, and 6.8 per cent said public sector wage controls. In other words, 80 per cent of Canadians believe that job-creation and lower interest rates are the way to solve the problems that we face, while only 6.8 per cent of those polled believe in a program such as that introduced by the government. Canadians do not believe that this program will work, I do not believe it will work, nor do members of my caucus.

One must wonder what the real intent of this bill is. During second reading of this bill I referred to a government document which was leaked to our party over a year ago. In that document from which I quoted it said that wage control programs would be a public relations effort by the government and that these controls would probably not work. It would have the advantage, however, of giving the appearance that the government was concerned about correcting Canada's economic problems.

That facade is what concerns our party about this bill and that is the reason for our proposed amendments. We are concerned that the government is conducting a public relations program which it has admitted in its own document is not likely to work. The government has indicated in its own document that it would be a public relations program which would give the appearance that it is doing something. That is not acceptable. Over 80 per cent of Canadians who want the government to take action on job-creation and lower interest rates do not find this program acceptable.

The government should have been implementing programs for job-creation and lowering interest rates last month instead of having us discuss this during the hot month of July and now into the month of August. It should have introduced some concrete economic planning instead of giving us this public relations job.

As I mentioned earlier, the government has primarily asked under this proposal to be allowed to break its faith with its employees. How can it expect its employees' co-operation under those circumstances? After all the witnesses which the government allowed to appear before the committee, the government then included 36,000 more workers under this proposal as a result of the amendment stage of this bill. While some of the representatives of those workers did appear initially, they were not allowed to appear after the government made that proposal. Initially, only workers in Crown corporations such as CN were affected. Their representatives made some presentations to the committee but when a further 36,000 members of those unions were brought under these controls, the members of the committee did not allow other groups to come back. Not only did the government refuse permission for union representatives to attend and explain how unions under the Canada Labour Code can be included under this bill, but government members on that committee would not allow their own Minister of Labour (Mr. Caccia) to appear and explain his responsibilities as Minister of Labour to workers under his jurisdiction under the laws of Canada and how they would be affected.

That was the position of the government majority on that committee. That same government majority refused to allow different groups to appear before the committee on ten different occasions. I moved motions asking for the minister responsible for the status of women to be allowed to appear and explain how this bill would affect negotiations on issues of concern to women and how it would affect the large wage disparity between the basic group of women workers and the top echelon which is primarily composed of males. The minister responsible for the status of women met with the national action committee on the status of women who told her that they were concerned about some major problems inherent in this bill. However, nothing came of those representations. The

minister responsible for the status of women should have been invited to attend before the committee to explain some of the difficulties with this bill, but the Liberal majority on the committee would not permit it.

Mr. Ian Sinclair, head of the private sector six and five community, who is president of Canadian Pacific, has now had his workers affected by these provisions with the good graces of the government. Those workers are now on a mandatory program of 6 per cent and 5 per cent, with the blessings of the government. The Liberal government has paid off Mr. Sinclair quite royally. He is now preaching the gospel of this crusade. He is receiving the attention of the press as he explains why everyone should have a voluntary 6 and 5 program. Immediately after Mr. Sinclair endorsed that program, the government placed CP workers under the mandatory provisions of this bill. This bill is entitled "An act respecting compensation in the public sector of Canada". The government has now included the private sector and Mr. Sinclair has benefited from it as a result.

• (1240)

We believe that that person who met with the Prime Minister (Mr. Trudeau) and the President of the Treasury Board (Mr. Johnston), and a number of their cabinet colleagues, to convince them that this program, which is necessary in his eyes and to his pocketbook, will perform a great public service in relation to the six and five rule. That person should have been invited to speak to the committee to explain why the six and five program would work, why all the private sector companies would allow it to work and how they would participate. But again, the Liberal majority defeated the motion by the New Democratic Party to have Mr. Sinclair appear before the committee.

Bell Canada has said that it will not go along with restricting its prices to 6 per cent and 5 per cent, although it has already restricted the wages of its middle management workers. If Bell Canada is to restrict its wages but refuses to restrict its prices and instead asks for a 25 per cent increase in the telephone rates in the province where it operates, its president, Mr. de Grandpré, who earns $650,000 a year, should appear before the committee to explain why he was quoted a saying he wanted mandatory wage controls for the public sector after meeting with the Prime Minister. He does not want price controls for his own company, but he wants to be able to lower the wages of his own employees. However, he does not want to lower his own wage of $650,000 a year. Again, the Liberal majority on that committee would not allow such witnesses to appear. I will not go through the list. I did mention earlier that I moved motions relating to ten different groups, including the Public Service Commission, the Business Council on National Issues, which of course took credit for suggesting this program to the government, the Letter Carriers Union of Canada, the Canadian Union of Postal Workers and the National Union of Provincial Government Employees. We requested that all those groups be asked to appear, both those in business and in labour, to explain their positions.

It is interesting that the government has suggested that this program would set guidelines for the crusade, that the government would put in wage controls on the public sector, that it wanted the provinces and the private sector to follow suit, and wanted the unions to accept them, but would not even let the representatives of the National Union of Provincial Government Employees come forward to discuss the bill. If this bill is really more than a PR program, as the government would call it, and if it is really the hallmark of the crusade, as the President of the Treasury Board calls it, and if it is to be followed in other sectors of Canada, then we should have been allowed to hear from the representatives of the groups which are supposed to join in, if not with enthusiasm, at least with co-operation.

We will not be voting for the bill. We suggested that a number of clauses be deleted from the bill. We have also proposed amendments to improve the bill, about which I will be speaking later. Although we oppose the bill and will vote against it, we believe it is our responsibility, as Members of Parliament, to try to take away some of the very harsh provisions contained in the bill. If we do not succeed in doing that, we have an equal responsibility to try to modify the legislation so that people can negotiate for pension increases.

As I have said earlier, if one cannot negotiate pension increases now, or if one is restricted to 6 per cent and 5 per cent increases in one's salary, a person who retires at the end of the two-year period will not only suffer for two years, but for the rest of his life. Inflation may increase by 10 per cent, 11 per cent or 12 per cent over the next 15 to 20 years. We do not like it and we certainly wish it were not true, but it may happen. If workers' wages increase by only 6 per cent and 5 per cent because of the provisions of the bill and the decisions of the government, if they cannot negotiate better pension plans, as there are areas which are fairly weak or have some substantial holes in them at the present time, then these people will be punished for longer than two years. If they join in the government's crusade over the next two years, they will make a sacrifice for the rest of their lives, a sacrifice which they will never be able to overcome because of the way in which the bill is presented. Our caucus has proposed amendments to ensure that pensions can be negotiated and that the pensions of those who are approaching retirement age will be calculated as if their wages had risen with the cost of living and not merely by 6 per cent, because we know that the cost of living will rise much more than 6 per cent.

We have also proposed amendments dealing with maternity leave. That is not a matter which should be included in the six and five program, but it should be a basic human right to help women workers and their families achieve some equality and to provide more hope in the workplace.

We will be speaking again to the various specific amendments which are before us, but I am worried about the whole purpose of the bill since the government has stated that it is a bill which is basically a public relations program. We are worried that the government, despite yesterday's announcement, will really not allow for collective bargaining because,

according to the President of the Treasury Board, the motion to provide collective bargaining and negotiation to proceed in some rational manner basically states that the government will determine whether or not it will exempt certain groups of employees from the provisions, of the act.

I do not know how the government can pretend that that type of amending clause will allow workers the right to negotiate. That clause would seem to indicate that the government, in its benign, so-called wisdom, will determine whether or not the workers in certain unions, such as CN, may negotiate with their employers. It will also decide whether or not workers in any of the other Crown corporations may negotiate with their employers. It will decide whether or not government workers can negotiate with the government. To be quite honest, that is not a power which should be entrusted to this government.

The whole purpose of passing legislation in the House of Commons is to ensure that rights are clearly spelled out. I am not talking about rights of government. I am talking about the rights of unions and companies. If the government really wants negotiations to proceed in some normal pattern, and even if it wants to keep the 6 and 5 per cent limitations in place—and we do not like those limits—and allow for collective bargaining on either monetary or non-monetary items, it should say that in this bill.

• (1250)

Do not just give us a namby-pamby amendment which says that the government, if it so chooses, will decide whether you can negotiate. That is not restoring collective bargaining. That does not let unions, individuals and companies retain the rights and obligations they presently have under the Canada labour Code and the Public Service Staff Relations Act.

The great Liberal so-called amendment to restore negotiations and collective bargaining is nothing but a refinement of this public relations job. Every so often the government throws in the towel on one amendment or another, an amendment to this clause or that clause. There is a string attached to that towel, because it comes right back to the government as soon as you look at the details of what the government has done.

There has been great press throughout the country yesterday and today saying, "Good, the government will let people negotiate again; isn't that wonderful?" The government has finally seen the wisdom of members of the New Democratic Party and some members of the Conservative Party, not all of course. We are not sure where the Leader of the Opposition stands; he is on both sides as usual.

There has been great press, great public relations for the government, but then you look at the amendment. When you look at the clause you find there is nothing there. It is strictly up to the government to decide who can negotiate and who cannot. It does not even say on what grounds the government made that decision. I presume that if it is a union which supports the Liberal Party, it will have a better chance of being able to negotiate. If it is a company which supports the Liberal government, I suspect the workers will not get the right to negotiate. Fifty thousands dollars a year can buy a lot of support from that party and that government.

Even if I was not cynical, and I must admit that I am, I believe the problem is that the government has no real commitment to negotiate. This government has no real understanding of workers' rights, no real appreciation of the fact that for the vast majority of collective agreements in this country there has been a peaceful resolution through the negotiation process. This government is cynical. The minister responsible for this bill has a history of union-bashing. He has appeared in front of all sorts of groups, basically business groups such as the Conference Board, saying you cannot allow designations, that the government must have more power to designate.

The minister has gone in front of the Conference Board and said that all levels of government—and I quoted him in committee—have been too soft on the unions and it is time we did something about it. He certainly did do something about it. The minister, his fellow ministers in cabinet and Liberal backbenchers had better not pretend that this is a bill to solve the economic problems of Canada, because that is not true. The Leader of the Opposition had better not say that this is a step in the right direction one day and the next day reject controls because he does not think they will work. He and the members of his party had better not pretend that this program is going to solve the economic conditions that Canadians face. The cabinet, the President of the Treasury Board, Liberal backbenchers and the vast majority of the Conservative Party had better not pretend in their speeches or in their votes in this House that they are out to solve the problems of Canada. They are out to assist some members of the Liberal cabinet and some senior officials in the Liberal back rooms. They are out to ensure that the public relations job sells.

I hope that the Conservative critics, and I see all three in the chamber, will speak about the real problems with this bill. I hope that they will convince their leader to speak out of only one side of his mouth for the next few days. If the three members here cannot convince their caucus, I hope that they can convince their members that this bill is a PR job and that the Conservative Party is being sucked into that PR job. It is doing a wonderful job of convincing Canadians that this is a Liberal-Conservative coalition. It is out to bash workers, to break collective agreements that this government has already signed. It wants to outlaw collective bargaining in this country. That is what is happening.

I hope that in the next few days, instead of introducing amendments which are a PR job, that do not give the right to negotiate and do not allow real increases or benefits for pregnant women, this government will reject the PR approach. I hope it will look at the 80 per cent of Canadians who believe that job creation and lower interest rates are the way to solve the problems that Canada faces.

That is what Canadians believe, our leader believes and our caucus believes. Only 6.8 per cent of Canadians believe that the program which the government and the official opposition are supporting will work. They want something to solve the

economic problems that Canada faces. They want to see this government do something concrete, not just another PR job.

That is why we sat here throughout July after the government introduced this bill at the end of June, and will be sitting here some time into August. It it because this bill is not only unfair and allows the government to break its word with its workers, but it will do nothing to help Canadians pay their mortgages. It will not help Canadians keep their small businesses. It will not help those Canadians who have to leave the resource communities in northern Canada because they have lost their jobs or their homes. It will not improve the economic situation or solve the personal hardships faced by Canadians.

That is the reality of this bill. That is why we cannot support it and will do everything we can to make sure the bill does not pass.

The Acting Speaker (Mr. Blaker): The Chair will obviously recognize the President of the Treasury Board (Mr. Johnston), but it is one minute to one. He might want to start his remarks at two o'clock, rather than now.

Mr. Johnston: I will call it one o'clock, Mr. Speaker.

The Acting Speaker (Mr. Blaker): Order. It being one o'clock, I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at one o'clock the hon. President of the Treasury Board (Mr. Johnston) was about to rise and cut my salary! Over the lunch hour I gave some consideration to what might be done about that, but in recognition of the impartiality of the Chair and with some misgivings, the Chair again recognizes the minister.

Hon. Donald J. Johnston (President of the Treasury Board): Mr. Speaker, I rise to speak to the amendments to Bill C-124 which were grouped by the Speaker and ruled upon earlier. I listened with interest to the comments of the hon. member for Churchill (Mr. Murphy) who, I suggest, restated much of what we heard in committee.

I should like to speak briefly to one point that he made, however. He emphasized and re-emphasized that in his opinion and in the opinion of his caucus and party, the program would not work. I should like infer from that that if he thought the program would work, he would support it. We on this side of the House and I believe many members on the other side believe that this program will work. Not only do we believe it will work, but we are dedicated to making it work. That is the spirit I should like to see among our friends in the New Democratic Party.

The hon. member also made a few cynical remarks—perhaps they were not cynical—about some of the major companies such as CPR and others, which I find difficult to accept when we know full well the liaison that exists between that party and Mr. McDermott. I should like to hear from the hon. member for Churchill and from Mr. McDermott. I should like to know what the hon. member for Churchill thinks about this program. I should like him to stand up before some of his constituents and explain why it is necessary that this program work in the interests of all Canadians.

Not only do I say that we are convinced the program will work, but clearly it is already working. I have seen a list, which I do not have with me, of company after company after company which has said it is going to abide by the program, I have been the reaction of other provincial Premiers. I have seen what happened in British Columbia just this week, and so has the hon. member for Churchill. We have seen what happened in New Brunswick. We have even seen the statements of some union leaders who have been supportive of a restraint package of this kind.

Bill C-124 is intended to provide compensation restraint mainly in that part of the economy directly under the control of the Government of Canada, either in its capacity as employer or in its capacity as owner. Such a measure recognizes the need to exercise restraint in a time of considerable fiscal difficulty. More importantly, it recognizes the need to provide a strong, clear signal to the economy in general that this element of our cost structure must be restrained. It must be restrained if we are to reduce inflation and maintain our competitive trade advantage.

Bill C-124 is a very serious measure placed before the House by the government only after considerable and thorough deliberation. It is a measure designed to restrain compensation only in those organizations to which it applies.

• (1410)

At the same time, as I will point out in the course of these brief remarks, it is not a one-sided measure. Bill C-124 will limit compensation increases over the two years of its application, yet it does contain provisions allowing wage rate increases to take place. It does restrict bargaining and the right to strike; however, except for parliamentarians and some others who will be affected by an amendment which I will be moving, it does not reduce wage rates or take away terms and conditions already in place on June 29, 1982. It goes further by ensuring that those terms and conditions which were freely arrived at between the parties through the collective bargaining system will be continued, thereby ensuring the continuing functioning during the course of the program of many important aspects of union-management relationships.

During the course of the examination of the bill in the House, during the proceedings before the Standing Committee on Miscellaneous Estimates, and as a result of representations by both labour and management, several important changes have been proposed which would improve the functioning of the bill. I would like to take this opportunity to thank all those who have made representations to us, and I include members

of this chamber. They have been particularly valuable in formulating proposals for changes to the bill. I would particularly like to commend the members of the Standing Committee on Miscellaneous Estimates and its chairman, the hon. member for Ottawa-Vanier (Mr. Gauthier), for their diligent, thorough and expeditious examination of the bill.

Some hon. Members: Hear, hear!

Mr. Johnston: In the course of various exchanges, Mr. Speaker, much has been made of those provisions of Bill C-124 which restrain collective bargaining during the term of its application. In response to that we introduced at committee stage an amendment to Clause 7 which provides that the parties to a collective agreement may amend the non-monetary terms of that agreement by mutual consent. This will allow the parties to make changes to such important areas as safety and health, grievance procedures, and so on; any non-monetary items which may be desirable to change during the course of the program.

The bill does restrict collective bargaining during the course of its application, but even such an august body as the International Labour Organization has recognized the necessity to do so under certain circumstances. In ILO Principles, Standards and Procedures concerning Freedom of Association, (ILO Geneva-77), at page 15 the following statement is made:

—the (ILO) supervisory bodies have not ignored the serious problems that may arise in certain circumstances in the economic field, and they have accordingly stated that it would be difficult to lay down an absolute rule concerning voluntary collective bargaining because, under certain circumstances, governments might feel that the economic position of their countries called at certain times for stabilization measures during the application of which it would not be possible for wage rates to be fixed freely through the medium of collective bargaining. Nevertheless, any such restriction should be imposed as an exceptional measure and only to the extent that is necessary, without exceeding a reasonable period, and it should be accompanied by adequate safeguards to protect worker's living standards.

Bill C-124, Mr. Speaker, when tested against that statement of the ILO, meets all of those conditions. It is being imposed as an exceptional measure. The restrictions imposed are only to the extent necessitated by the economy. The program has a two-year definite term of application and contains safeguards to protect workers' living standards and to maintain other important terms and conditions. The bill is an extraordinary measure necessitated by the extraordinary times in which we find ourselves, but it ensures a return to normal practices.

Suspension of the right to strike has been strongly criticized. Such criticism comes at a time when Canada has had for many years a very high rate of days lost due to strikes. For each of the last four years, man-days lost due to strikes have exceeded 825 per 1,000 employees. This places us in the unenviable position of being among the world leaders in this regard. Canada's rate was more than twice that of the United States in the years 1979 and 1980. This is taking place at a time when productivity is seriously low. Curiously, even today we see strikes taking place in industries which can ill afford them; strikes taking place where work is available but the strike itself is restricting activity; strikes taking place where there is and can be little economic benefit to the employees engaged in the strike.

Both myself and all other members of this party and this government, Mr. Speaker, recognize the importance of the right of employees to withdraw their services in our labour relations system. However, in listening to the criticism levied against this aspect of Bill C-124, it is almost as if the right to strike has become the raison d'être of labour relations in this country. I suggest to this House, Mr. Speaker, that surely employer-employee relations have a higher purpose.

Bill C-124 already imposes strict restrictions on the process of collective bargaining, and some are promoting a form of compulsory arbitration in this bill. Those who promote that notion are in reality suggesting that in addition to those restrictions, with which they profess to agree in terms of restraint, we should further impose on the system a process of compulsory arbitration. Such an imposition would apply to corporations and unions where it does not now exist and where it is regarded with considerable disdain by both unions and management. Not only that, the proposals, such as one we will be looking at, would impose arbitration of items which are not even subject to arbitration under the relevant provisions of the Public Service Staff Relations Act.

It would be ideal, Mr. Speaker, if we Canadians as a people were prepared to restrict our demands for wage rate increases to levels compatible with increases in productivity in this country. That has not happened. We hear the NDP saying: "Let us continue collective bargaining. You, government, set the limits on wage rate increases if, in your judgment, they are needed". Labour says: "Don't ask us to agree to them." Some members of this House, including members opposite, have said: "Yes, we can agree with the need for restraint. We can even agree with the limitations proposed in Bill C-124. But at the same time we should allow free collective bargaining to take place within those limitations".

Mr. Speaker, we have determined the limits; Bill C-124 provides that. Already it is providing a positive example to other sector right across this country. By the amendment to Clause 7 introduced at committee stage we have provided that parties to collective agreements may amend non-monetary terms and conditions of their collective agreements. This obviously allows for collective bargaining in those areas. It is limited, to be sure, but some collective bargaining in these very important areas of health, safety and others can take place.

A further amendment which we will be looking at, Mr. Speaker, will introduce possibilities with respect to collective bargaining under this program, and I will deal with that amendment at some length when the time comes for debate on that particular clause. At least, I hope I will have that opportunity. I see the hon. member for Kingston and the Islands (Miss MacDonald), and I was heartened to see her comments to the effect that this is an amendment which should help workers at the lower end of the wage scale. She is also quoted as saying:

—I think it will give much more equity within the six-five limit.

It certainly gives the union the opportunity to bargain on behalf of their employees. It restores that aspect of collective bargaining and that's what we wanted.

She is quoted as going on to say:

—the amendment could allow lower-paid workers above-ceiling increases if others within their bargaining group accept lower raises.

Generally speaking, I am pleased that the hon. member has adopted a positive approach towards the amendments we have tabled. The provisions contained in this bill set limits, and within those limits employers and employees have the right to bargain and the government has the right to release them from the application of the law. But as I say, we will be addressing that particular amendment in due course.

Finally, Mr. Speaker, let me say that I urge all members of this House to support the overall thrust of this bill and to recognize the extent to which collective bargaining is being preserved and protected by the amendments which have been introduced.

• (1420)

In this group of amendments which we are presently considering is motion No. 3. I must say that it is with some regret that I have proposed this amendment, which was in response to repeated requests and admonishments from the Conservative Party, more particularly from the hon. member for Nepean-Carleton (Mr. Baker). Going back several weeks, the hon. member for Nepean-Carleton said that ministerial staff should be singled out for a particular kind of treatment, which is discriminatory, because they alone, of all political appointees, would be subject to this kind of treatment. The treatment would have the effect of putting them under the program at a time when no other groups in comparable circumstances would go under the program.

I pointed out in this House and I pointed out in committee that ministerial staff received a wage rate increase—we do not know what individuals received—determined at 10 per cent in a decision of the Treasury Board on May 13. Their year runs from April 1 to March 31. They go into the six per cent and five per cent program, as the law is presently drafted, in the spring of next year, as every other group does. But the group with which they work and who are members of the parliamentary precinct in ministers' offices are, of course, parliamentary staff, also all political appointees, staff of the Leader of the Opposition (Mr. Clark), staff of the Tory research bureau, staff of the NDP research bureau and the staff of Liberal Party research bureau.

Mr. Deans: We do not want you to do it, so don't include us in it.

Mr. Johnston: All of these people are part of this major component. The latter group received a wage increase of 11 per cent. I did not hear the hon. member for Nepean-Carleton say much about that. Nevertheless, when questioned on that subject with respect to an amendment proposed by the hon. member for Nepean-Carleton before the committee earlier this week, I said that I would be prepared to look at a fair amendment, fair in the sense that it would treat everybody in the same circumstances the same way.

Mr. Deans: This is not fair, Don.

Mr. Johnston: This amendment has been put forward to treat everybody in the same circumstances in the same way. Unfortunately, that way will require a rollback to 6 per cent for that entire group of employees, in the same manner that Members of Parliament, ministers and senators have, in effect, been rolled back.

Some hon. Members: Shame!

Mr. Johnston: If the proposed amendment is adopted, it will come into effect at the time this bill receives assent. Political appointees under this amendment will be treated the same way. It is not only the logical extension of the argument put forward by the hon. member for Nepean-Carleton—

Mr. Baker (Nepean-Carleton): It is worse if you know what you are saying.

Mr. Johnston: —it is a necessary corollary of what the hon. member has put forward.

I also take this opportunity to inform the House that there have been consultations among the representatives of the parties and that it has not been possible to reach any agreement under the provisions at the report stage and third reading stage of Bill C-124, an act respecting compensation in the public sector of Canada.

Mr. Deans: It isn't any wonder. You keep changing the bill. It is not even the same bill that you brought in.

Mr. Johnston: Therefore, I wish to give notice, Mr. Speaker, that at the next sitting of the House I shall propose a motion, pursuant to Standing Order 75C, to allocate one sitting day to each of the said stages of the said bill.

Mr. Murphy: A holiday rush again.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I want to speak to the first matter in which my name was used in the House with respect to the authorship of motion No. 3. Through you, Mr. Speaker, I want to tell my dear friend, the President of the Treasury Board (Mr. Johnston), that I have heard cheap shots before and I have heard viciousness before, but when it is laced with untruthfulness it becomes intolerable.

I have to say to the minister that he had better read motion No. 3 again. When he reads motion No. 3 again he will find that what the government has done to the staff of Members of Parliament, who are employees of the House of Commons, is not to equate them with Members of Parliament; it is, in fact, to make their situation different and less, in quantitative terms, than that of Members of Parliament. I do not have the figures with me, but we have worked at those figures and I know that is true.

I want the House to know, I want the employees of the House to know and I want the public to know what the situation is. The position of this party has been, is and will be that the staff of Members of the House of Commons, and ministerial staff were to be treated equally with the public service, that

staff of Members of the House of Commons and ministerial staff were not to be treated differently.

This amendment—and I ask members of the House of Commons to read it—treats the staff of the House of Commons differently. In fact, it puts them on a rate term comparison in a position inferior to the staff of Members of Parliament. I want my friends to go to their offices and explain that to their staff later on. When it is explained to their staff, I want them to show the staff motion No. 3 and that it stands in the name of the President of the Treasury Board, who has tried to make a cheap political point on the backs of the staff of the Members of the House of Commons.

That is what I want to tell him. It is the Johnston amendment. It is the cheap Johnston amendment that is at stake here; let us make no mistake about it. I hope that the President of the Treasury Board before this debate is over will have the guts, the integrity and the intestinal fortitude to admit that he made a fool of himself. He has used hardworking people in this House of Commons to make a cheap political point and I hope that he will withdraw that stupidity and inequity from the statute books of this country. That is what I want him to do. I hope that the backbenchers of his own party will realize what it is.

The Minister of State for Multiculturalism (Mr. Fleming) has the figures in front of him now. They were given to him by the hon. member for Rosedale (Mr. Crombie). I hope he will join in a request to remove an inequity.

Mr. Fleming: The inequity started with your amendment.

Mr. Baker (Nepean-Carleton): I want to turn to the bill at hand. I am sorry the debate had to start off on that foot. This debate and the problems facing the country have, I think, been dealt with in this House of Commons with a reasonably equal hand on those counts. I believe that most Canadians are worried to death about the situation in which the country finds itself. Most Canadians are not interested in cheap political shots at the expense of the country or the people in it. Most Canadians do not want to see particular groups of people penalized and certainly they do not want to see groups within groups doubly penalized.

That is the view of most Canadians. They are worried about the country. As they worry about the country, they are joined by others who have commented on how we got to this state. The C.D. Howe Institute, in its blistering commentary a few days ago, reported:

> Canada's primary problem has been mismanagement of its economic affairs since the early 1970s by its federal leadership.

This commentary says that Canada may well have reached a point where it is impossible for its leaders to secure the co-operation needed to make a positive response to the country's economic predicament.

• (1430)

When the minister says that people believe or hope that this program will work—and even those who say it will not work hope it will work—I say that whether we believe or hope the program will work, it must work if we are to advance ourselves. Therefore, it has to be given an opportunity to work. Public servants are no different from anyone else. When it comes to belief in their country, they are not second-class citizens. Public servants as a group are prepared to participate in what the minister called a crusade a week or so ago. I say to government members that when they say that, they do not want to look over their shoulders and see the empty ranks behind them.

This is why I asked a question today in the House of Commons about what the government intends to do in its relationship with the provinces in terms of ever-increasing rents which tenants will have to pay while salaries become limited. This is why the meeting with municipal mayors yesterday was important. Every segment of society will have to join in if it is to work, not for the government, but for the country. That is the position which this party takes as we enter this debate. People are hoping against hope that it will work. That is the important aspect.

Let me deal with another matter which I think is important to us, important to the country, important to peace and important to establishing a basis for understanding in Canada. One thing which concerned me about Bill C-124 when it came out was its absolute assault on the collective bargaining process. There are some people in Canada who look upon that process as having only one ending; it can only end in a strike. Well, it does not always end in a strike. An interesting thing about public service bargaining is that there is a choice. These employees have an opportunity to choose the arbitration route or the conciliation-strike route. The statistics indicate that it is still the arbitration route which the largest number of public servants chooses to go because they want their disputes settled, and they want them settled peacefully. No one likes these things hanging over their heads. But I worry about a trend of more and more choosing the conciliation-strike route because of some narrowness in the grounds upon which matters can be arbitrated.

What worried me about Bill C-124 was that there seemed to be a fear on the part of the government that public servants were salivating in anticipation of going out on strike. That is not the case at all. I thought Bill C-124 was an assault on collective bargaining, but the minister and the hon. member for Kingston and the Islands (Miss MacDonald) are correct that, after hearing the evidence from all sources which came before the committee and after hearing the pleas of members of the Standing Committee on Miscellaneous Estimates, so admirably chaired by the hon. member for Ottawa-Vanier (Mr. Gauthier), the government decided to relent and give some flexibility.

What concerns us about the flexibility is that it is still within the right of government to say whether or not any discussions can begin at all. I do not think that is fair, balanced or reasonable. This is why there appears on the Order Paper an amendment in the name of the hon. member for Rosedale which we will discuss in detail a little later. It would preserve the right to

bargain collectively for monetary and non-monetary issues. It would ensure that whatever the result of that bargaining would be, the costs thereof would not exceed 6 per cent in one year or 5 per cent in the other, to give effect to the question of restraint.

It would allow, as the hon. member for York-Sunbury (Mr. Howie) worried about the other day in the House, some flexibility so that there could be some adjustments between lower and higher incomes of people within the Public Service of Canada. But our amendment goes a step further. It says that it is not enough just to make a statement about it, that there ought to be some way in which a dispute could be resolved. It says that of course there should be no strike within the period of two years. Of course there should not be. I do not think Canadians would tolerate it; they certainly would not like it. I think a large part of the public service would not like it either. There must be some way in which disputes can be resolved, so it provides a system of compulsory arbitration to settle within the cap of 6 and 5 per cent and to allow that flexibility.

It is important that the House, in the course of its deliberations, look carefully at the amendment. It will guarantee where essential—because everyone talks about essential services—that the services carry on and not be stopped by frustrations which build up from time to time in legitimate labour-management relations. It will guarantee, even in areas which are considered by some to be non-essential, that disputes will be settled. I believe it is important that disputes be settled.

The most striking testimony which the committee heard was that of Dr. Carl Beigie of the C.D. Howe Institute. He arrested members of the committee, not only by painting the depths of the problems faced by the country, but also in terms of their attitude toward the bill, by the faith and conviction which he had in the strength of the country and its people. He did not make any excuse for bad government, but he said that in a country which has suffered under bad leadership something had to be done. He believed that there was sufficient strength in the Canadian people that they were prepared to rally around such an attempt.

He also said something that was important from the point of view of the people who are subject to Bill C-124. He said that it was unnecessary for the government to do away with collective bargaining. Collective bargaining just does not mean that an employee make a request of an employer, and that the employer can decide whether or not the request will be granted or whether the request will even be entertained. Collective bargaining means a discussion in good faith, hopefully leading to resolution. In the context of our amendment, it also means that in the event there is no absolute resolution—and recognizing the necessity the 6 per cent and 5 per cent, which for the purposes of this bill we are not debating—there can be some resolution of the difficulties.

I urge upon my colleagues in the House that in the long term, if the program works—and God knows everyone hopes it will work—it will result in a much better atmosphere and will not leave a residue of resentment behind it. This program not only covers, public servants under the authority and jurisdiction of the President of the Treasury Board, but it covers employees of Crown corporations and employees of private companies for the first time. That is a venture-out which none of us want to have go awry. All of us want to have available the ways to resolve difficulties.

It is important not just to make a statement that collective bargaining is a good thing, but for the House to demonstrate by the way it handles the debate and votes on the amendment that collective bargaining is a good thing, and that appropriate settlement of disputes can take place under this bill. The amendment that we have put forward in the best of faith, I believe, is one way that can be accomplished with the compulsory arbitration aspect with respect to any disputes.

• (1440)

I think I have placed the position of our party fairly and squarely before the House. There is going to be further debate on many of these amendments. The position of the party is that we must begin the process of restraint. We hope others will follow the lead that is going to be taken by the public service. The public service is unhappy that its members are in the vanguard; they are prepared to accept that they are in the vanguard, but they want to make sure that some others come along too. The government has a duty to those they ask to lead to ensure that others do come along too.

As Dr. Beigie said in the course of his testimony, this is not something to save the government; this is not something to save the Prime Minister (Mr. Trudeau)—God knows he should have gone long ago; this is something to begin the process of saving the country.

That is the approach. We hope it works, but that is the approach this government has chosen and time will tell whether they are successful or not.

In any event, Sir, I ask the government to consider the amendments with respect to collective bargaining and the fairness of the position they have taken with respect to the staff of Members of Parliament and ministerial staff, because I think that is a gross indecency that they have committed.

I want the government to know that we are watching, that Canada is watching, the public service is watching; and looking over their shoulders to make sure that others have followed. Because if they have not, then this program will have failed.

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, I rise to speak on Bill C-124 and specifically Clauses 2, 4, 5 and 7. I want to start off, if I may, by referring to a letter that I wrote to the Minister of National Health and Welfare (Miss Bégin) with regard to the budget that the President of the Treasury Board (Mr. Johnston) was so pleased to announce that British Columbia is bringing in. I would like the people to know the hardships that it has created, so I am going to refer to part of a letter that I wrote on May 31, 1982:

I am writing to express my concern over recent events at one of the hospitals in my constituency. Because of the recent budget in the Province of British

Columbia, the Cranbrook and District Hospital has been forced to lay off 35 full and part time employees. This will mean the loss of 20 acute care beds and four staff positions, with the loss of no beds, in the extended care area.

Prior to British Columbia's April budget the acute care area of the hospital was already being used at 113 per cent of capacity. In the extended care area, these cuts will leave only 30 staff in total for 50 patients.

Those are the kinds of ramifications that come about when limits are put on the kinds of services that must be provided. I want to say to the members of the Conservative Party and to the members of the Liberal Party, the government, that while they may feel that this has tremendous effects and could have some ramifications towards bringing the economy back, it is going to have some very, very serious effects on social programs and on labour relations in Canada.

I want to refer to that a little bit also, Mr. Speaker. We were forced out of this House by closure so as to bring the bill into committee. This bill sat in committee for exactly one week and one day for debate and for witnesses to come forward. There was a lot of input that came forward, but when specific changes are being made that are going to affect Part III, Part IV and Part V of the Canada Labour Code, I believe it is important that the Minister of Labour (Mr. Caccia) come before that committee. I insisted so at the committee, I insisted so when the motion was made, and I insisted so after the motion was made that they continue on with clause by clause study.

What did the government do? They put the Minister of Labour under wraps; they sent him away and hid him. they did not want to have his officers come before that committee, the mediation officers, the labour relations officers, to be questioned. But the minister must be questioned if we are to have some kind of peace and order across Canada. You do not just automatically take free collective bargaining rights away from over half a million people and designate them individually. It is not only deceitful, it is cruel and unfair. Before that was done the Minister of Labour should have come to the committee. His department head should have been there and we should have been discussing the kinds of problems that we are going to face across Canada.

Another minister who should have been before that committee is the minister in charge of the affirmative action program. Much has been said in this House with regard to equality for women and increasing their opportunities in the workplace. In fact, the Minister of Labour and the minister responsible for the status of women stated in Toronto less than two months ago that if the private sector did not start to recognize the problems with regard to women in the workplace, they may have to look at compulsion in this area.

This bill is poorly drafted. It has taken away whatever opportunities these people would have had to try to upgrade facilities and bring about some of the much needed changes that would bring about equality in the workplace, that would have given some sort of fair bargaining process.

I want to talk for a moment about the employees of the Members of the House of Commons. They do not belong to a union. They cannot belong to a union in the House. They are not protected in any way. Many of their salaries are low, and for this government to single them out I think is morally wrong and something should be done about it.

The bill was poorly and hastily drafted. I am almost certain that there was virtually no input from the Department of Labour or the Minister of Labour, or he would have been before that committee and given us some reasons for what they are trying to do.

Ian Sinclair, the chairman of CP Investments, is heading a committee of businessmen and expounding the virtues of the wage control program. I want to say as a member of this House that we have watched Ian Sinclair manipulate his company. We saw the Minister of Transport (Mr. Pepin) dance to his tune when they wanted to take some of the railway systems off. We saw the government take over responsibility for the losing operation of VIA Rail. I have seen the estimates and the costs produced. They are not satisfied to present a bill for 12 months of the year of their operation. They submit an extra billing; 13 months they charge, and they show their extra billing on that thirteenth month bill. Is Mr. Sinclair prepared to withdraw charges like that in the interest of restoring the economy?

• (1450)

We now have the President of the Treasury Board dancing to Mr. Sinclair's tune and including his company under the guidelines. That is quite an award to give the chairman of CP Investments. He no longer has to worry about bargaining for the next two years. In fact, there will be rollbacks which will provide him with large sums of money which had previously been committed. The effect of this bill is to steal money from the pockets of Canadian workers to pay for the mismanagement of this government.

This summer, or early this fall, it will be the time for the Minister of Transport to dance to the tune when Ian Sinclair comes forward to ask for changes to the Crowsnest agreement. It will then be the farmers' turn to pay the price. We can see it coming. It will come as sure as we are standing in this House. But we will be here to defend them and to examine the company's activities, which has received taxation agreements which will prolong its tax schemes. The company has received grants from the government. The government has the gall to have him head a committee without ever having the opportunity to bring him before the committee so that we could question him on his views. This is an example of what is happening in our country, and I say it is deceitful for the government to be telling Canadians that it will designate over 500,000 people in Canada to have their wages controlled in order to bring down inflation.

I would like to refer to a statement made by a former President of the United States, Mr. Carter. Two years ago, after announcing civil service pay increases, Mr. Carter said: "A President must balance economic consideration against the fact that federal employees face the same kind of problem with inflation as other citizens. In doing so, I have concluded that the dedication of these loyal public servants deserves no less relief than we would allow for other workers."

Surely our governments must recognize that civil servants are falling behind and have been falling behind for years. To attack civil servants and make them scapegoats for a new economic policy of the Government of Canada is morally wrong and unfair.

I would like to say a few words about the long-term employees who have paid into a pension scheme. Their pensions will generally be based on the average of their salaries for the last five years. This means that someone aged 63 who will possibly be receiving a pension in the next two or three years will, as a result of these guidelines, only receive wage increases to the extent dictated by the government. This employee will receive a pension for all of his pension years based on his average salary over the last five years. When he leaves the workforce he will be spending the rest of his life living on a pension which was determined by this government's restraint bill. That is an example of the unfairness which has been caused by the government and the hardship it will create.

The railway system in our country is essential. An essential part of the system has workers working hundreds of miles away from their homes. These workers must be able to enjoy a labour relationship based on co-operation. If that co-operation and confidence does not exist, the result is a confrontation between the workers and management. The Canadian government does not need that confrontation now. We need co-operation between businesses, workers and all levels of government. This cannot be achieved with the confrontation attitudes of this bill.

This bill was hastily drafted. From what I have read in the bill, I suggest it will do nothing to bring down inflation. For years the President of the Treasury Board has been attempting to smash the public sector trade union movement. He has been trying to remove the very few bargaining rights that the unions have and destroy the very system they have to try to improve their lot. We have heard about what happens to union members when they step out of line. They are fired with virtually no chance to come back. Many employees have no trade union behind them to do their bargaining because the government has disallowed it. For example, I have seen members of the janitorial service in the House of Commons, who have worked as long as 12 years, being banished to the basement for some time because they did not toe the line of the administration. Shame on the Government of Canada to allow incidents like that to happen. Shame on the government for attempting to push through the House in less than a week a bill which will directly affect more than half a million workers across Canada.

The government did not allow the Minister of Labour or any other ministers to come before the committee. This Liberal government is one of the most blatant dictatorships of any government this country has ever had. We will have to live with it.

For a moment I would like to talk about the Conservative party. How can it be so conciliatory? I cannot understand why the hon. member for Rosedale (Mr. Crombie) and the hon. member for Vancouver South (Mr. Fraser) would meet with railway workers in advance to say that they will express their concerns and attempt to have them dealt with in the bill. All that has happened is that CP workers have been added to the misery of other workers. Those Conservative members have also played the tune of Ian Sinclair. The corporate elite has reached those members and has told the Conservative Party to get into line and follow the attitude of the corporate elite. That is what is happening.

The workers do not have an opportunity to defend themselves. They have not had an opportunity to explain what hardships they are facing. Less than a year ago, 70,000 workers came to Ottawa to demonstrate against the high interest rate policy and show what it is doing to them. Many of these workers cannot make their payments now and will be facing renewed mortgages at increased rates. When these new expenditures take place these workers will be held to a 6 per cent increase. If they are unable to make their payments now they will not be able to do so under these guidelines unless the government takes quick action to reduce interest rates to a more acceptable level. This is particularly true of those who are paying mortgages and trying to keep their homes.

A small businessman in my riding approached me to tell me of the problems he was facing due to the inventory of stock remaining on his shelves. Small businesses are having difficulty staying in business and others are going bankrupt. According to the budget of the Minister of Finance (Mr. MacEachen), the government will take over $500 million out of the pockets of consumers. Will this create new jobs?

An hon. Member: Yes.

Mr. Parker: Show me how. We have already been told that the government would have received 20 per cent more revenue in the form of income tax had it not cut wages. One and a half million unemployed are drawing unemployment benefits. Is there anything productive about that? It would seem to me that we should have a bill which will invest in the workers of Canada, bring them back to work and make them more productive. If we cannot even so much as bring them to those areas, surely to goodness we could do it with our environment, our lakes and our lumber industry by putting in roads. It would make much more economic sense than to give handouts in the form of unemployment insurance benefits.

• (1500)

Mr. Lapierre: Job-creation programs.

Mr. Parker: "Job-creation programs", my friend says. My goodness, we have a million and a half unemployed and the hon. member tells us that the government is creating job-producing programs.

Mr. Lapierre: Yes.

Mr. Parker: I have not seen any real, productive job programs from the government in all the time that I have been in the House.

Mr. Kelly: Well, you haven't been here very long. You're part of the vote against 60,000 jobs.

Mr. Parker: Mr. Speaker, not only have the Liberals denied me the right to be heard in committee and denied witnesses the right to come before it, but now they also want to interrupt my twenty minutes in the House.

In closing I want to say that the workers of Canada will recognize what this government has done. This government will rue the day that it did not call upon those in the trade union movement, the business groups and the working people of Canada to come together to discuss the situation. Instead of bringing in confrontation legislation of this kind, the government should have accepted its responsibility and brought in the business sector, the communities, the provinces and the workers of Canada to deal with our problems in a truly constructive way. Legislation such as this will not produce the results needed for this country.

Some hon. Members: Hear, hear!

Hon. David Crombie (Rosedale): Mr. Speaker, in rising today to speak to report stage of the bill, it might be worthwhile if I reminded the House of exactly what we were talking about when the bill was in second reading stage. The reason for doing so is that over the past number of days, while we have been dealing with specific amendments to the bill, much of the understanding of the principles involved has been obscured. As we come to the close of the discussion on the bill, it might be worthwhile to remind ourselves of what those principles were, how they fared during the committee stage and how it appears they will fare throughout the report stage and third reading.

There are two principles in this bill. There were two principles at first reading, two at second reading and there are still two principles. The first is the principle of restraint. During second reading I had the opportunity, as did many others in the House, to indicate, to all who were willing to listen, my views concerning whether or not it is necessary to have restraint in the economic life of the country at this time. Our party believes that there needs to be restraint at this time. We do not believe that that is all that needs to be done, either by people in the country or by the government, but it is one part of the solution. Anyone who sat throughout the committee hearings and heard economists of all stripes testify would have confirmation of one's belief in the necessity of restraint. That is why our party supports the first principle of the bill, that is, the principle of restraint.

There are some who do not believe that restraint is necessary. There are some who believe that economic growth can continue in the manner it has for the past 25 years. That is absolutely, 100 per cent wrong. The economic view held by those who argued that we can continue without the inclusion of restraint provisions as part of a package of recovery is clearly now in disrepute. Economists who offer that view and people who believe in it are fooling themselves. In my view it is irresponsible for any political party to argue in 1982 that we can have economic recovery without the inclusion of restraint as part of the package of that recovery.

The second principle involved was the principle of collective bargaining. There are some who believe that we can have restraint without collective bargaining. That is the view of the government. There are some who believe we should have collective bargaining without restraint. That is the view of the New Democratic Party. Throughout the committee hearings, our whole endeavour was to arrive at a situation whereby the country could get what it needs, that is, a program of economic recovery involving restraint, while preserving a collective bargaining system which has protected the rights of people, particularly those with low income, for many years, and ensuring that those who depend on those rights can continue to depend on them throughout the two-year period of restraint.

That is why, in posing our amendment with respect to collective bargaining, we set forth the enact way in which the government ought to have gone. In a moment I will discuss why I believe the government did not take that route, although it was the most reasonable one. It makes sense to people. The amendment, as written in the Order Paper, would first of all preserve the 6 per cent and 5 per cent restraint on total compensation. It would preserve the principle of restraint. In that context, we agree with the government. Second, our amendment would have precluded the exercise of strikes during a two year period because, in our view, the program deserves the opportunity for success without the disruption caused by strikes in the public service. Quite frankly, the government has as much power as it needs because the recent Supreme Court decision gives the power to the federal government to determine what is essential and to deny the operation of the right to strike in essential services. However, since the President of the Treasury Board (Mr. Johnston) sought, at every turn of the road, to bring up the bogey man of the right to strike, we agreed, and I proposed an amendment in a motion which would preclude the right to strike, with arbitration in its place. The government voted against that. Our amendment would not only have preserved the restraint of 6 per cent and 5 per cent and would not only have precluded the right to strike for the operation of the two year program, but it would also have allowed for collective bargaining when issues remained unresolved and in dispute. It would also have permitted arbitration in order to deal with unresolved issues.

That was an excellent amendment. Any fool could go along with restraint and not worry about the protection of the rights of people through collective bargaining and any fool could go along with collective bargaining while not worrying about restraint. It takes real skill, hard work and attention to detail to know that there can be both. The government should have a restraint program, not only one affecting the public service, but one which is also a beacon to other people, leading the way to restraint while not destroying 50 years of collective bargaining tradition. By adoption of that amendment, and the government still has the chance, it can do that.

That brings me to the operation of the committee. I would say at the outset that the committee was chaired by the hon.

member for Ottawa-Vanier (Mr. Gauthier). The only reason I raise that point is that although he is a Liberal member, he did an excellent job.

Some hon. Members: Hear, hear!

Mr. Crombie: The other Liberal members are so little used to receiving compliments these days that I want simply to pay my respects to the hon. member for Ottawa-Vanier for his chairmanship of the committee. There it ends, because the government's actions throughout the whole of the committee hearing were appalling. For the first time in the history of this country, we were dealing with the removal of peoples' rights to collective bargaining. No matter how you felt on that issue, there should have been the courtesy to the committee, the members of this House, the public and certainly the people affected, for the Minister of Labour (Mr. Caccia) to have been there. We asked for the Minister of Labour to attend. It was indicated he could not attend on the Friday or Thursday because he was in Toronto. He did not ask if he could attend at another time.

• (1510)

We waited until the middle of the week. When we knew he was in Ottawa, indeed a half hour earlier in the House of Commons, again we extended an invitation. It should be noted that the Minister of Labour did not come to the committee at any time.

Anybody who argues that is was not his business, that it was the responsibility of the President of the Treasury Board, does not understand how the collective bargaining process works in this country. The Minister of Labour is responsible for the Canada Labour Code. There were rights of people under the Canada Labour Code taken away in a half hour without even a comment from the Minister of Labour.

I know the Minister of Labour. I know he would have attended had the government allowed him. That is the truth of the matter. The government made sure the Minister of Labour would not attend because he would have wanted to say, "Don't do this, look for the compromise that allows collective bargaining to be in place while at the same time you seek restraint." That is what he would have done, but not the perverse government that he serves.

Second, we sought from the President of the Treasury Board the reason why collective bargaining was going to be suspended for the public service. We heard from his officials and himself. Check the record. The reason was that it was going to be inconvenient for the staff to administer collective bargaining while at the same time administering the new bill. Terrific. That is when most of us knew that the government was about far more things than simply restraint.

Third, the amendment came from the President of the Treasury Board to deal with members' staff. It has been some time since I have seen anything quite that mean and quite that low. The government says that it was pushed into it. The hon. member for Nepean-Carleton (Mr. Baker) indicated that the salaries of ministers' staff were increased before the six and five arm came down. Therefore, they wanted to retaliate. How did they retaliate? They took people who worked for Members of Parliament and ministers, somewhere in the order of about 2,000 people, at least 70 per cent of whom earn in the area of $22,000, $21,000 and less, no more than that. In fact, if members check their offices they will find people who earn $19,000, $18,000, $15,000, $14,000 or $12,000. These are low-income people. Most of them are women. Many of them have family responsibilities. What kind of position are they in now? Had the President of the Treasury Board brought in an amendment to put them under the same restraints as those imposed on public servants, that would at least have been fair. If the government did not want to do that and wanted to teach us a lesson, why did it not give them the same treatment as that accorded to Members of Parliament?

Under this whole program we now have a category of people who are low income, with family responsibilities, mostly women. Not only are they going to get less out of this than the public servants, but they will get less than the Members of Parliament. They are in the lowest categories. The government did that because it wanted to get back at the hon. member for Nepean-Carleton. That is meanness.

Some hon. Members: Hear, hear!

Mr. Crombie: When members opposite go back to their offices and finally figure it out, they will all be on to the President of the Treasury Board on Monday telling him to try to fix it up, telling him he does not understand. When they do understand, they will be as angry as I am.

Fourth, in every process of the committee and daily as they add more amendments, whether they hurt people or not, what we have is a problem of a government that is making policy on the run. It does not think anything out any more, it just does it. There is going to be a day of reckoning. People know when the government is not thinking things out. They know when they are being hurt. They know when things are not there.

Somebody in the New Democratic Party said, what about restraint? The people in this country know the need for restraint. Indeed, for the past three or four years most people in this country began to exercise their own personal restraint. They did it in their kitchens, bedrooms, houses, the things they do and the things they have to cut back on. They know that in their own personal ways, in a thousand ways they could think of, they have restrained themselves in order to cope with the cost of living. The government is not inventing restraint. People invented it. The government is trying to catch up. It is the making of policy on the run that is causing these inequities.

I hope that members will take one last look before they vote on amendment No. 9, which allows a restraint program and still keeps in place the collective bargaining process. Anybody who wants restraint without the right of collective bargaining can go with the government. If you want collective bargaining without restraint, you can go with the NDP. If you want to have both, operating at least with some semblance of fairness, then support this amendment.

Every member of the House should look at amendment No. 3, go back to his staff and explain why it is that a group of 1,500 to 2,000, mostly women, mostly low-income people, are now being restrained more than the public service and more than Members of Parliament. It is simply because we have a government that no longer has policies. It is simply trying to catch up with the rest of the world, trying to deal with a policy which reflects the fact that it had no policies for the past four or five years. The problem is that they are now hurting people in putting through a program of restraint.

I wish in many ways that I did not have to support this bill, but I know the important thing is a restraint program. I wish in my heart I could say no to that government because it is so inequitable in terms of its application.

One last thing. The New Democratic Party, which stands up for no restraint, does not understand the people who elected them, does not understand the people who live and work hard in this country. It does not understand that all the people who support the program of restraint are ordinary people who know that if we are to have recovery, everybody has to pitch in. Some day the New Democratic Party will understand that, but their ignorance does not justify the government. The government should act more equitably, and I wish they would.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, I would like to address a few words to the President of the Treasury Board (Mr. Johnston) with regard to this bill in an area where he knows I have had considerable concern from the time the bill was first introduced.

I listened very carefully to what my colleagues, the hon. member for Nepean-Carleton (Mr. Baker) and the hon. member for Rosedale (Mr. Crombie) have had to say. They made it very plain that within the context of this bill, we accept the need for restraint as being a fundamental principle. We have also urged, over and over again, the need for equity; the need for the restoration of the collective bargaining system within the global figures that the minister has imposed in the restraint program.

• (1520)

I have a special interest in the equity in this bill, Mr. Speaker, and I have expressed it on many occasions both in the House and in committee. That interest is in how the bill will impact on women in the public service and other areas that it affects.

The minister referred to my reaction to what was proposed last evening in one of his amendments. My reaction came in response to a press statement the minister issued earlier in the day in which he said that he was going to restore certain aspects of the collective bargaining system on monetary measures; in other words, that he would allow the public service, "to work out through their own arrangements in respect of new compensation packages, as long as the 6 per cent and 5 per cent limits are respected".

It is true that I welcomed that when I read the press release but I had not realized the intent of the amendment on the Order Paper. I took the words in the press release at face value and I hoped what was stated in it would mean exactly what it said. I interpreted it to mean that people within the various categories would be able to negotiate their compensation packages, no matter what they were, as long as the over-all figures of 6 and 5 per cent for that category were retained; that within that limit, people at the lower end of the salary scale could perhaps receive a 9 per cent increase if those at the upper end received a 2 per cent increase. I accepted that that was what was meant. I now have severe doubts that it was.

As I said at the time, this was a way in which those at the lower end of the salary scale could still improve their position. As I have pointed out time and time again, in the public service a great number of people at the lower end of the salary scale are women.

Statistics show that 39 per cent of the total number of men in the civil service earn $23,000 and under, while 79 per cent of the total number of women in the public service earn $23,000 and under. That is a tremendous difference, Mr. Speaker, and it is the kind of inequity that I hope will continue to be corrected during the time that the bill is in effect.

I see inequity of salaries in the public service as part of an ongoing pattern of this government. Women receive far less pay than men. Women receive far less attention in all the Liberal government's programs than do men. As with other programs, the intention of this bill with regard to women is to put them in a worse position than they were before and to keep them there. The government is forever postponing programs that would improve the lot of women.

One of the major questions before us at the present time is pension reform. The people who would benefit most from pension reform are women. The people who are locked into poverty in their old age are women. For over a year the Minister of National Health and Welfare (Miss Bégin) has been promising a green paper on pension reform. She promised it last fall, last winter, last spring, this month—each time it has been postponed—until August, until the autumn. I sometimes wonder if we will ever see the green paper on pension reform. That makes the lot of women worse, Mr. Speaker.

The government's affirmative action programs bear examination, Mr. Speaker. The President of the Treasury Board referred to the improvement in the lot of women in the public service, saying that a great deal is being done through affirmative action programs. Again, the statistics show that five years ago, in 1977, in the upper echelons of the public service, in the senior executive bracket, there were 1,156 men and 38 women; in 1981 there were 1,532 men and 68 women. In those four years, in the upper echelons of the senior executive level, an additional 376 men had moved into that category but only 30 women.

At the lower end of the scale, the support category, the statistics show that of those on the lowest incomes in 1977, 52,833 were men and 58,730 were women; in 1981, 46,328 were men and 59,965 were women. In other words, at the lowest end of the scale there had been an increase in the number of women in the public service; some 1,235 had been

added to the lowest category. But there was a drop in the number of men in that category of 6,505.

The affirmative action program is simply a joke, Mr. Speaker. The status of women in the public service has not improved at all over the years. I say again to the President of the Treasury Board that this is another example of the way the Liberal government ignores the needs of women in this day and age.

Today in question period I mentioned that in the training programs the government is putting into effect in the non-traditional areas, there are 31,000 men presently enrolled and 2,000 women. Again, this is continuing discrimination against women. Whether it happens to be with regard to pensions, affirmative action programs or retraining, there is always this continuing discrimination against women by the government.

What we have seen in the clause of the bill before us for debate today, motion No. 3 introduced by the President of the Treasury Board, is not only the latest but is the most vindictive example of the government's total lack of regard for the status of women in this country. It is the meanest, most vindictive move I have ever seen. It is spiteful. The President of the Treasury Board is taking his spite out on a group of women who are relatively low paid, who do not have the protection of the public service, who do not have tenure and who have no security of employment. He moves in against those people, and who are they? The great majority of them are women. I would ask him to look at the office staff of any Member of Parliament in this building; he will find that the majority of staff are not men, they are women.

• (1530)

Once again the government has deliberately decided to move against women.

Some hon. Members: Oh, oh!

Miss MacDonald: It has moved against women in its failure to enact pension reform and in its total disregard of affirmative action programs. It has moved against women in its retraining programs, and by putting forward this particularly vindictive amendment, which the President of the Treasury Board has initiated in order to get even, to take out his spite and indulge the lowest and meanest characteristics any individual can have. I would think, Mr. Speaker, that the President of the Treasury Board, who should have some regard for the work of the staff around here, should not be putting them in this category, an action by the minister which is even more punitive than anything else he has considered introducing with regard to any group of employees, no matter where. The office staff of Members of Parliament are women, low paid and without security, and he has moved vindictively to put them in the lowest category that he can possibly find. He ought to be downright ashamed of himself.

Some hon. Members: Hear, hear!

Mr. Gordon Taylor (Bow River): Mr. Speaker, I have great doubts about any wage restraint program being fully successful without a restraint program on prices as well. If prices continue to rise and the workers have no right to bargain, how will they live? It is a simple matter; if wages are frozen and prices are not, them someone is going to suffer. It may be the families of those workers. Therefore, I am urging the government to make sure that prices are restrained as well as wages. If that is done, then I think the program will be reasonably satisfactory. Most workers, Mr. Speaker, want the right to buy the things their families need. If they are able to do so on their wages, there is little difficulty. However, if they are unable to make both ends meet, then they would want the same thing you and I would want, that is, more wages. It is really as simple as that.

I want to bring to the attention of the hon. minister a particular case in that regard. I have been endeavouring to get the eye of the Speaker in the last several days during question period, but without success. That is understandable because an awful lot of people want to ask questions. However, it fits right into this particular debate anyway. The government is restraining the wages of employees in the Banff National Park. I do not think any of those employees are asking to be exempted, not at all, but at the same time that restraint is being applied they are being assessed an increase in rent by the government. It is a different department but the same government. I would like to bring to the attention of the government that this is a case where the government can practise what it preaches and set an example for outside industry. If the workers are going to have a 6 per cent restraint program—and it appears they will under this program—then surely the government should also restrain the rental increases. There can be no better example of a responsible government; there will be no better example of irresponsibility if the government insists on the 15 per cent to 35 per cent rental increase while at the same time restraining wage increases by 6 per cent.

This is the second increase in rental accommodation these workers have had this year. There was a $100 increase in January and there will be another $100 increase on August 1, a couple of days from now. With the 6 per cent restraint program they just cannot make both ends meet. So the minister should roll back the rental increase to comply with the six and five restraint program. I emphasize that this matter is entirely under the control of the government. These people are not complaining about the 6 per cent wage restraint, and if the government rolls the rental increase back to 6 per cent I do not think there will be one complaint out of the entire Banff area and all of the employees. It would be a wonderful example to the rest of Canada that the government practises what it preaches.

The second point I want to raise with regard to this particular debate is the fact that in a restraint program what we are really doing is asking workers in the public sector to share some of their wages with those who are not working. I do not think anyone objects to that when it is put in that particular way. After all, most of us want to share and would share anything we had with someone who was hungry and came to

our door. It is when inequities show up that people are really bothered.

I want to bring an inequity to the attention of the hon. President of the Treasury Board in the hope that he will see that it is corrected. For example, the contract of staff in ministers' offices will remain in full force and effect until April 1, 1983. I checked that with the minister's office and I was told that is correct.

Mr. Pepin: And two years of restraint after.

Mr. Taylor: However, the contract made with the Canadian Airlines Employees' Association, CALEA, in September, 1981, is due to expire in September, 1983. The inequity is that while the contract with the staff in the offices of ministers will remain in full force and effect until April 1, 1983, the contract with CALEA will be cancelled effective September 1, 1982.

• (1540)

Where is the fairness in that type of thing? If there is going to be a recognition of collective bargaining, and I hope there will be, surely if a contract has been worked out with both sides and duly signed, it would be much fairer if it were permitted to run to completion before applying the 6 per cent guideline. This probably would not apply to very many, but it is fairness that I am interested in. Certainly CALEA has every right to complain. Its three-year contract is going to be cancelled in September, 1982, whereas the contract of the office staff of ministers will run until April 1, 1983.

The minister should clean up these inequities that irritate people if he really wants full support for his restraint program. The two cases I have mentioned are not difficult to handle. I think they are clearcut. I cannot see why the minister would have any difficulty with them. Both cases are based on fairness and equity. Surely that is what we want to have in our public service.

The third point I want to mention is one that I raised a couple of weeks ago in the House. It concerns the indexation capping of pensions of retired civil servants, members of the armed forces and members of the RCMP. I shall not go into detail because we have dealt with the matter during question period and also during the adjournment debate. I would suggest that if we want equity and fairness, we should not be capping this indexation of pensions for retired civil servants, members of the armed forces and members of the RCMP. In the first place, I question the authority of the government to do so. These people contributed 6.5 per cent into the regular pension fund and a further 1 per cent for the purpose of indexing. They had no choice. Most would have contributed if they had had a choice in any event. This money was deducted from their salaries. Because they had this pension and the indexing to go with it, many did not bother taking out other pension schemes. They relied on the government to keep its word.

I strongly recommend to the President of the Treasury Board (Mr. Johnston) that this indexation capping be cancelled entirely. We must not try to take from the retired civil servants, who now have no voice nor any union to speak for them, part of their income when their average income is only in the vicinity of $8,000. They are not in the $30,000 or $50,000 class. They are not in the $100,000 or the $500,000 class, as Ian Sinclair is; they are down in the lower echelons. I would think that the government would want to make sure that these retired civil servants will have enough to live on. We should keep our faith with those people who have worked for the country, many in the armed forces and RCMP who risked their lives serving this country in the hope that eventually they would be able to retire on a reasonable pension.

I have mentioned only three cases but they involve thousands of people. Everyone has a sense of fairness and equity. All I ask of the President of the Treasury Board is to consider the fairness of this measure with respect to the three classes of people that I have mentioned. I hope that he will accede to my request.

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, in the short time I have this afternoon I would like to gloss over very briefly three of the items discussed today. The first is the Baker amendment, accurately and honestly described as such.

Mr. Murphy: Cheap shot.

Miss MacDonald: Whose name is at the bottom?

Mr. Baker (Nepean-Carleton): Mr. Speaker, I rise on a point of order. Motion No 3 is not the Baker amendment. Motion No. 3 is an amendment that stands in the name of the President of the Treasury Board (Mr. Johnston).

Miss MacDonald: Shame on him.

Mr. Baker (Nepean-Carleton): When staff of the Members of Parliament find out the cheap trick that has been played on them, they will call it the Johnston amendment.

Mr. Crombie: It is the Johnston amendment.

Mr. Fleming: You started this whole business.

Mr. Kelly: Mr. Speaker, certainly there is no question about his name being on the legal title.

Miss MacDonald: You bet your life there isn't a doubt.

Mr. Kelly: But there is also no question about who the spiritual father of this amendment is. There is no question whatsoever.

Some hon. Members: Oh, oh!

Miss MacDonald: The government's ploy is to go after the women.

Mr. Kelly: Mr. Speaker, could you give me some assistance? Order.

Some hon. Members: Oh, oh!

Mr. Kelly: One of the delightful aspects of this afternoon's debate is to see the official opposition wriggling like worms on a hook fashioned by themselves earlier in the debate on preceding days.

Mr. Baker (Nepean-Carleton): We see the worm.

Mr. Kelly: Let us take the accusation that by introducing this amendment we are taking a cheap shot at that party and at one gentleman in particular. For a moment let us dignify that rebuttal as being intellectually honest.

Miss MacDonald: You are not honest about anything, intellectually or otherwise.

Mr. Kelly: As a preface to my remarks I point out that hearing members of that party accusing us of taking cheap shots rings somewhat hollow since it is the members of the Conservative Party that have raised the cheap shot to an art form in this House.

I assume that the hon. member and his colleagues argue that we have misrepresented his position on this aspect of Bill C-124.

Mr. Baker (Nepean-Carleton): I argue that you are cheap. Cheap Johnston joins you.

Mr. Kelly: Have we misrepresented the position of that gentleman or that party in this particular topic?

Miss MacDonald: Indeed, you have.

Mr. Kelly: If you do not want to take my word for it, Mr. Speaker, if you think I may be involved personally in cheap shots, let me refer to what the hon. member for Nepean-Carleton said, as reported in *Hansard* for July 9, 1982, at page 19187.

Mr. Baker (Nepean-Carleton): Quit while you are ahead.

Mr. Kelly: Let me read into the record what the hon. member for Nepean-Carleton said in the House when he first raised this issue, an issue he is now trying to sidestep because it is coming back to haunt him. When the hon. member for Nepean-Carleton was talking about salary increases of exempt staff—

Mr. Baker (Nepean-Carleton): Of ministers.

Mr. Kelly: —of Liberal ministers, we find this in *Hansard*:

> Roll it back. Be direct, be honest, treat everyone the same, as my friend from Rosedale (Mr. Crombie) says.

What is there in this bill that contradicts the sentiments expressed by the hon. member in the debate in this House on July 9? Nothing whatsoever.

Mr. Baker (Nepean-Carleton): Mr. Speaker, I rise on a point of order. I wonder if the hon. member could tell us whether or not he has read motion No. 3. If he has read motion No. 3 he will see that there is a gross inequity in it. It is plain to anyone who can read.

• (1550)

Mr. Kelly: I have read the motion. I have read it very carefully. It is on the basis of that reading that I would like to continue my assessment of that party's position and my analysis of this particular issue.

Let me just see whether I can turn around the debate and change the perspectives, to show if in fact that party in this debate is misrepresenting our position on the issue. The hon. member for Nepean-Carleton (Mr. Baker) said that motion No. 3 applies to all House of Commons staff. Of course that is wrong; it does not apply to all staff of the House of Commons. It does not apply to committee clerks. It does not apply to library staff. It does not apply to the translators. It does not apply to anyone outside the staffs of members of the House of Commons. I hope that anyone reading *Hansard*, reading or seeing a media account of the statement uttered earlier in the day by the hon. member, wherein he said that this applies to all House of Commons staff, will realize that it was an inaccurate, distorted and unfair representation.

Miss MacDonald: All you want to get is the majority of women. The hon. member for Scarborough Centre (Mr. Kelly) is always trying to do something to get at women.

Mr. Baker (Nepean-Carleton): It is even more discriminatory than he thought.

Mr. Kelly: I do not want to be contentious in this debate. I just want to be honest. That is all that any member has to bring to a debate in the House—his honesty. But we do not get it often. It is interesting to see how the other side responds when we catch them in a mistake or an error which they made earlier in a debate. Sometimes I wish they had the courage to admit that they made a mistake or to admit that they made an error in debates such as this one.

The second accusation of the hon. member for Nepean-Carleton was that this amendment created a very special category of workers on the hill who have been singled out for a vicious, mean—

Miss MacDonald: Spiteful.

Mr. Baker (Nepean-Carleton): You are beginning to understand.

Mr. Kelly: —and unnecessary attack by the government.

Let me take a look at the principle which underlies this particular amendment and at the principle which underlies the position of the party opposite to see whether in fact its accusations accurately and honestly describe the amendment as it stands on the Order Paper. The hon. member for Nepean-Carleton, in questions raised in the House and in deliberations before the Standing Committee on Miscellaneous Estimates, argued that the exempt staff of ministers of the Crown should not have been allowed the increases given to them prior to the budget which was brought down on June 28. In other words, he said that we should take this small group of people, this

small group of Liberal workers, and apply special rules to them.

Mr. Baker (Nepean-Carleton): Now we are getting to it.

Mr. Kelly: He suggested that they should not be treated like everyone else and that we should amend that proposed law of the land in a particular way which would exempt that very small group of people. He claimed that that singling out of a small group of people from one particular party represents justice.

Well, does it? Is it fair to take a small group of workers and say that the law should not apply to them, that they must be singled out for particularly harsh measures? I think that is unfair. If one is to be a person of principle or a party of principle, then one must argue that all members of political staff on the Hill, in the House of Commons and presumably in the Senate, whether ministerial or non-ministerial, whether Liberal, Conservative or NDP, should be treated in the same way. If we concede and agree that we should not single out a small group within a larger group for special attention but we should apply the change to all members of the group, then we have to recognize the legitimacy of this motion and support it in the debates and votes of the House. To do otherwise would be mischievous.

I do not want to imply that the hon. member for Nepean-Carleton has been mischievous. I am just pointing out to him that if he is the man of principle that he claims he and members of his party are—and that is the way we accept him in this chamber—surely he should recognize that the law must not apply to only a tiny group inside a larger one, but it must apply to all members of the group.

Although he has not spoken on behalf of this amendment, I hope, being a man of principle, that he will later vote in support of it when we come to vote on these issues next week. We are not attempting to take this larger group and treat them any differently from other public servants in Ottawa and across the country. We are not creating artificial and arbitrary distinctions in the way in which these two groups will be treated by Bill C-124. Every person who comes under Bill C-124 will at one time or another go into the six and five program and will come out of it after two years. I do not think the hon. gentleman will deny that. That is accurate, that is true.

Mr. Baker (Nepean-Carleton): Mr. Speaker, may I ask the hon. member a question?

Mr. Kelly: After I finish. I would like to continue with my remarks now.

Mr. Baker (Nepean-Carleton): You will not face a question.

An hon. Member: It is his right.

Mr. Kelly: When there are two groups which will be going in and out of the six and five restraint program over a two year period, the only difference—

Miss MacDonald: That is where you have made your mistake.

Mr. Baker (Nepean-Carleton): You do not know the bill.

Mr. Kelly: The only difference between those two groups is when they go into the program and when they come out. That is the only distinction one could legitimately raise that we created between these two groups. All we are saying in the bill is that this group of political workers will go into the six and five world of restraint earlier than most of their colleagues in the public service—that is all it says—and this means that that group of political workers come out of the six and five restraint program earlier than their colleagues in the public service. There is no other distinction, and frankly I do not think it is worth the hubbub created by hon. members opposite.

Mr. Bosley: Mr. Speaker, I rise on a point of order. Would the parliamentary secretary care to show the House where in motion No. 3 the staff ever get a 6 per cent increase? They never do.

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

The Acting Speaker (Mr. Blaker): Perhaps I can assist in the resolution of the problem by calling it four o'clock.

It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions, public bills and private bills.

• (1600)

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Blaker): Shall all items preceding No. 3 stand by unanimous consent?

Some hon. Members: Agreed.

* * *

INCOME TAX ACT

SUGGESTED AMENDMENTS RESPECTING CHARITABLE GIFTS

The House resumed from Monday, June 9, 1980, consideration of the motion of Mr. Roche:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act in order to give individual taxpayers the option of claimming charitable gifts as deductions from taxable income or of deducting fifty per cent of the value of charitable gifts from income tax payable, and amending the present $100 standard tax deduction for medical and charitable purposes to apply only to medical expenses.

Mr. Roland de Corneille (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, all members should welcome the opportunity provided by this notice of

motion to debate this question. We are all agreed on the importance and the value of the contribution which voluntary charitable organizations make to our society.

The issue before the House today is in what way and to what extent should governments be assisting this effort through provisions of the Income Tax Act. The extent of such governmental assistance through the tax system is already substantial. The figures for 1979 show that more than $500 million in tax revenues were forgone in the form of tax allowances by the federal government and, of course, by the nine provinces, the personal tax levies of which are linked to the federal tax law under tax collection agreements.

We are, of course, familiar with the fact that Quebec, which levies its own income tax, also grants a similar deduction for charitable donations. This represents a substantial proportion, perhaps as much as one third of total contributions by individuals and businesses to these charities.

I should like to explain that the present income tax system has two provisions relating to charitable donations. First, an individual who has donated more than $100 in charitable givings may deduct the total of those donations from income in computing income tax. The claim must be accompanied of course by individual receipts. The deduction cannot exceed 20 per cent of net income for the year, although any excess may be carried forward and deducted in the following year. This 20 per cent ceiling is a limiting factor for a very few taxpayers only.

Second, the tax system allows a flat $100 deduction from income for taxpayers whose combined charitable donations and claimable medical expenses do not exceed $100. For all practical purposes, this standard $100 deduction is relevant to charitable donation alone. This is because taxpayers may claim deductions for medical expenses only when these expenses exceed 3 per cent of net income, and only a relatively small percentage of taxpayers qualify for such medical expense deductions. This is an important factor when we come to consider one of the proposals in the motion relating to the $100 standard deduction.

I suggest there are three principal considerations to be borne in mind in discussing what whould best be done on this issue.

First, the government should provide some incentive for charitable giving, and not just any incentive, regardless of cost. There is not much point in granting a $10 tax incentive in order to generate a $5 charitable gift.

Second, the incentive should prefereably be an equitable one. This means that donors at different income levels should receive equal incentive benefits for donations of equal size.

Let me note that these first two considerations are the base and have been put forward as the basic objectives outlined by the national voluntary organizations in their submission to the Canadian government.

Third, in this period of fiscal restraint, hon. members must be very concerned at what will be the impact on our budgetary deficit of any new tax provision.

It is on that last point that we run into the most serious problem with the proposal before us. It is estimated by the Department of Finance that to implement these suggested changes would cost more than $500 million in forgone revenues in addition to the current tax incentive costs. In effect, we are being asked to double the level of fiscal support for charitable giving.

Such an increase of half a billion dollars in the over-all deficit position of governments cannot be justified under the present circumstances, if fiscal restraint is to have any meaning at all. Admittedly it can be argued that the proposed changes could provide some additional incentive for charitable giving, and ensure some more equity in our tax arrangements. These are worthwhile objectives, but I suggest we will have to look at the price tag.

We have on this side of the House been deeply concerned, as everyone else has, by the grave growth of problems in the economic situations throughout the world. We have seen that this has brought about a kind of fiscal problem because when you have a recession in the world, when you have a recessionary economy, then naturally your businesses will not flourish, they will not make as much profit, individuals will not be as well employed, they will not be making as large a salary, and therefore the income that is derived is smaller, and the revenues for the government therefore will become smaller.

One of the major byproducts of this, as we have seen, is that in the new budget a large part of the increase in our deficit has come from the need to provide increased unemployment insurance and also which is very important, we find there is a reduction in the size of the income that is derived. We are receiving a smaller income into the federal treasuries, less revenue. Some of us perhaps are aware of the fact that there are two ways to make money, one is to earn it and the other is to save it. When less money is coming in it is just as bad as if you were spending more money. That is the practical problem.

This proposal before us now means an addition to the half billion dollars that the government is already forgiving or providing as a tax incentive to the people of Canada. In other words, the Canadian tax system provides relief of approximately one half billion dollars now to the taxpayers who can use these funds as they contribute to charitable causes and charitable donations. This one half billion dollars less, is something which already is being used as an incentive by the federal government to bring private contributions to charitable organizations. That is a contribution, which means one-half billion dollars less money to the treasury.

Now, the new proposal which we have in this resolution is something with which I greatly sympathize. But what I have to point out, in order to recognize responsibly what it means, is that the figures that have been estimated by the finance department to be the costs would add another one-half billion dollars of tax forgiveness. That means that one-half billion dollars less would be going into the federal treasury. That would mean, in effect, a total subsidy of $1 billion.

• (1610)

I do not feel too concerned about this fact for a number of reasons which I would like to explain. I must say, however, that I do find there is some sad inconsistency when members of the opposition rise daily during question period to call for additional spending by the government on programs to relieve the hardship suffered by Canadians because of the economic problems which exist today in Canada and the world. As those members rise to speak daily, they call for greater government relief, which means spending more money but, on the other hand, these same members or their colleagues rise on another day to criticize the government for the fact that it has projected a high fiscal deficit for the year. Indeed, one can see that if they were to be consistent they would do either one or the other. You can hardly call for more spending which increases the deficit and at the same time criticize the government for the large deficit which exists.

This particular resolution is an example of the kind of worthwhile project that might be suggested but which would cost money. If it were a project that were suggested during affluent times, when there was a growing gross national product, it would be easier to understand that it could be implemented. However, at a time when we are calling for restraint, this suggestion creates some difficulty for us.

This means that we have to ask ourselves why the official opposition cannot get its act together. I would call upon those members to find a more integrated or rationalized policy through which they could provide a consistent approach. If I were to look at it in a less than kind manner, I might suggest that it might be good politics for the official opposition to plead for more spending to help those who are hurting while calling for restraint to please those who know that we cannot just throw money away to solve our problems at this time. In that way, maybe it is thought they can get the best of both worlds.

In some ways perhaps the NDP can be considered to be more consistent since they call incessantly for increasing spending without calling for the same restraints at the same time.

We on this side of the House know that the buck stops with us. It is a tragedy that we cannot spend more on programs to reduce the suffering of Canadians because we have to exercise restraint. We see a similar policy being carried out in many other countries at the present time. We see this policy in western European countries and in the United States.

No one could be more aware than I of the importance of charitable donations. No one could be more sensitive or feel more sympathetic than I to the objectives expressed in this resolution. I support the ideas proposed in this motion, but nevertheless I must assume the responsibility of pointing out that it will cost a price. I must also point out that at this particular juncture in our economic recovery in Canada, it is not exactly a most welcome time for such a change.

Why do I feel sympathetic to the proposals in this motion? I feel that if responsible voluntary groups receive more money they can make better use of the money than if the government had to spend it. If all things are equal, if a program must be carried out, I feel that it can be carried out with greater personal devotion, commitment and dedication by a responsible charitable or voluntary organization than it can be by a federal, provincial, or any government. Therefore, I am quite persuaded that if a program must be carried out, I would much rather contribute the money, in terms of using less money to be spent with greater effectiveness, to the organization in question than contribute to the treasuries of an impersonal government.

I believe that dedicated workers can achieve more than bureaucrats, not because bureaucrats are heartless people but because the very system tends to defeat the ability to create that sense of commitment and devotion through its largeness and impersonality. The same is not true of a voluntary organization.

Having worked as the national director of the League of Human Rights of B'nai Brith, which is a charitable organization, I had an opportunity to experience this at first hand. With respect to some of the programs which we conducted with voluntary help, I know that it costs the province 26 times in paid employee time to conduct the same kind of institutional or educational conference. We could do it for less because we had dedicated volunteers who contributed endless amounts of time, overtime and effort to the cause as well as facilities which were already available in terms of overhead. In other words, there were contributions in kind, contributions in terms of employee commitment and volunteer commitment. Without that volunteer commitment the province had to pay 26 times more for the program than it cost the organization.

Not only have I seen this as someone who has administered a national charitable institution, I see the same things in my riding. I have seen that non-profit charitable organizations can do far more with the same amount of money.

For this reason I think governments tend quite correctly, to give grants to such organizations because they know it will be handled more efficiently and provide greater flexibility when carried out by non-profit charitable organizations. For example, there is the Italian-Canadian Benevolent Corporation which was able, through its personal attention to human feelings, to create an amazing and unique type of senior citizens' program in a setting which would be familiar to the origins of those people. They provided an atmosphere for people in their old age which enabled them to feel that they were in an environment which had flowers and fountains similar to what they had in their country of origin. In that sense, one can find that in the voluntary work of an organization which understands the people for whom it is working, which understands the needs of those people when it was constructing the residence known as Villa Columbo. The same situation is true so far as the new apartments it is constructing are concerned. The same thing could be said for St. Hilda's Towers. A second tower is now being completed for older adults. It has been created to provide a community feeling for

those people, a feeling which they could not experience in an impersonal, if you will, bureaucratic or government institution.

The applicaton of voluntary assistance, work and dedication of this type demonstrates part of Canada's way of life. I simply want to say that from my own personal experience and from what I see in my riding, when I look at the Baycrest Centre for geriatric care and a number of other places which are run by volunteers, I believe that the money given to them is more sympathetically and carefully spent than if it were given to a bureaucracy. On the one hand, if money has to be spent it is better to provide that incentive and to contribute to voluntary institutions and the voluntary sector. Consequently, the Income Tax Act should be amended to provide that incentive. On the other hand, we have to take into account what it would mean to take $500 million more out of the federal treasury if we are not going to spend it anyway. I suggest they will not spend it in any way right now.

In conclusion if I were able to be encouraging about what we should do here, in the future, I would say that a committee of Members of Parliament should consider, study and discuss how the Income Tax Act can be adjusted so that it will be more equitable in the field of charitable contributions, a committee which would make realistic suggestions in terms of our restraint program, yet provide encouragement to that sector of our society which can do the job more effectively than the federal government or, for that matter, the provincial and municipal governments.

• (1620)

Mr. Walter McLean (Waterloo): Mr. Speaker, I encourage the hon. member for Eglinton-Lawrence (Mr. de Corneille) to follow up on his last proposal. He may wish to refer to the records of the House and to the proposal put forward by the Clark government to establish a task force on voluntarism. He may wish to encourage the government that he supports to move in the direction of that proposal. It is indeed timely of the government to agree to enter into today's debate on how it might come to support the role of the voluntary sector in Canadian society.

In entering this debate, I want to congratulate my colleague, the hon. member for Edmonton South (Mr. Roche), on making such a well-marshalled defence of the motion he originally tabled here in the House on June 9, 1980, so that hon. members have felt that today's continuation of the debate is not only warranted but that it is a motion which they can genuinely and generally, in a non-partisan way, advocate on all sides of the House. I look forward, as do Canada's over three million volunteers, to a signal from the government that it has used these intervening two years to develop a comprehensive framework for the early implementation of tax changes embodied in the motion. I hope that the government is not totally preoccupied with the familiar arguments we have heard echoed from the Department of Finance.

It is important to recall the intent with which this motion was originally introduced. The hon. member for Edmonton South said:

[*Translation*]

The purpose of the motion that I am bringing before the House today is to help voluntary organizations make a greater contribution to the quality of life in Canada. Specifically, I am urging the government to amend the Income Tax Act; first, to remove the standard $100 deduction for charitable donations and, second, to replace the standard deduction with a 50 per cent tax credit along with the option of continuing to deduct charitable contributions from taxable income if it is in the taxpayer's interest to do so.

[*English*]

We note that spokespersons from the government side have often spoken of their appreciation of the irreplaceable contribution made by Canada's voluntary sector. What they have never done, however, is to indicate the concrete ways in which the government they support can provide much needed incentives to Canadian taxpayers for the increase in charitable contributions.

The tax reforms spelled out in this motion were first advocated by the national voluntary organizations, a coalition representing over 120 large and small Canadian agencies. Known widely as the give-and-take proposal, and the type of bulletin I have in my hand has gone into all members' offices, these reforms are the product of years of expert research and extensive consultation with Canadian volunteers, as well as negotiations with officials from the Department of Finance, National Revenue, and the Secretary of State.

The most recent results of this ongoing research-negotiation process indicate confirmation of the original national voluntary organizations' position, that is, if the give and take proposal had been implemented in 1980, as the hon. member for Edmonton South suggested, federal and provincial governments would have saved money. Yes, Mr. Speaker, the recently published results of Statistics Canada's 1980 audit of returns provided to Revenue Canada by all registered charities provide government-funded evidence. It is time the government incorporated this evidence into its policy and its thinking rather than continuing to parrot the type of comment we have just heard.

Indeed the chief statistician of Statistics Canada, Dr. Martin B. Wilk, has indicated this in writing to the N.V.O. in a memorandum of June 16, this year:

Since, in 1980, the total cost of the charitable deduction system was $762 million, it appears that the contention the N.V.O. have been making for three years, (that the government could switch to a 50 per cent tax credit at no additional cost), is correct.

Government supporters are quite right in pointing out that as these reforms are implemented, the cost to the government in forgone revenues will increase. Experience with the implementation of the tax changes affecting donations to political parties has shown that it takes up to six years for a behavioural change in the patterns of taxpayer contributions to become evident. Current estimates indicate that it will take up to five years, after implementation, for the cost of give and take reforms to be known. At that point the cost to government

in forgone revenues, which concerned the hon. member, will be $1 for every $2 going directly to charity.

The last time this motion was before the House, over two years ago, government spokespersons complained about the cost of implementing this motion. Indeed, the then parliamentary secretary to the Minister of Finance, the hon. member for Ottawa Centre (Mr. Evans) said:

—at a time when we are worrying about reducing our present federal deficit, we should not be thinking about adding another half billion dollars to the combined federal-provincial deficits.

The same member made a similar complaint during the November 24, 1980, debate of my private member's motion to:

—provide volunteer agencies with financial aid to support their communications and fund-raising activities, so that a greater portion of available funds could be freed for their intended charitable uses.

And again, in the June 5, 1981, debate on my private member's Bill C-233, an act to encourage the role of the voluntary sector in Canadian society, another government spokesperson complained that:

—we must not always depend upon the government. Charities already have available to them various mechanisms to obtain assistance.

As you see, the government has long maintained that acceptance and implementation of the reforms as put forward in the motion before us again today are too expensive because of an apparent worsening of the federal deficit position.

I believe that the new information available from the Statistics Canada research, from the work of the national voluntary organizations and from the important investigations carried on in our universities, such as the contribution made by Professor Douglas McCready in the Department of Business and Economics at Wilfrid Laurier University, clearly demonstrate a new direction which the government would be well advised to follow.

Let us for a moment consider the ultimate costs to governments in forgone revenues resulting from the implementation of the give and take proposal, about which we have just heard a litany, and the cost to the federal treasury relating to large scale, multi-million dollar job creation schemes, familiar under this government.

Let me ask the government and its supporters to think of the voluntary sector as an engine for employment creation. Let us begin to think of this motion's tax reforms as a mechanism for government investment in creating jobs during record unemployment, instead of thinking in terms of increased government spending, which hon. members opposite are quite right in saying we can ill afford given the current disastrous deficit levels.

• (1630)

Unfortunately, this government has never measured the employment capacity of the voluntary sector. We have been waiting since January 1981 for a strategy on the voluntary sector. It was promised by the previous secretary of state, reiterated by the present Secretary of State (Mr. Regan), but is yet to see the light of day.

To my surprise this government has never developed a mechanism to begin measuring the number or type of employment opportunities created by the voluntary sector. This is so despite the fact that there are 47,000 charitable agencies, units, if you will, presently active in this country. I invite hon. members to compare this total with the fact that there are only 31,000 manufacturing units operating in Canada. The government has never bothered to measure the contribution made by the voluntary sector to Canada's gross national product. While it is difficult to be sure of the number of jobs provided by charitable agencies, it is quite clear that this is an extremely labour-intensive sector. High technology is too expensive. These are people at work, often in their two's, four's and six's. Not only that, the vast majority of those employed by charitable agencies are women, youth, handicapped persons, low-income and laid-off workers, the very segments of our population currently experiencing such tragic unemployment levels and alienation.

Let me make another reflection on why this government ought to reconsider its definition. Think for a moment of the voluntary sector and its ability to train and retrain. This has always been an essential feature of the voluntary sector as it seeks to meet the changing social needs of our society. Women learn skills which help them to bridge the re-entry phase in joining or returning to the work force. Our youth receive initial training and skills which they ultimately put to use in the challenging employment of serving their fellow Canadians. There is no parallel for the training of young people that is inherent in the voluntary sector.

In terms of cost effectiveness, this training and retraining aspect surely deserves the attention of a minister of finance anxious to deal with the deficit and a minister of employment and immigration anxious to somehow equip and motivate Canadians. For example, the professionals who now support the irreplaceable services across this country of the YMCA were in their youth in large part initially trained by the same voluntary agency.

What I am asking the government to do in support of the very positive and manageable motion brought forward by my colleague, the hon. member for Edmonton South, is to consider the charitable tax credit before us as an employment creation tool in terms of its present strategy. Here is a sector which has enormous potential to employ those target groups about whose current unemployment we are all so concerned. At the same time as these people find gainful employment, they will be filling the gap left behind by the government's withdrawal and threatened cutback of many of the social services which can no longer be financially supported. I encourage the government, and I invite the parliamentary secretary in any response that he may make, to reflect upon the changes of the last two years since this bill was introduced. I urge him to rethink the relationship between the Canadian taxpayer and his society, between the old-style big government social spending schemes and the proven record of our voluntary sector. I urge the government to set free through the early acceptance of this mechanism the nation's voluntary and charitable agencies in

order that in a time of deep national crisis, the morale, sense of purpose and sense of belonging which is unique to those three million Canadian volunteers may be fully employed from the Atlantic to the Pacific in this land.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I am going to be brief. I want to talk about some of the implications for the tax system in this proposal. My colleague from Shefford, the Parliamentary Secretary to the Secretary of State (Mr. Lapierre), has some comments to make about the give-and-take idea and the proposals of the national voluntary organizations. Therefore, I will be quick.

First, this is a worthy idea to study. It is certainly deserving of our continued support to see if it will indeed fly as a good idea. We have to make a balance between the needs of a voluntary society and the need to avoid dependence on the tax system. I think the hon. member for Waterloo (Mr. McLean) will agree with that.

I would like to suggest some of the complexities in this whole area that he has not raised. These are quite apart from the matters of voluntary activity or the question of merits of the individual groups which would benefit from an expanded tax credit.

Last November during the tax changes introduced by the Minister of Finance (Mr. MacEachen), a debate arose about the use of the tax system to create incentives similar to this one. Should we use deductions in the tax system to create incentives or should we use the tax system simply to finance government? That is a very important point.

When the minister introduced his changes last November, he did two things. He removed some of the prior incentives in the tax system. He also reduced the marginal tax rate. He returned the savings to the taxpayer. In many cases those were very substantial savings.

When we develop tax incentives, as we found both last November and in our experiences following last November, we also develop an encouragement for people to use those incentives for purposes beyond which they were originally debated and designed. We create incentives for all kinds of activities in one area at the exclusion of other areas. We develop a very complicated set of encouragements in the tax system to channel money to avoid taxes, to shelter money from taxes rather than to simply encourage the worthwile behaviour, in this case the voluntary activity.

Some of the changes introduced last November affected business activity or personal activity. They were all considered by various taxpayers to be worthy deductions. In each case there were people ready to defend those deductions. However, the fundamental point is that those deductions had created incentives for taxpayers to shelter income from the tax man. Sometimes those shelters were not the ones that had originally been designed or intended.

The government has asked people to remember some very simple principles about tax incentives. Tax incentives are tax expenditures. Take as an example ten people living on a desert island. If in this heavenly example it costs $100 to operate the desert island, each of those ten people would pay $10 toward the operation of that island. If one person came along with a desired goal and talked the others into giving him an exemption, then everyone else would have to pick up that person's share of the burden. Where everyone had previously been paying $10 each, they would now have to pay $11 and change to operate the island. If we add a few zeroes to my example the point is the same for the finances of the Government of Canada. If we start to give people more and more exemptions from their tax, then the rest of the country has to pick up the slack. In many cases people are able to take advantage of shelters in a way the rest of us would not approve of; they are able to find a channel into a tax shelter that the rest of us would not accept, yet we are paying for that extra burden.

• (1640)

It is not enough to say that we should give exemptions because these are worthy volunteer organizations. We have to come back to a more basic point and ask whether it is possible for taxpayers to use these exemptions in a way that genuine volunteers would not accept or whether it is better to avoid the problem altogether and put out the money in the form of a grant, instead of using the tax system which looks so easy but in fact is practical and easy for a lot of people, not just for the intended beneficiary.

Perhaps it would be better to give a grant the way we do under the New Horizons program, where a group of people put their minds to a project and design something that fits our goals and then gets a grant for it. We could then justify to our friends across the way and to the general public that expenditure of their money. We could say that one group came within the acceptable limits, that another group was subject to audit and that yet another group did not misspend the money. We could give that kind of assurance to Canadian taxpayers.

It is easy to say that tax incentives should be used and that volunteer groups should get some recognition from the government. I think I would agree generally with hon. members on that, but I question the method of using tax incentives.

In the desert island example, if ten people pay $100 and suddenly there are just nine people who have to find the $100, then they have to pay $11 instead of $10 and we have to justify to the nine why the tenth should be exempt. We have to make sure that we do not set up a special route where people can slip money in and hide it from the tax man.

I started out by saying that there are really two questions to answer, Mr. Speaker: how do we encourage voluntarism and how do we avoid dependence on the tax system. I hope the hon. member for Waterloo will turn his mind to the question of tax incentive versus grants. I think that question has to be answered. It is a pretty fundamental issue of public accountability, and taxpayers can go down our list of expenditures and see what we have put their money into. Hon. members, like the hon. member for Waterloo, can ask about the wisdom of each expenditure. He could not do that if we had tax incentives buried in the tax system, but he could do so with a grant

system. I wonder if the grant system is not better because of that openness.

There are some other limits to the suggestion which I think the hon. member has not discussed with us, and I hope he will give us better answers than he has so far.

In 1979, $500 million was forgone in tax revenues under the $100 standard deduction or, alternatively, under the receipted reductions. That is a lot of money, Mr. Speaker. It is a very respectable amount of support for voluntarism across the country. According to my information it represents about $1 in every $3 that Canadian people give to charitable organizations. If we start with these facts we realize the enormous support the government is giving as an incentive toward charitable donations. If we were to follow the scheme proposed in the motion, we would spend another $500 million annually, according to the information I was given. That $500 million would be offset, to a degree, by the kinds of considerations that the hon. member has recommended. I think we have to address ourselves to that during the period of financial restraint.

If we follow the tax incentive idea rather than a system of grants, we should also look at the problem of tax deductions or tax credits. It seems to me that a tax deduction tends to assist higher income people while a tax credit will encourage both lower and higher income people to make a contribution. It may be more equitable and more of an encouragement.

We also have to look at how we handle the medical aspects of the current flat $100 medical and charitable deduction. If we just made that a $100 medical deduction it could cost us up to $250 million annually. I do not know if we want to encourage that during a time of restraint.

Those are specific concerns that the Department of Finance has about the proposal, Mr. Speaker. We do not offer them to be a wet blanket or to ruin the proposal, but they have not been answered. There is still the problem of using a grant or tax incentive and how either is to be paid for.

I think the hon. member, who keeps thinking about these issues and presenting new ideas in a positive and inventive fashion, should be congratulated. I hope he will give us some answers to these technical questions.

Mr. Howard Crosby (Halifax West): Mr. Speaker, I want to begin by strongly endorsing the proposition that Canada needs a national policy on voluntarism. Part of that consideration should be a review of the income tax provisions relating to contributions to charities and volunteer organizations in Canada. I congratulate the hon. member for Edmonton South (Mr. Roche) who brought this resolution before us for debate. It deals specifically with the income tax provision that is now in force and recommends what so many volunteer organizations have endorsed as a new provision known as the give-and-take provision.

I want to deal specifically with the proposition outlined in the motion presented by the hon. member for Edmonton South and discussed by the hon. member for Waterloo (Mr. McLean). First of all I should like to deal with the current provision and indicate how unfair it has become.

I am sure that hon. members are aware that the Income Tax Act provides a tax benefit in relation to charitable donations. Approximately 88 per cent of Canadian taxpayers took advantage of that $100 deduction for charitable donations and medical expenses, whether or not they contributed any of it to charity, according to the last statistics available to me. This fact has become known over the years. It has been the subject of research and scientific inquiry, and we know that in fact 88 per cent of taxpayers who claim the $100 deduction do not donate that money or any substantial part of it to volunteer organizations. Statistics indicate that only about 20 per cent of those dollars are donated.

• (1650)

So we have established the fact that this deduction is not working to the benefit of voluntary organizations and charities in Canada. In addition, we have had this figure of $100 in force for almost two decades. We know, with the inflation rate we have experienced, that a proper amount by today's standards would be probably in excess of $500. So when members of the government party stand in this House and say this is a worthwhile proposition they are being less than candid because they know the deduction is not being used to benefit charities; secondly, the amount permitted is tremendously out of line given the inflation we have experienced over the last number of years. The government has to come to grips with this problem because what is at stake is the tremendous effort made by voluntary organizations across Canada, and I want to deal very briefly with that in the time remaining to me.

Let me say, Mr. Speaker, that my information comes from the Committee of National Voluntary Organizations which represents approximately 130 voluntary organizations across Canada. That committee pointed out in a report to a special committee of the PC Party on the budget and the economy that the total number of Canadians to participate in voluntary work approached three million, and that is a very substantial number. That group contributed approximately 373 million working hours, the equivalent of 218,000 person-years of voluntary labour. That represents $3.5 billion in wages forgone.

So when we talk about the volunteer movement in Canada, we are talking about a very substantial economic force and one to which the government ought to give full credit. It would give that credit, Mr. Speaker, by supporting the volunteer movement and recognizing the difficulties present in legislation and by moving to make those changes in the manner proposed by my colleague, the hon. member for Edmonton South, and endorsed by organizations such as the Canadian Council on Social Development and the committee of National Voluntary Organizations.

Let me deal very briefly, Mr. Speaker, with the give-and-take proposals which were endorsed in a 1977 report by the Canadian Council on Social Development entitled "Toward a National Policy on Voluntarism". First of all, the whole purpose of the give-and-take proposition is that we remove the $100 deduction and replace it with a tax credit whereby a

contributor will receive 50 cents for every dollar contributed, up to a limit of probably 20 per cent of his taxable income. Of course, if the contributor wants to take advantage of the existing provision to contribute 20 per cent of his net income to charity, he can do that but it would only apply to persons with incomes in excess of $50,000. We know that most Canadians do not have an income in that range, so what we have to do is to get ordinary Canadians contributing to these organizations. We are not going to do that with the current provision because in fact it is regressive, and the Minister of Finance (Mr. MacEachen) and his officials know it. Not only does it not encourage contributions, it in fact discourages contributions.

We know from the debate so far, Mr. Speaker, that there are probably 50,000 volunteer organizations and charities registered under the Income Tax Act. As I said, they represent millions of Canadians. But here we are as the legislators for all Canadians actively discouraging contributions to these organizations. That is a shame not only on Parliament but particularly on the government.

I want to take the opportunity to place on the record the remarks of the chairman of the Committee of National Voluntary Organizations who pointed out the political difficulty these organizations face because they are non-partisan in nature and they suffer as a result. Their point is not always brought forward, which is simply a request for fair treatment and the development of a national policy on voluntarism to correct this unfair treatment. We have heard in the debate so far references to restraint and the need to curb government spending, but the fact of the matter is the contribution made by these organizations is a very positive one and it must be encouraged in a period of restraint. I am thinking particularly of organizations like post-secondary schools, universities and hospitals across Canada which will be faced with cutbacks in government funding. Universities, for example, receive almost 85 per cent of their funding from governments, and the other 15 per cent has to come from student fees and the private sector. We all know that students cannot afford substantial increases, in fact any increases, in tuition fees. Where will the additional funds come from? They have to come from individuals willing to support universities in this time of need. That applies not only to universities but to hospitals and a number of other institutions which receive their funding from government and are now facing cutbacks. So when we talk about voluntary organizations, we are not only talking about organizations like the Royal Canadian Legion, 500,000 strong, which has contributed so much to volunteer services, or the voluntary firemen; we are now talking about institutions like universities and hospitals.

It may be, Mr. Speaker, that the parliamentary secretary wants to make a contribution, but my experience has been that I never received any benefit from the Liberal Party in this House in the matter of speaking in debate, and I think the previous speaker on that side overshot his time. So I will tell the parliamentary secretary something about the Secretary of State (Mr. Regan) and voluntarism in this country. I have here a picture of the Secretary of State, and you know what he is doing? He is presenting a cheque for $7,800 to the Nova Scotia Volunteer Week Committee.

Some hon. Members: Hear, hear!

Mr. Crosby: Do you know what that $7,800 was used for? I have the return right here in my hand; it was used to pay a $3,600 salary to the wife of the deputy clerk of the Privy Council. That is how they use charity funds. Take that message back to the Secretary of State. Take that message of how he abuses the charity and voluntary organizations in Canada, and come back some other time to the House of Commons to explain your stand.

The Acting Speaker (Mr. Blaker): It being five o'clock, the hour provided for the consideration of private members' business has now expired. Accordingly, this House stands adjourned until Monday, August 2, at two o'clock, pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, August 2, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

APPLICATION OF WAGE RESTRAINT PROGRAM TO STAFF OF MEMBERS AND SENATORS—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. One thousand and twenty-five women and 247 men who make up the staff of MPs and Senators are to become the latest victims of the government's unjust society. The government amendment introduced last Friday to the wage restraint legislation, Bill C-124, treats staff members, who have no security or tenure, more harshly than it treats public servants or even members of this House. Therefore I move, seconded by all members of the official opposition:

That the government immediately amend the legislation before us in Bill C-124 so that its provisions take effect for the staffs of MPs and Senators on the expiry of their present salary arrangements as they will for all employees in the public service, and that the staffs of MPs and Senators not be singled out for punitive action by the government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADA MORTGAGE AND HOUSING CORPORATION

INCREASE IN RENTS FOR GRANVILLE ISLAND MARKET LEASES IN BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Granville Island Market is operated in trust for CMHC. Since July 1 the merchants are operating without leases because CMHC has multiplied the rents by 100 per cent and 200 per cent on one-year lease renewals with no options to renew. Therefore I move, seconded by the hon. member for Capilano (Mr. Huntington):

That this House demand of the minister responsible for CMHC that he remove the climate of instability within the business community of Granville Island and that his corporation live within the 6 and 5 guideline his government is imposing on others.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CROWN CORPORATIONS

SUGGESTED ADOPTION OF SUNSET LAWS—MOTION UNDER S.O. 43

Mr. Ron Stewart (Simcoe South): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Canadians are finally realizing that the Prime Minister (Mr. Trudeau) is galloping us down the slippery slope to complete socialism. The energy minister for the British government, Mr. Nigel Lawson, is quoted as saying that this fall or winter when that government sells off its state-owned oil company to the private sector, "It will be the biggest new issue that the London Stock Exchange has ever seen." The British government will sell 51 per cent to the public. Hurrah for the mother of democracy!

At a time when other governments—Britain and the U.S. are notable examples—are selling off state enterprises, Socialist Liberal Canada is adding to the total of more money-losing Crown corporations. Whereas privatization means more competition, lower prices to the consumer, badly needed injections of cash for government, a smaller bureaucracy, and a larger stake for Canadians in their country, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the government immediately embrace sunset laws and make the average Canadian a true partner by stock offerings in various of the 480 Crown agencies. Petro-Canada would be a significant first step in tipping the balance back to the private sector. If it's ours, make it ours.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

FOREIGN INVESTMENT REVIEW AGENCY

SUGGESTED STRENGTHENING OF POWERS—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my motion arises out of the fact the recession has hit Canada harder than most other industrialized nations. Underlying this, and the inability of the Canadian government to respond properly to this economic crisis, is the fact that we have a degree of foreign ownership in Canada which is higher than any other industrialized nation would permit. Therefore, under the provisions of Standing Order 43, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That in order that the Canadian government has the means to protect and nurture our nation's economy, measures be taken to strengthen the Foreign Investment Review Act rather than weaken it, as has been proposed in the June budget.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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GOVERNMENT EXPENDITURES

CALL FOR REVIEW AND RESTRAINT—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, the Prime Minister's (Mr. Trudeau) heavy-handed threat to provincial governments and businesses dealing with the federal government to toe the 6-5 benchmark, or else, is pure and simple blackmail and, in effect, constitutes back door, extra-legal extensions of his austerity program. Many Canadian businesses have gone under; others have cut management and workers' salaries. But favourites of the government in a Liberal stronghold are not required to trim fat. Favourite son treatment and preferential loans are assured. Therefore, under the provisions of Standing Order 43, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That if the government is serious about the 6 per cent society it hopes to create, it review and slash its own runaway spending and cease its huge payouts to Liberal Party golden-haired businesses.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

METRIC CONVERSION

PERMISSION SOUGHT TO USE IMPERIAL AND METRIC MEASUREMENTS—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, Canada's push toward metric has been unnecessary and costly for farmers, as well as exceedingly frustrating. Now it is resulting in expensive crop losses and possible environmental hazards because of major mistakes in chemical formulations given in the new metric books and pamphlets. For example, a loss of 200 acres of dead alfalfa was reported in the weekend news. Under imperial measures farmers could spot such errors which often are typographical, but the strange metric language makes this almost impossible. Therefore I move, seconded by the hon. member for Malpeque (Mr. Gass):

That manufacturers and processors be permitted to include imperial as well as metric measurements and instructions on their product labels and books.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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SCIENCE AND TECHNOLOGY

LACK OF TRAINED PERSONNEL—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, for several years Canadians have pointed with pride to their high technology industry. To be told now that the industry could suffer permanent damage because of a shortage of highly-skilled people in our domestic supply is simply inexcusable. Therefore I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Minister of Employment and Immigration launch a massive national training program to match people with jobs, using innovative training and retraining methods so that this only growth industry in our country need not apply for offshore help.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MUNICIPAL AFFAIRS

DEVELOPMENT OF FEDERAL LAND IN EAST BURNABY, B.C.—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the

residents of East Burnaby are very strongly opposed to the building of the proposed Stormont-Newcombe Freeway connector, which would cause serious disruption to a quiet residential neighbourhood, and in view of the fact that the Stormont-Newcombe connector can only be built through federal land on the George Derby Hospital property with the consent of the Minister of Public Works (Mr. Cosgrove), I move, seconded by the hon. member for Comox-Powell River (Mr. Skelly):

That this House, while agreeing that surplus federal lands should be returned to the municipality of Burnaby, strongly urge the federal Minister of Public Works to oppose any plan for development of the George Derby lands which would permit the construction of the Stormont-Newcombe exchange through East Burnaby.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HEALTH

SUGGESTED STUDY OF ILLNESS RELATED TO UNEMPLOYMENT—MOTION UNDER S.O. 43

Mr. Jim Hawkes (Calgary West): Madam Speaker, scientific studies have shown that, as unemployment rises, we can expect an increase in prison admissions and physical and mental health problems in Canada. Therefore I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That this House ask the Minister of National Health and Welfare to provide the Standing Committee on Health, Welfare and Social Affairs with the necessary reference to allow it to inquire and report to Paliament on appropriate measures for the identification, prevention and treatment of such persons undergoing physical and mental problems related to unemployment.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SECTOR COMPENSATION RESTRAINT ACT

AMENDMENT AFFECTING STAFF OF LEGISLATORS—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, since in report stage debate Friday on Bill C-124 the government introduced an amendment rolling back wage increases already granted to employees of Members of Parliament and Senators, since this amendment would treat these low-paid workers differently from other groups of workers affected by the bill, and since it is called the "Baker" amendment by Liberal members of the House in honour of the hon. member for Nepean-Carleton (Mr. Baker), and the "Johnston" amendment by the Conservatives in honour of the President of the Treasury Board (Mr. Johnston), I move, seconded by the hon. member for Kootenay East-Revelstoke (Mr. Parker):

That the House give these hon. members the opportunity to denounce their unwanted offspring and allow them, with unanimous consent, to introduce a Johnston-Baker amendment to allow affected employees the right to retain the salaries already granted.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

EFFECT OF EXCISE TAX ON FOOD COSTS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, whereas the excise tax increases the cost of production of foods produced on farms, and the price becomes more and more inflationary as the said foods move from farms to consumers, I move, seconded by the hon. member for Edmonton North (Mr. Paproski):

That this House implores the government to recognize the damage this aspect of the national energy policy is doing to this country and rescind the said tax at once. This would be a splendid start if the government really wants to reduce inflation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1415)

HOUSE OF COMMONS

SUGGESTED REPLACEMENT OF HOLIDAY LOST BY EMPLOYEES—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, whereas the first Monday in August is a holiday celebrated by most employees in the country, and whereas the employees of the House of Commons would have received a holiday for the first Monday in August had the House not sat today, I move, seconded by the hon. member for Burnaby (Mr. Robinson):

That this House ask that the employees of the House of Commons be given a day off to be selected by mutual agreement to replace the day lost today.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

TRANSPORT

MAISLIN TRUCKING COMPANY—GOVERNMENT LOAN GUARANTEE

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Prime Minister. In view of the announcement late Friday afternoon, in almost a furtive way, that Maislin trucking was going to be bailed out by the government to the tune of a $34 million loan guarantee, I would ask the Prime Minister, as the leader of this land who is trying to get Canadians to go on a crusade of frugality, and who is trying to show restraint in government spending, does this type of government action not make a complete mockery of the government's present attempts at restraint when the government is, in effect, bailing out a near bankrupt company.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I suppose that that is a question of judgment and the hon. member has already expressed his views, as did another member of his party, on Friday, I believe. But in the view of this government, since this company had plans for recovery which were judged to be acceptable and plausible by the banks and the government, it was important to try to give them assistance. It is always a difficult judgment in cases like this. I noticed to my recollection, that the Tory party did not criticize when we guaranteed Chrysler, when it was near bankruptcy, and that appears to have been a fairly good gamble. They did not criticize when we supported Massey-Ferguson. I am just a bit puzzled why they criticize when we give assistance to Maislin.

Mr. Nowlan: Perhaps to help educate the Prime Minister, if one could, on why there is some concern about this extraordinary assistance to the Maislin Company, the two examples the Prime Minister named were two that are presently covered under the ILAP program of assistance to the manufacturing and processing industries. This is assistance in a brand new field, to a service industry.

QUERY RESPECTING ASSISTANCE TO SERVICE INDUSTRIES

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my supplementary question is again to the Prime Minister. To show leadership, it is now to be taken by any other business concern in this country, especially the service industries which are just keeping their heads above water, that it is perhaps better for them to go under water and apply for assistance than to make rigorous judgments and sacrifices that the Prime Minister is asking for, or should they come to Ottawa to see some of their political friends to get assistance? That is the reason for the concern here.

What incentives are there for the managers in other service industries across this country to try to sacrifice and show restraint, when this company, because of poor management, taking over an American concern and going into debt many millions of dollars, is able to be bailed out?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the House knows that in the budgets of June and November, there were forms of assistance to smaller enterprises in difficulty. That was the definition which applied—when small businesses were in difficulty they could apply for the bond for special assistance under the budget. As I replied in my first answer, we also look at larger enterprises, particularly when they are key to a whole region and when there are many jobs to be saved. We not only try to assist the small and medium-sized enterprises, we also look at the larger enterprises, as in the case of Chrysler, Massey-Ferguson and Maislin.

• (1420)

QUERY RESPECTING SOURCE OF REPRESENTATIONS TO GOVERNMENT

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I am a little hesitant to ask my supplementary question, but I will ask it very directly of the Prime Minister. Is the Prime Minister really trying to fool anybody, that if it had not been for Charles Bronfman and other political leaders close to the Prime Minister in Montreal, Maislin would not have received help?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think the question itself is unfair. I can assure the hon. member that—

Mr. Nowlan: What about the All-Star game in Montreal?

Mr. Trudeau: —in so far as I know, Mr. Bronfman has made no representations, nor have his associates, to members of this government. They certainly have made no representations to me with regard to Maislin. I do not know why the hon. member is giving them credit for that.

Mr. Nowlan: What about the All-Star game in Montreal?

Mr. Trudeau: Well, I would like to hear the supplementary about the All-Star game. I am not sure about its relevancy, but let us hear the question if the hon. member does not want to deal only in innuendoes.

Madam Speaker: The hon. member for Prince Edward-Hastings.

Mr. Nowlan: Well, if Madam Speaker will allow me, I will put the question. Were you and Mr. Bronfman together at the All-Star game in Montreal when this matter was discussed?

Madam Speaker: Order. The hon. member for Prince Edward-Hastings.

Mr. Trudeau: Madam Speaker—

Madam Speaker: I did not hear the question.

Mr. Trudeau: If you will allow the question, I will try to answer.

Madam Speaker: The hon. member for Prince Edward-Hastings.

TIMING OF ANNOUNCEMENT OF ASSISTANCE TO MAISLIN

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. On Friday last, in answer to a direct question from me with regard to Maislin Industries, the minister stated that no decision had been made at that point. The minister said, "When matters are at a final and definitive stage, I will be happy to make an announcement." Will the minister now tell the House what developments took place between noon and five o'clock on Friday to make him happy before the announcement was made?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, late in the afternoon, shortly before my announcement, there was an acceptance of the conditional offer referred to in my press release, and that led to my decision to make the announcement.

PURCHASING OF CANADIAN EQUIPMENT

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my supplementary question is directed to the same minister. In the past Maislin Industries have not been particularly good corporate citizens in that they tend to purchase as much of their equipment as possible outside Canada.

Mr. Clark: Like Petro-Canada.

Mr. Ellis: Does the agreement for the loan guarantee carry with it any strings requiring Maislin to buy Canadian, or is that ignored also, just as the fact that the majority of the guaranteed $34 million will end up in the United States is also ignored?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I do not accept the hon. member's premise. It is my understanding that the loans to be guaranteed by the government will be loans made by the Canadian Imperial Bank of Commerce. With respect to the matter of purchasing and sourcing, these are areas which we are still exploring with the company. But I can say there is one matter of Canadian sourcing and Canadian supply which my hon. friend has completely forgotten to mention, and that is the supply of 2,000 Canadian jobs. He does not think it is important. We do.

Some hon. Members: Hear, hear!

ENERGY

SUNCOR CORPORATION—DEFINITION OF HISTORICAL PROFIT MARGINS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Minister of Finance. The minister will probably recall that on Tuesday last, in a statement issued by the Minister of Energy, Mines and Resources with regard to Suncor, it was stated that the company has also committed itself to supporting federal wage guidelines of 6 per cent and 5 per cent and—this is the part with which I want to deal—will limit increases of prices not subject to the energy agreement with Alberta to levels that are consistent with the lower rates of interest and costs and restoration of historical profit margins.

On the weekend, Leonard Good, the director general in the federal Department of Energy, Mines and Resources, said that he simply did not know the implications of this statement in terms of its legality or monitoring, or in deciding the definition of "historical profit margins." Since it is the Minister of Finance who will have to decide what historical profit margins are, and given that this is the first in a whole series of what I suspect will be attempts by companies to restore what they consider to be historical profit margins, what is the definition that the government intends to apply to the term "historical profit margins?"

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have not seen the quote that is attributed to Mr. Good in terms of the commitment given by Suncor. It has been spelled out in a press release and, as my hon. friend has indicated, the government will follow the evolution of prices. We have not introduced a system of price controls any more than we have instituted a system of wage controls of a general nature. We have asked for the voluntary co-operation of industry, of the private sector and of the unions.

• (1425)

In this particular instance, the company has volunteered to adhere to the wage guidelines which the government has imposed upon itself. It has also volunteered to keep its price increases to a minimum level, bearing in mind the factors to which the hon. member has referred. We are operating on the basis of a voluntary commitment system. We will examine how the company behaves as time goes on, under this voluntary commitment. I remind the hon. member that the government has not introduced a system of wage and price controls in the Canadian economy.

BENCHMARK TO BE USED IN ESTABLISHING HISTORICAL PROFIT MARGINS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I put to the minister that it says quite clearly the company has committed itself that it will limit increases in prices, those

outside the energy agreement, to something it calls the "restoration of historical profit margins." In order to get the assistance from the government, the company obviously felt it had to make a commitment. What will the government use as its benchmark to establish historical profit margins? Would the minister consider the six-year average 1976 to 1981? Would that be a suitable benchmark for historical profit margins?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, this is a matter that will be examined as the situation evolves. This is a voluntary commitment given by the company in exchange for a special contribution for the realization of a very important project that will generate several thousand jobs in Ontario and throughout Canada. We are going to work on this basis through the cooperation of the industry and, I hope, the unions. This is the way the program is going to be implemented.

GOVERNMENT POSITION

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, it is quite clear that the senior officials in the minister's own department do not know how to deal with that particular phrase. The government is not prepared to accept voluntary restraint for its employees or, for that matter, employees of Members of Parliament. The company believes it has made a commitment. Given the six-year average from 1976 to 1981 for profits in refining and marketing, those areas that fall outside the energy agreement, the average was $51 million per year. In 1980 and 1981 the average was more than twice that amount. Is the government prepared to demand from Suncor that it go back to the five or six-year average of $51 million from the $100 million to $115 million that it received in 1980 and 1981?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I can tell the hon. member that the government will not rely on a single year to establish such a reference. Second, we certainly would not use the highest year, which was 1981, as a reference point. One would have to look at an extended period of time. This matter is going to be examined and discussed with the company.

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SMALL BUSINESS

APPLICATION OF GOVERNMENT RESTRAINT CRITERIA TO LOANS

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is directed to the President of the Treasury Board. It is prompted by the loan guarantee to the Maislin Trucking Company and the condition of the 6-5 regime. A week ago in this House we passed the Small Businesses Loans Act. The minister is aware that that gives a preferential rate of interest, and this government or any other government guarantees the loans to qualified small-business men. In light of the Maislin precedent, does the minister envisage that when the bank allows a loan under the Small Businesses Loans Act which the government guarantees, the 6-5 regime will apply there? Will it also apply to the small business development bond and to the 4 per cent subsidy? Does the minister envisage that as a result of the criteria?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, it is not apparent in what capacity the hon. member for Cambridge addresses this question to me as President of the Treasury Board. Neither of the issues to which he makes reference come within the jurisdiction of the Board. Perhaps he might care to address a supplementary to some other minister.

• (1430)

APPLICATION OF RESTRAINT PROGRAM TO BUSINESSES RECEIVING GOVERNMENT ASSISTANCE

Mr. Chris Speyer (Cambridge): Madam Speaker, my supplementary question is directed to the Prime Minister. The Prime Minister has said that he wants businessmen and others in the country who receive grants or government assistance to abide by the 6-5 guidelines. A week ago last Friday we passed in this House a bill respecting the Small Businesses Loans Act whereby there is a guarantee by this government to pay the banks in the event of default by small-business men who receive loans. Does the Prime Minister envisage that the 6-5 guidelines will apply to small businesses in circumstances under which loans made by banks are guaranteed by the government?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not aware of the substance of the question, but I would be happy to consider the hon. member's question as a representation and look into it.

GOVERNMENT POLICY

Hon. Bill Jarvis (Perth): Madam Speaker, I have a supplementary question for the Minister of Finance. By guaranteeing a loan to Maislin the government assumes a contingent liability. In relation to any Crown corporation or private company for which the government carries a contingent liability on its books, is it the policy of the government that the 6-5 guidelines apply to the beneficiary of that contingent liability? The question is as simple as that.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if there are additional cases similar to Maislin, obviously it will be the intention of the government to seek similar assurance with respect to the 6-5 guidelines. The hon. member has asked a question about a law passed by Parliament establishing the conditions under which certain funds are available to small businesses. If hon. members are suggesting that in those cases we ought to add another condition that the 6-5 be applied, that is something to which I would give consideration. I would do so, however, somewhat hesitantly.

APPLICATION OF GUIDELINES

Hon. Bill Jarvis (Perth): Madam Speaker, then is it the policy of the government that any existing contingent liability prior to the budget is not affected by the 6-5 guidelines? Hon. members are not asking for anything. We are trying to find out whether the 6-5 guidelines are to be made applicable to a private or public group or corporation which benefits by virtue of any contingent liability assumed by the government once the government assumes the contingent liability. I believe the minister can answer that because he is being prompted by the Prime Minister.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the answer I gave earlier is the precise answer I want to give to the second question, because it covers the whole matter fully.

Mr. Clark: You don't know. You don't have a policy.

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NATIONAL DEFENCE

MOVEMENT OF NAVAL RESERVE HEADQUARTERS FROM HALIFAX TO QUEBEC CITY—REQUEST THAT MINISTER MAKE STATEMENT

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of National Defence. On Friday last the CBC questioned the minister concerning the projected move of the headquarters of the naval reserves from Halifax to Quebec City. The minister replied at that time that, if the move was decided upon, he would make an announcement at the appropriate time and place. There are many parliamentarians who believe that the appropriate place for ministers to make announcements on policy is in the House of Commons. Will the minister be making a statement on motions today on this subject?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madame Speaker, as far as I am concerned, I do not think that is the proper way.

Some hon. Members: Oh, oh!

[*Translation*]

Madam Speaker, the former minister of national defence knows perfectly well that achieving fair and equitable francophone participation in the Canadian Navy is an issue that has been discussed for a number of years in navy circles. The civilian officials of my department asked me about this when I became Minister of National Defence in 1980, and at that time I asked the department's military authorities to make a study of the matter and make appropriate recommendations on how to achieve a fairer and more equitable participation of francophones in the Navy. They approached the issue in various ways and made a number of suggestions, and I think it is now an administrative decision that is up to the Department of National Defence and the Commander of the Canadian Maritime Force. Once they have decided what is to be done, we shall make a joint announcement at the appropriate time.

[*English*]

REASONS FOR RELOCATION

Hon. Allan B. McKinnon (Victoria): Madam Speaker, the minister knows that studies were undertaken and recommendations recently made offering him six different courses. In evidence given to the Standing Committee on External Affairs and National Defence the president of the Naval Officers Association recommended—and officers of the minister's own staff have recommended—that an additional two units be placed in the province of Quebec. This would require six regular personnel per unit, and new jobs would be created. Is the truth of the matter that the existing 60 jobs to be moved from Halifax to Quebec City are the real reason the minister is going through with this move, which will lead to nothing but inefficiency in the naval service?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, this question has been addressed by my department at the administrative level. My department has a solution. It has been proposed to me, I have accepted it, and they have decided to make the announcement of these—

Mr. Clark: "They" have? You are the minister.

Mr. Lamontagne: I am the minister, but I do not play politics with defence.

Some hon. Members: Oh, oh!

* * *

AUTOMOTIVE INDUSTRY

IMPORTATION OF JAPANESE MANUFACTURED CARS—STATUS OF NEGOTIATIONS

Mr. Peter Lang (Kitchener): Madam Speaker, my question is directed to the Minister of State for International Trade. Several weeks ago the minister indicated that he had eased entry of Japanese auto imports into the country as a gesture of good will toward the Japanese in trade negotiations. I wonder if the minister could inform the House as to the development of these negotiations or any positive things which may have occurred since this gesture of good will.

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I know how interested the hon. member and other hon. members are regarding a solution to the problem with respect to Japan and the car issue. Our officials left for Tokyo during the weekend, and it is hoped that within a week we will be able to resolve this issue.

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

AMENDMENT AFFECTING WAGES OF LEGISLATORS' STAFFS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the President of the Treasury Board. On Friday last the minister gave notice that he intends actually to cut the pay of staffs of Members of Parliament and senators, 80 per cent of whom are women. These staffs are denied free collective bargaining rights and, in many instances, are certainly not overpaid. In view of the fact that this sleazy, shameful move, which constitutes nothing less than playing cheap politics on the backs of hard-working parliamentary staff members, puts this group of employees in a worse position than any other employees in the country, including Members of Parliament and senators, will the minister explain this shameful betrayal of our employees, and will be reconsider this shabby scapegoating amendment?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I think the accusation is somewhat exaggerated. If I may take a moment, let me explain why this amendment was judged to be necessary. Hon. members may recall that the hon. member for Nepean-Carleton, supported by the hon. member for Perth and the hon. member for Peterborough, accused the government of treating ministerial exempt staff with undue favour by providing a 10 per cent raise which was decided May 13. When I look at *Hansard*, I see that the hon. member for Nepean-Carleton said on July 5:

—why does he—

He was referring to me.

—not do the honourable thing and roll them all back so that the exempt staff will stand in exactly the same position as public servants?

In fact, exempt staff did stand in exactly the same position as public servants, but to a degree the hon. member for Nepean-Carleton apparently was successful in misleading the country and independent observers into thinking some favouritism had been granted.

It is absolutely fundamental to the credibility of this program that the government be perceived as dealing harshly with Members of Parliament, with itself, and with others. Thanks to the efforts of the opposition, that has become virtually impossible in the present circumstances, and hence it is with some regret—but, nevertheless, judged to be necessary—that we put all political appointees, in keeping with the request of the hon. member for Nepean-Carleton, on the same footing.

MINISTER'S POSITION

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my supplementary question is directed to the same minister. The minister has broken the solemn promise he made to this House on July 9 when he said there would be no reductions in wages and salaries for anyone other than Members of Parliament and senators. The minister stated, in reply to representations made by the hon. member for Nepean-Carleton, that he would not make ministerial staffs, as he put it, "particular sacrificial lambs." How can the minister stand before us with any sense of equity or fairness and say he intends to make this particular group of employees the victims of his game of political one-upmanship with the Conservative Party? Will the minister now stop trying to score cheap political points on the backs of the staffs of Members of Parliament and senators?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, we are not talking about political points. We are talking about a national assault on inflation, with the federal government taking the lead.

• (1440)

Because of accusations that have been made which, on their face and on the facts, are false, a number of observers such as the Ottawa *Citizen* last week, a respected newspaper in this country, wrote that:

Another example of its bankruptcy—

Speaking of the government—

—came when Liberal MPs defeated a Tory effort to have cabinet aides' salaries cut back to the 6 per cent guideline, along with public servants.

Clearly, even the editorial staff of the Ottawa *Citizen* was misled by the statements coming from the member for Nepean-Carleton. Not only that, they refer to 11 per cent, but the next day, I should point out, there was an apology in the newspaper pointing out that the figure was 10 per cent. So there is no effort here at all to take advantage or to score cheap political points.

What is important is that the government be perceived as taking the lead and that it not be accused falsely by members of the opposition. It is with regret that I introduced this amendment, but in the circumstances it is clearly necessary if the public has the impression that political appointees were enjoying some special benefit.

QUERY RESPECTING ADVICE GIVEN TO MINISTER

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, if there is an assault on anything it is on honesty. That is the first assault. The second is on the staff of Members of Parliament who work in this House.

The government has never taken my advice on anything in the ten years I have been here, and it has not taken it now. I want to ask the minister what highly paid, politically appointed member of his exempt staff advised such a stupid, harsh, vindictive move as the government just put forward in its amendment in this House?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I mark the unctuous tones in which the hon. member addresses this issue. As my parliamentary secretary indicated last week, the hon. member is the spiritual father of this whole affair. Let me quote the hon. member for Nepean-Carleton as reported at page 18984 of *Hansard* as follows:

—why does the President of the Treasury Board not do the honourable thing? Rather than defending the indefensible increases for political staff, the appointees of himself and his colleagues, why does he not do the honourable thing and

roll them all back so that the exempt staff will stand in exactly the same position as public servants?

He asked for an amendment to roll back the salaries of exempt staff. He proposed an amendment before committee to roll back salaries of exempt staff. The exempt staff of ministers stand on exactly the same footing as all political appointees—

Mr. Clark: That is another falsehood.

Mr. Johnston: —of parliamentarians in this House and in the Senate, and in the office of the Leader of the Opposition and in the caucus bureaus. If we are to play the hair-shirt role, Madam Speaker, I suggest we all play it, and that the hon. member stop speaking out of both sides of his mouth.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

REQUEST THAT MINISTER RESIGN

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, the hon. member knows that the exempt staff is not the same as the staff in the House of Commons.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): They have higher salaries and the protection of an entrée into the Public Service of Canada. In other words, they are different. More than that, they are just the pets of the government and it wanted to protect them when it was found with its hand in the cookie jar.

If the minister is going to accept my advice, will he accept this piece of advice, that is, resign, and let them put someone competent in his position?

Hon. Donald. J. Johnston (President of the Treasury Board): Madam Speaker, I take it that the hon. member for Nepean-Carleton is asking me to follow his example when he resigned as House leader. I have no intention of resigning, the Prime Minister and God willing!

Some hon. Members: Oh, oh!

Miss MacDonald: One has not been introduced to the other.

Mr. Johnston: I feel that in the circumstances we have done the logical if not, perhaps, unfortunate thing in the circumstances. These circumstances have been created by the kind of argument just put forward by the hon. member for Nepean-Carleton. Now, all of a sudden, exempt staff are different in some way from parliamentary staff.

An hon. Member: Right on.

Mr. Johnston: Is a secretary working in a minister's office who is on an exempt staff budget different from a secretary working at the next desk on a parliamentary budget? I would ask the hon. member to explain that conundrum to the House.

AGRICULTURE

INCREASE IN POTATO INSPECTION FEE—REQUEST FOR ROLLBACK

Mr. Mel Gass (Malpeque): Madam Speaker, my question is also directed to the President of the Treasury Board. As the 1200 per cent increase in the charge for table stock potato inspection for export was implemented on July 19, and as the minister announced that any increases higher than 6 per cent which were not implemented before June 28 would be rolled back, would he advise the House if this 1200 per cent increase will be rolled back to 6 per cent?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, finally we have a sensible and reasonable question.

Some hon. Members: Oh, oh!

Mr. Johnston: A directive was issued by Treasury Board to all ministers withdrawing the delegated authority to assign any kind of increase for goods and services to the government in excess of 6 per cent. I have not looked at the specific details. The hon. member was kind enough to give me notice of this question. It would seem to me on its face that this is one of the increases that should be rolled back.

* * *

TRANSPORT

APPLICATION OF RESTRAINT PROGRAM TO CANADIAN NATIONAL FREIGHT AND FERRY RATES

Mr. Mel Gass (Malpeque): Madam Speaker, the Atlantic Provinces Transportation Commission has inquired of CN Rail if the 6 per cent maximum guideline will apply to rail freight traffic. CN Rail responded by advising that, since it had not received any specific directives from the federal government, it would continue to price its rail services to reflect normal market factors while attempting to recover, as much as it can, the cost increases due to inflation.

Could the minister advise the House whether directives will be issued to CN Rail to limit their price increase to 6 per cent, and also will a directive be issued to CN Marine which is in charge of the ferries between P.E.I. and New Brunswick advising that a 6 per cent increase is the maximum?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, each situation is a special one. The role of the CTC is different with respect to air fares, and with respect to rail rates, for example. The present attitude is to look at each of those in particular and decide on the basis of special circumstances, if any.

Oral Questions

SUPPLY AND SERVICES

CONTRACT FOR MAINTENANCE OF CF-18 AIRCRAFT ENGINES

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is directed to the Minister of Supply and Services. A contract is being put out for bids for the maintenance of the CF-404 engine for the new F-18 aircraft. The word in the marketplace is that Air Canada and CP Air are to be allowed to bid for the maintenance of these engines. Is that true and, if so, why are they being allowed to bid on this contract?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I thank the hon. gentleman for the question. The matter is under serious consideration. There has been a request both by Air Canada and CP Air that they be permitted to offer their facilities to provide repair and overhaul for the CF-404 engine. My department is very interested in seeking the best possible return for taxpayers' dollars. We are considering very seriously whether Air Canada and CP Air would be permitted to bid on the contract.

REQUEST FOR ASSURANCE OF FAIR COMPETITION

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, what kind of assurances can the minister give Orenda Engines and Rolls-Royce, the two companies that have been overhauling and keeping these engines up to date for the armed forces over the years? What kind of assurances can he give them that the competition will be fair, because of the facilities that Air Canada and CP Air have at the present time?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, when the offer was made by Air Canada and by CP Air to participate in the bidding, one of the major considerations, of course, was fairness. That is still one of the major considerations. My officials have been directed to analyse what the bidding criteria will be in order to ensure that there is absolute fairness in the bidding process for all participants and in the eventual selection of a successful bidder.

* * *

ENERGY

AWARDING OF DRILLING PERMITS OFF SABLE ISLAND

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a question that relates to the fairness of the bidding process and it is directed to the Minister of Energy, Mines and Resources. It concerns the awarding of drilling permits off Sable Island to Petro-Canada and others, with no competitive bidding being allowed. The minister has said:

• (1450)

It was quite clear in our view that no one else could have come forward with a better bid.

Would the minister be prepared to publish the evidence which allowed him to deny other companies the right to bid on this matter?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to refer the Right Hon. Leader of the Opposition to the fact that we had the full support and agreement of the Government of Nova Scotia in this particular decision.

This decision means a $500 million investment in offshore drilling by Canadian oil and gas companies which include not only Petro-Canada but Husky Oil and Bow Valley. This deal means the companies concerned will spend that money in the space of the next three years, and that at the end of the second year the companies will relinquish 75 per cent of the lands they prefer not to keep to the government. In addition, the companies gave extremely strong commitments to Canadian content for goods and services. It was quite clear, in our judgment, that no other bid could come near to this.

Mr. Andre: How do you know?

Mr. Lalonde: As far as the reference is concerned about which the Right Hon. Leader of the Opposition is asking, I would be pleased to send him a copy of the Canada Oil and Gas Act which includes the option for the minister to issue licences to competitors or bidders directly. I would also be pleased to send him a copy of the agreement which clearly indicates that this is an exceptionally good deal for the people of Nova Scotia and for the people of Canada, as has been stated by the Premier of Nova Scotia.

Mr. Clark: Madam Speaker, the minister has declined to publish his reasons for refusing competitive bidding. We are aware of the act. What we were not aware of was that the minister was going to abuse it so quickly.

GOVERNMENT POLICY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, it is now the policy of the government that drilling permits will be issued without competitive bidding, or is this case involving Petro-Canada a special one?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have not refused to give the reasons. I said to the hon. member that he should read the act which was passed by this Parliament. It states quite specifically that there are two options open to the government.

Mr. Huntington: He knows the act. Answer the question.

Mr. Lalonde: One is through bids and the other is through direct issuance. My intention is to follow generally the practice of open bidding except in rare circumstances.

As far as the reasons for this particular case are concerned, I again would invite the right hon. member to read the agreement reached by the government with the companies and I

think he will, as did the Premier of Nova Scotia, conclude that indeed this was a very, very good deal for Canada.

LOCATION OF MARINE SUPPLY BASE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, one of the conditions accepted by the consortium is to spend $1 million to study the feasibility of building a marine supply base somewhere in Nova Scotia. Will the minister tell us whether one of the locations being considered is in the constituency of the Minister of Finance?

Mr. MacEachen: I hope so.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, certainly one of the sites being used is Mulgrave where, as a matter of fact, Petro-Canada is going to have its supply base to start. The consortium, and Petro-Canada in particular, is going to carry out the study over the next year, and a decision will be announced in due time.

REQUEST FOR PARLIAMENTARY COMMITTEE INVESTIGATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, this deal smells, and it deserves to be investigated by a committee of the Parliament of this country. Would the minister allow, in the interest of all of the facts being known, an all-party committee of this House to investigate all aspects of the issuance of these permits without bids, including allowing the committee to examine, in confidence if necessary, all oral and all written undertakings between the government and representatives of the consortium? Will the minister let Parliament look into this deal?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, Mulgrave is the site that was chosen by Petro-Canada on its own.

Some hon. Members: Oh, oh!

Mr. Lalonde: It happens to be the site closest to the drilling site. This decision has been made by Petro-Canada on its own.

Mr. Andre: If you believe that, I have some land in Florida for you.

Mr. Lalonde: I might tell the hon. member that, if he finds that this deal smells, the Leader of the Opposition stinks.

Some hon. Members: Shame!

Mr. Epp: You have risen to new lows.

* * *

NORTHERN AFFAIRS

REQUEST FOR PROTECTION OF POLAR BEAR PASS

Mr. Derek Blackburn (Brant): Madam Speaker, my question is addressed to the Minister of Indians Affairs and Northern Development. Last Friday the minister hand delivered a fatal blow to Polar Bear Pass, one of the 140 ecological sites north of 60 that have been identified by the United Nations International Environmental Program. That fatal blow was the government's decision to allow oil and gas exploration in this sensitive ecological area. Since the minister has clearly not paid attention to the government's own environmental advisory council report on the threat to wildlife in the north from oil and gas exploration, will he take immediate steps to declare Polar Bear Pass a full ecological site and establish other such areas in the north?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Yes, Madam Speaker, I was in that area within the last two or three days. We have declared an ecological site there with the approval of many people. I believe the news report upon which the hon. member has founded his question is erroneous. We are not giving Panarctic permission to drill. We are not approving drilling in the Polar Bear Pass. In fact we have been negotiating with Panarctic over some years to relinquish all of the claims that have existed heretofore.

REQUEST THAT DRILLING LICENCES BE RESCINDED

Mr. Derek Blackburn (Brant): Madam Speaker, is the minister saying that Panarctic has not been granted any licence to drill in the Polar Bear area? If that is correct, fine. If it is not correct, will the minister make sure that licences to drill for either oil or gas will be rescinded in view of the fact that Panarctic has a very bad track record in polluting the north and leaving all kinds of drilling garbage around the sites.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I do not think the hon. member listened to my answer to his first question, unless he wanted to make somewhat of a speech by way of a second question. I already indicated the relinquishing of any pre-existing claims by Panarctic in the area is being negotiated, we think successfully.

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[*Translation*]

EXTERNAL AFFAIRS

BOMBING OF BEIRUT—INQUIRY WHETHER CANADA PROTESTED TO ISRAEL

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, my question is directed to the Secretary of State for External Affairs. Following the latest bombings carried out by Israel over Beirut, which I can only qualify today as being totally

unacceptable, could the minister tell us whether he has lodged a protest with the Israel authorities and whether he will be expressing his sympathy with the Lebanese and Palestinian people?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I have, in fact, decided to protest again to Israel, and I have also announced I am recommending that the Canadian ambassador and his staff leave West Beirut, for their own safety and also to safeguard Canadian interests.

* * *

[*English*]

TRANSPORT

MAISLIN TRUCKING COMPANY—APPLICATION OF GOVERNMENT RESTRAINT PROGRAM TO EMPLOYEES

Mr. Bill Kempling (Burlington): Madam Speaker, my question is for the President of the Treasury Board. There have been several estimates of the number of employees employed by Maislin Transport. The hon. member for Northumberland-Miramichi has mentioned 770. We have heard 1,000 and 2,000. But what we do know is that there are at least 4,500 employees of Maislin Transport. Does the 6-5 restraint regime apply to the American employees of Maislin Transport?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the commitment of Maislin applies to its Canadian employees.

* * *

THE CONSTITUTION

CONVENING OF FIRST MINISTERS' CONFERENCE

Hon. Jake Epp (Provencher): Madam Speaker, I wish to address my question to the Prime Minister. Section 37 of the Canada Act requires the convening of a first ministers' conference within one year of the proclamation of the Constitution, making the effective date April 17. Has the Prime Minister contacted the provinces concerning acceptable dates for that first ministers' conference, and is he considering February, 1983, for that conference?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have not corresponded directly with the premiers on that particular date, but I have discussed with the native leaders optimal dates. February and March are dates they have suggested. I have instructed my officials to contact their opposite numbers in the provinces to see if there would be agreement on that. I have not yet had a report.

• (1500)

CONFERENCE AGENDA

Hon. Jake Epp (Provencher): Madam Speaker, my supplementary question is also directed to the Prime Minister. As he knows, Section 37 requires that at least one agenda item be on the table for that first ministers' conference, namely, the definition and inclusion of aboriginal rights in Canada's Constitution. Is he seeing that first ministers' conference as fulfilling that responsibility only, or is he considering other agenda items? If so, what might they be?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it would be my intention to consider the addition of other items in a subsequent or precedent conference, both of them back-to-back, if the premiers are agreeable to discussing other items. As the hon. member pointed out, the Canada Act obliges us to have a meeting on that one subject. There is no obligation on the other subjects, but I am open to discussion on any other items which the premiers would want to see put on the agenda.

* * *

EXTERNAL AFFAIRS

LEBANON—RECALL OF AMBASSADOR

Mr. Ian Watson (Châteauguay): Madam Speaker, my question is directed to the Secretary of State for External Affairs. Can he say whether or not the Canadian ambassador is being recalled from Beirut because he has requested his own recall, or are we simply removing a source of acute embarrassment to Israel by this recall?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I had left the decision to the ambassador as to whether or not he felt he should leave at any time. He did not exercise that discretion. But as a result of the heavy bombardment over the weekend and the fact that our staff there has been subjected to pressure for so long, plus the difficulties we are now having communicating with them—with electricity and other services unavailable, it was very difficult to get through—I felt that the time had now come to ask them to close the embassy in West Beirut and to operate as effectively as they can for the near future from the suburb of Jounieh.

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PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Friday, July 30, 1982, and finds that the petitions meet the requirements of the Standing Orders as to form.

PRIVILEGE

MR. FRIESEN—NOTICE OF QUESTION TO BE RAISED

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise on a point of order to give notice that it is my intention tomorrow to raise a question of privilege regarding the accuracy of the transcription of *Hansard*. I recognize the difficulty of *Hansard*—

Madam Speaker: Order, please. One cannot give notice of a question of privilege on a point of order. The proper way to give notice of a question of privilege is to send to the Speaker's office a brief statement on what is the subject matter of the question of privilege.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. LEWIS—RECONSIDERATION OF GUN CONTROL LEGISLATION

Mr. Doug Lewis (Simcoe North): Madam Speaker, I have the privilege to present a petition on behalf of 728 residents of the riding of Simcoe North, many of them contacted by the Orillia Fish and Game Conservation Club. They suggest that Canada needs tougher laws to control the criminal use of firearms, tougher courts and tougher punishment, not further controls on those who use firearms for sport purposes.

The petitioners feel that the passage of Bill C-451 would infringe upon the rights of law-abiding citizens who own and use guns for legitimate purposes. It is their request that the petition be reviewed, and they wish to have it presented to you at this time.

* * *

FINANCIAL ADMINISTRATION ACT

AMENDMENT RESPECTING CREDIT UNIONS AND CAISSES POPULAIRES

Hon. Walter Baker (Nepean-Carleton) moved for leave to introduce Bill C-660, to amend the Financial Administration Act.

Some hon. Members: Explain.

Mr. Baker (Nepean-Carleton): Madam Speaker, the purpose of this bill is to enable government to have the lawful ability to deposit money in credit unions and caisses populaires. It is an amendment to the Financial Administration Act. It splits the simple matter of helping credit unions and caisses populaires from the controversial and far-reaching amendments proposed by the President of the Treasury Board (Mr. Johnston) with respect to Bill C-96, and it would meet a need of those credit unions and caisses populaires.

Time Allocation

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

* * *

[*Translation*]

CANADA ELECTIONS ACT

AMENDMENT RESPECTING REGISTRATION OF POLITICAL PARTIES

Mr. Gaston Isabelle (Hull) asked for leave to introduce Bill C-661, an act to amend the Canada Elections Act (registration of political parties).

Some hon. Members: Explain!

Mr. Isabelle: Madam Speaker, the purpose of this bill is to remove any trace of ambiguity as to the national character of political parties desiring to operate at the federal level, by restricting registration to those parties that are fielding the required number of candidates, distributed over a majority of the provinces. Under the present legislation, the required number is fifty, but there is no reference as to how the candidates should be distributed.

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

* * *

[*English*]

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER REPORT AND THIRD READING STAGES OF BILL C-124

Hon. Donald J. Johnston (President of the Treasury Board) moved:

That, in relation to Bill C-124, an act respecting compensation in the public sector of Canada, one sitting day shall be allotted to the consideration of each of the report stage and the third reading stage of the bill; and

That 15 minutes before the expiry of the time provided for government business on those days, any proceedings before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the stage of the bill then under consideration shall be put forthwith and successively, without further debate or amendment.

He said: Madam Speaker, I believe the time has come to move expeditiously to the conclusion of report stage and third reading of Bill C-124.

First, let me say that the proceedings to date have been fruitful, that the work of committee members on all sides of the House has been productive, has brought forward change and comment, and that we now have before us a number of additional motions which appear on the Order Paper, some of which were discussed briefly on Friday and a number of which, I hope, we will have the opportunity of debating during the closing hours of report stage. I would point out that in the

course of the debate before the committee a number of significant amendments were made. In addition, of course, we have the further amendments on the Order Paper to which I made reference.

Let me, if I may, for just a moment touch upon those to remind the House where major progress has been made in improving the bill and in making it more effective in achieving its ends and also more equitable in its application. I refer the House to the change in Clause 3, subparagraph (4), which has the effect of extending the application of the bill to employees of Canadian Pacific Limited and its subsidiaries as well as to the employees of a number of other railway companies which are specifically enumerated, namely the Ontario Northland Railway, the Algoma Central Railway Company, Toronto Terminals Railway Company and Shawinigan Falls Terminal Railway Company.

• (1510)

Members will recall that these amendments were brought about because of the history and importance attached to joint bargaining by both the unions, on the one hand, and by management on the other. This joint bargaining has a history of something like ninety years, and with this amendment which was introduced at committee stage that joint bargaining, that very important institution, will be preserved.

In addition, much has been said during the course of this debate with respect to the issue of collective bargaining and the importance of continuing a measure of collective bargaining during the period of this wage restraint program. At the committee stage I introduced an amendment which is now found in Clause 7 of the bill. That amendment goes some way to restoring and preserving collective bargaining in that it permits parties to a collective agreement which has been extended in accordance with the terms and conditions of the act to amend by agreement any terms or conditions of the collective agreement or arbitral award other than wage rates or other terms and conditions of the compensation plan.

This means with respect to those non-monetary items—and I think particularly of the issue of health and safety which is of concern I know to all members of this House, to members of management and to members of the unions themselves—that they will be permitted during the extension of any agreement under the provisions of the law to continue to collectively bargain and to agree on these very important areas.

There stands on the Order Paper further amendments dealing with the issue of collective bargaining. There is a proposed amendment standing in the name of the hon. member for Rosedale (Mr. Crombie), and I hope in the time remaining to us we will have the opportunity of exchanging our views with respect to the proposed application of that amendment. That stands as Motion No. 9.

I suggest—and I will elaborate on this a good deal further in the course of debate at report stage—that this amendment in fact falls far short of what the member for Rosedale himself seeks to achieve in terms of preserving and enhancing the collective bargaining process. At the same time I will have the opportunity to elaborate at some length on Motion No. 17 standing in the name of the President of the Treasury Board, which provides that the governor in council may by order terminate the application of this act in respect of an employee or group of employees to which this act applies.

That, I suggest to you, Mr. Speaker, is a very significant amendment in terms of the preservation of the collective bargaining system. I indicated in this House and in a release which I made at the time this amendment was tabled that this amendment will permit parties who would otherwise be bound by this agreement to enter into negotiations and to arrive at an agreement through the application of the traditional collective bargaining process, subject to the 6 per cent and 5 per cent total limit. This means that within that limit parties will be able to negotiate, to make trade-offs, to permit items such as, for example, maternity leave, which was raised by the hon. member for Kingston and the Islands (Miss MacDonald) in the course of the debate at the committee stage, to be incorporated into collective agreements and then, when the parties have reached an agreement, they will be subject to order by the governor in council, an order which will in fact terminate the application of the law with respect to that particular contract, with respect to that employer and with respect to that group of employees.

I see this amendment as being very significant. I realize I have only a few minutes to speak on the motion and hence I do not intend to engage in a wide and complete analysis of how that particular provision can be applied as opposed to how the proposed amendment of the hon. member for Rosedale will be applied. However, I suggest that this permits maximum flexibility to take account of the wide variety of circumstances that can exist with respect to any particular employee or group of employees and permit agreement to be reached through the normal operation of the collective bargaining process, subject at all times to the over-all limitation of 6 per cent and 5 per cent which, of course, is fundamental to the thrust of this wage restraint program.

We have already discussed at some length motion No. 3. It was the subject of some exchange in the House during question period. As I indicated during my comments on Friday, I regret that this amendment is necessary but I believe that in the circumstances, due to the unfortunate impression that has been created across this country and has been adopted by some observers in the media to the effect that one particular group has been singled out for favoured treatment, it was the government's decision, to counter what I call that unfortunate impression, that all political appointees in fairness must be treated on the same footing.

I know that comments have been made. We heard them on Friday, we heard them during question period. We know the effect is to treat these employees in a way which is more difficult for them than any other group of employees to which the bill applies. We know that, but we ask them also as good public servants to join with us in this anti-inflation crusade and set an example which all Canadians are being asked to follow.

It originally had been the intention of the government to limit the application of the actual rollback of wage rates to Members of Parliament and to senators—in other words, to parliamentarians. That point was made, I believe, in a question during question period from a member of the NDP.

Miss MacDonald: And my motion.

Mr. Johnston: The hon. member for Kingston and the Islands confirms that. When I responded at an earlier period in this debate, I did say that the intention of the law was to limit the rollback to parliamentarians. However, in the circumstances in which we find ourselves where the credibility of the program is so important, where the thrust of the program is so important and where the example set by the federal government is so important, no false perceptions can be allowed to remain.

The Acting Speaker (Mr. Corbin): Order, please. The hon. member for Erie (Mr. Fretz).

Mr. Girve Fretz (Erie): Mr. Speaker, the government has brought in closure on Bill C-124, the restraint legislation. Frankly, we hope that the 6 per cent and 5 per cent restraint program works. The problem is that it is seriously flawed, as per the amendment brought in by the minister on Friday afternoon which so seriously hurts members' staffs who have no tenure, no security, no bargaining power in unions. So we see that this legislation is seriously flawed.

• (1520)

This is a government which has proven that it is interventionist, that it likes to control—or should I say loves to control—the lives of people. My question is, if this legislation is so important, then why cut off the debate now? What is the big hurry? Indeed, what is the matter with the Prime Minister (Mr. Trudeau) and his cabinet who cannot seem to be capable of realizing how badly our country is hurting?

My leader has said that the hard facts are easy to manage but no one ever gets used to the human costs of Canada's economic mess. The Prime Minister keeps insisting that Canadians must "curb their expectations", that they must "restrain their wage demands and tighten their belts", ad nauseam. In the same breath, the government authorized $5 million for the 115th birthday party which in fact was over $1 million more than the previous year.

I would like to read a couple of paragraphs from a letter which I received just today from a constituent in Wainfleet. The letter is dated July 23:

> While it is encouraging that the government is finally acting based on the extreme condition of the economy it is not going to be effective enough to have appprecíable effect on the economy, or government spending.
>
> I am a white-collar worker at Atlas Steels, a specialty steel producer. In my job as metallurgical service representative, I visit many of our customers on technical problems etc. and I feel I can speak with authority when I say that the government does not know what is going on in the real world.

He goes on to say:

> Many companies including Atlas Steels are laying off (actual termination) white collar workers. At Atlas Steels there has been a 20 per cent staff cut via terminations and early retirement. Employees with 19 and 24 years service have been terminated. The government never mentions staff cuts. In fact, I read that Ottawa hired 8,024 workers during the first quarter of the year—

He concludes in the last paragraph:

> —I would ask you to do your best to bring this government to the knowledge that people are hurting a lot more than they realize. Further, help them to understand that while their recent actions make good newspaper reading, they still are about 8 months out of phase with the industrial sector of the country.

On June 23, 1982, it was stated in *The Globe and Mail* that "This government must curtail its own voracious appetite for more and more money to support more and more expansion of its control over Canadian resources." One indeed wonders whether the average Canadian realizes that one dollar out of every four dollars spent by the federal government is now spent on interest and debt charges—it is more like "depth charges", for it indeed will surely sink us.

The former Auditor General, James Macdonell, predicts that the deficit will reach $22.5 billion for this year. That is $3 billion more than the government estimate. He also said that Canadians face a 50-cent dollar if the present government does not get spending under control. A government serious about turning around the economy must first learn to restrain and discipline itself. Spending rose in the fiscal year 1981-82 by 22.1 per cent. This Liberal government is trying to hide its own responsibilities by blaming all of our economic problems on American policy.

As Barbara Amiel stated in the *Sun* on July 11, 1982, "Reagan has cut taxes; Trudeau increased them. Reagan has cut government programs; Trudeau is increasing them. Reagan is trying to cut the deficit; Trudeau has doubled it. The United States is importing less oil; Canada's oil costs are going up."

A government whose fundamental national policy is to blame others is unlikely to come up with much creative thinking or much co-operation from the people it blames, whether they are our neighbors to the south, our provinces, our businesses or our unions. As well, the suggestion of helplessness eats away at the very spirit of the Canadian people.

This land was settled and developed into the great country that it is today by our forefathers who came here to overcome the odds, try new things and accomplish goals unobtainable in the old world, for we are not at the mercy of the world. Canadians want to accomplish better things with a government that will help and not hinder them. But the tragic lack of confidence in Canada today is solely due to lack of government leadership, not lack of resources or opportunities. Much of our unemployment, our negative growth and our high interest rates have been the high price of ideology in Ottawa, laid squarely on the shoulders of the government and not the high price Canadians have to pay for a fight against inflation, as the government would have us believe.

To quote Laventhol and Horwath, chartered accountants, from their advertisement in *The Globe and Mail* on June 17, 1982:

> Only a major reversal will begin to answer the needs of the economy. The pride of the Minister of Finance, the stubbornness of the Minister of Energy and the

ideology of the government must be set aside in order to restore the basic confidence that is key to any economic recovery in this country.

The Progressive Conservative Party believes in the Canadian people and the great future of our country. However, we must first replace this arrogant, dictatorial and self-indulgent government that is glutted with 17 years of unrestrained spending and completely out of touch with the rest of Canadian society.

Today, Canada is at a crossroads both in government policy and lack in confidence of the Canadian people as a result of the political, social and economic system. When our people no longer feel that they can count on a secure future, then the whole system falls apart. Our party is working hard to preserve the Canada that we love and believe in. We acknowledge that there has to be restraint, but over-all restraint. We must act today to solve our problems. We have to replace this government with one that will adopt new directions and restore confidence and hope—most of all hope—to Canadians, and especially the 1.3 million unemployed Canadians, the poor, the elderly, the troubled home owners, the harassed small-business people and the dispirited investors.

If the Progressive Conservative government of 1979 had been left in office and its budget approved, Canada would today be indeed a more prosperous country. The Crosbie budget was designed to stimulate and give room to the private sector to expand and develop. The NDP do not like that. The budget was designed to encourage small business and to encourage Canadians to hold ownership through shares in Canadian companies and to deal sensibly with our energy problems. The Alsands tar sands project and Cold Lake would indeed be well under way. The east coast oil and natural gas resources exploration and development would have gone ahead without the unpleasant dispute with Newfoundland on offshore mineral development. The battle over unilateral changes to the Constitution would have been avoided. Co-operative federalism would still be in place.

It is the firm conviction of our party that these same directions and thrusts of the budget are still basically right for Canada. If our party had been in power and had introduced a budget on June 28 as a majority government, we would have implemented the following measures.

I see you are preparing to stand, Mr. Speaker, so I will conclude by saying that the present government has yet to see the light. It is continuing to discriminate against job-creating investment. It is continuing to discriminate against tax-employee benefits. It is continuing to tax businesses at an increased rate. It is attacking pensioners, and it has increased government spending by 20 per cent for two consecutive years while asking Canadians to restrain themselves by 6 per cent. It is asking Canadians to finance a $20 billion deficit.

The Acting Speaker (Mr. Corbin): Order. The hon. member's time has expired.

• (1530)

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I always find it amusing to listen to Conservatives speaking about this legislation, given the fact that they intend to stand in their places and support it one by one when the final vote comes. I find it a little hypocritical that they find themselves or think they are in a position to criticize something which they have already indicated they think is a step in the right direction. I often wonder if they ever read their own material in trying to decide just what side of these issues they are on. However, with that out of the way, I want to deal with what is before us.

The legislation which is before us is wrong. It is wrong because it does nothing to correct the many serious problems which currently confront Canadians and the Canadian economy. To limit the debate under Standing Order 75C as moved by the minister earlier today will not in any way assist us to bring this bill around to a point where it could at least be less oppressive. I think that is all we could hope to accomplish in this House of Commons.

When the bill was first introduced, it was totally unacceptable. Now that it has been amended, the bill is even worse. It is hard to believe that we could have gone through three or four days of committee proceedings and then found that the bill which ultimately came back to the House of Commons was worse. The chairman of the committee is holding up his hands to indicate that it was seven days. I appreciate that. I can make that out very nicely. The problem is that no matter whether it was three, four or seven days, the days were wasted, because the legislation is now more repressive and more unacceptable than it was when it first came in.

The government, together with its friends in the Tory party, has never believed in collective bargaining. It has been first in line to restrict it every single time that restriction was called for by anyone. Its supporters, the Liberal and Conservative big business supporters, are the people who are standing up and applauding this government, saying, "Don't you worry. We will be behind you all the way. You do not have to worry about us. We will restrict wages for you. We will make sure that people do not get enough to live on, do not worry. But whatever you do, do not ask us to restrict profits and do not ask us to restrict prices. After all, we need these high profits and these high prices while we are holding down people's wages."

Mr. Stewart: What pays for hospitalization?

Mr. Deans: Ian Sinclair, who now stands in the private sector and speaks on behalf of the government and its Tory friends, says, "Oh, yes, you do not have to worry about us at CP; we will make sure that we restrict the wages of our employees and we will encourage all the other people in the private sector with whom we come into contact to restrict the wages of their employees." However, he then goes on to say that companies which hold wage increases to 6 per cent cannot necessarily be expected to do the same with prices because survival, for him, depends on increased profits. He says that these profits and price margins must be restored or there will be a significant number of failures and more people will be out of work.

I ask Mr. Sinclair, the government and its supporters in the Tory party, what about the people who cannot make it with their wages restricted? What about the people who cannot afford to take on a mortgage because the government, with the support of the Tory party, has allowed the Bank of Canada to push the interest rates up and up to the point at which the average working family can no longer afford a mortgage?

What about the small businesses which are facing almost out-of-sight costs, tripled, almost directly attributable to high interest rates, which are going bankrupt because the government and its supporters in the Tory party refuse to take action to limit the interest rates which the Bank of Canada is foisting upon the people of this country?

What about the farmers in every part of the country who are facing possible bankruptcy, many of them having already gone bankrupt in record numbers in the last year? What about those farmers who went bankrupt because interest rates were far too high and they could not afford to carry the additional burden because they were not getting a sufficient amount of income? What about those farmers who are losing or who have already lost their farms because of the interest rate policy of the Liberal government, supported by the Tory party?

I say to Your Honour that to ask us now to limit this debate which will restrict the wages of people while doing absolutely nothing about the exorbitant prices which Mr. Sinclair now demands that they be allowed to charge, to limit this debate on a bill which will hold down people's incomes while bowing to Mr. Sinclair's demands that these companies must be able to charge whatever they want in order to restore their historical profit levels, is shameful. I say to Your Honour that these two parties, the Tory party, standing up together with its allies in the Liberal Party in support of their big business friends, in opposition to the people of the country, should be ashamed of themselves. These two parties, which are really one party, I suppose, under two names, should be ashamed of themselves. There they are, standing as one, standing together when it comes to people's wages. Ready, aye, ready, making sure that—

Mr. Taylor: Who supported them on property rights?

Mr. Deans: —there will be an overwhelming majority to defeat those of us who think that people's wages are far too important to be tampered with.

The government is not satisfied to restrict wage increases to 6 per cent and 5 per cent in those areas where collective bargaining is in force in the public sector. It also reaches into the private sector and says "We will restrict your wages, too". Oh, it is only in the case of CP Rail at the moment, but who will it be next? Who are the next ones in line? Who is it that the Conservative-Liberal alliance will be picking on next in this country?

The government says that the reason it chose the civil service employees is because they have job security. It is true that other people are facing lay-offs, but those people will never get back to work unless the people who are working can afford to buy the products that they make, and that, my friends, is a truism.

Mr. Stewart: Without profit.

Mr. Deans: It is a fact that those people will never get back to work unless there are those who are working who will be able to purchase, and they will never be able to afford to purchase if interest rates remain high and their incomes are further restricted. Yet the Conservatives and Liberals are standing together, shoulder to shoulder, on behalf of high prices and profits and against the wage earners of this country.

I say to hon. members that we cannot stand for that. We cannot sit by and watch this hypocrisy. We cannot sit by and watch this unholy alliance between the government and the pretenders in the Conservative Party who pretend to be in opposition at every turn. In fact, when the chips are down and the Conservatives have to choose between the corporate elite and the people of the country, they choose the corporate elite every time.

As a final move, what does the government do? The government says, "We will restrict this measure to those people in the civil service who have security of employment." Then, because the hon. member for Nepean-Carleton (Mr. Baker) stands up and makes an allegation which may or may not be founded but which has some political ripples in it and causes the government a little embarrassment in western Canada, the government says, "Well, we will show him." Two or three editorials pointed out that the government is showing some favouritism in the way in which it deals with employees, and they were written at the behest of the hon. member for Nepean-Carleton. The government says, "We will really show him. We will take some more money from some other people and teach him a lesson. We will reduce his staff salaries. We will reduce the salaries of all members. That will really show him where to get off. He will not do that again, by gosh, because his employees will not have the money that they need."

• (1540)

I see you rising, Mr. Speaker. I will not take any more of your time. But this is wrong, dead wrong. When the Tories and Liberals stand together, they should be ashamed of themselves.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, it is a pleasure for me to speak once again on Bill C-124 because I support it wholeheartedly. People in my riding, and people I have met across Canada since the budget, overwhelmingly support the idea that 6 per cent and 5 per cent are manageable economic targets and manageable ways to bring our economy back to recovery.

Bill C-124 provides leadership by asking public servants and politicians to limit their salary increases to 6 per cent and 5 per cent over the next two years. More important, this bill stands as a symbol of the necessary collective effort that all of us must put into our recovery. Let us repeat over and over again that 6 per cent is a manageable target, 6 per cent is an increase

that will bring health to our economy, 6 per cent is something that each person in our society can contribute to our mutual recovery.

Inflation is the economic disease that all of us can help defeat. We cannot reach out into our traditional markets around the world and into other economies to change their direction, but we can fix our own economy and bring it under control so that when the world recovery comes, we will be there to take advantage of it.

This bill limiting wage increases in the federal public service provides only the first step toward that recovery. It is the example to the rest of our society. We as an employer are saying to our employees that we will go through this step. However, we are asking the rest of our economy to come along with us.

We just heard a very passionate speech from the hon. member for Hamilton Mountain (Mr. Deans) on prices and profits. He raises a question that many people ask. Are they going to go through limited wage increases only to see unconscionable increases on the price side? Quite fairly and quite rightly, ordinary people are asking this question.

I wish to refer to today's *Globe and Mail* "Report on Business". The lead article on that page is entitled "Industry prices tumble in weak economy". It states that the industry price selling index for June was 6.5 per cent. I quote from the article to explain why this is happening:

> The selling price index provides a hopeful sign that inflation is slackening and that consumer prices are likely to be on a downward trend. During the last period when manufacturers were being forced to limit prices increases, in the spring of 1977, retail prices moved down markedly—
>
> The small advance in manufactured goods prices also gives credence to the view that the government's restraint measures are unnecessary in the case of most private sector companies.

In the private sector we are seeing a slowdown in some prices. What we are also seeing as a result of the government's action following the budget is a slowdown in government administered prices. We are seeing some very tough leadership on the part of individual ministers and the cabinet collectively to control prices that we influence. We are seeing the price side slow down because of the influence of our economy and the leadership of the federal government.

Personally, I welcome the enthusiasm that I heard from the mayors of Canada's leading municipalities last week when they talked about influencing prices in their local situation. I welcome as well the initiative taken by the province of British Columbia to join in the 6-5 plan, because that will affect the wages and administered prices in that province. I hope that other provinces from Alberta to Newfoundland will join British Columbia in this effort. Whether it be rent controls or beer in the ballpark, we need 6 per cent and 5 per cent in prices as much as we do in wages. We would welcome the involvement of the provinces to help us with that.

Turning back to the bill and the question of the increases that we are extending to public servants, I am reminded of a conversation I had last Friday at the Ottawa airport with the hon. member for Rosedale (Mr. Crombie). On Friday we had a very heated debate here, and that debate carried over when the two of us met on the weekend. We were discussing whether the 6 per cent rule could be fairly applied to people on the lower pay scales in the public service.

After a few minutes we were interrupted by a total stranger who introduced himself as an Ottawa area businessman. He told us that his experience was that he could not keep a typist on his payroll because that person would be so highly paid in the public service. Following that experience, I thought about my own riding. I realized that the men and women who work at the Gateway postal station are some of the highest paid industrial workers in my riding, and my riding is a very affluent area.

These two examples show why our leadership is badly needed in this area. We have good workers. We have given them honest rates of pay. They have bargained fairly for those rates of pay. Today the outside world is influenced very directly by the pay we give our employees. Our leadership is vital. Despite the comments we just heard a few moments ago, we must recognize that our employees receive very good salaries and have very good job security. We must realize that in those circumstances our employees can limit their increases over the next two years and provide the leadership that is so badly needed.

Today we must remember as well that that leadership will be hollow if we cannot encourage other employees and employers across this country to join in. We must convince Canadians that this is a collective and manageable effort. We are asking our employees to show the way, but we are asking the rest of the country to follow. Their support will be vital.

I appreciate the opportunity to join in the debate today. I hope this bill will pass quickly through the House. I know the people in my riding, the people on the radio shows and those in the cities across this country with whom I have spoken in the last month support this initiative. They are ready to follow our leadership. They believe us when we say that together we can reach a 6 per cent world and that in a 6 per cent world we are in a position to recover our economic health. In a 6 per cent world we will be ready to join the recovery of the whole world when that recovery comes. We need a joint effort.

I thank our public servants and I thank those in our Crown corporations for helping us to provide that leadership for the rest of our economy.

• (1550)

Mr. Bill Kempling (Burlington): Mr. Speaker, I might say at the beginning that the hon. member for Hamilton Mountain (Mr. Deans) should be ashamed of himself. If he had one ounce of knowledge about business, he would know that inventories are being dumped at cost prices by thousands of businesses and that a cost price means no profit. The hon. member must know that profit is what is left over after all wages, material costs and taxes are paid and that without profit there is no business; there are no jobs and no taxes can be paid. The people know that the hon. member for Hamilton Mountain moves from left to centre to right as the occasion

dictates. It is the cost of money at the bank that is causing prices in the country to drop, and that is a known economic fact.

I want to say at the outset of this debate that I oppose the way Standing Order 75 is being used, and the motion before us is a perfect example of my point. The House of Commons is a debating forum. Its purpose is to bring forward, from the government and the opposition, points of view on legislation before the House. If a matter before the House is complex and is the cause of concern and controversy in the country, the hon. members are required to convey those concerns in the House in debate. If a member is on the government side, he tends to look upon all remarks by opposition members as obstruction, as a means of stringing out the process and as a means of fouling the government's legislative timetable. On the other hand, opposition members many times must wrestle with legislative language that is obscure, which in many cases requires considerable research, which is poorly drafted, with loopholes through which one could drive a Mack truck and which is based on wrong-headed, immature and biased information and opinion, as we see in Bill C-124 and Bill C-53, to name two current bills.

Standing Order 75C was placed in our House business procedures to allow the government to bring to an end a debate which had run beyond a reasonable time. It was not intended that a complex bill be entered on the Order Paper and scheduled for debate and, within two hours, time allocation placed on that bill. That is using the rule book as a sledgehammer.

There is no reason in the world why the House of Commons cannot work to a proper legislative timetable. There should be a set timetable for the House to convene, a period of recess for Christmas and New Year's, a short break at Easter and a predetermined recess date. It then becomes the government's problem to fit its legislative program into that time-frame. There would have to be provision for emergencies which require parliamentary action. Anyone who examines the process presently in use has to agree that the quality of debate would be vastly improved if we had to work to a parliamentary time schedule.

Having said that, let me deal with the matter at hand. The government introduced Bill C-124, which has a wide and sweeping effect on the economy. Even before the bill has passed, we are being told by the Prime Minister (Mr. Trudeau) and the PMO that if this bill does not work, then full wage and price controls will be legislated. The Prime Minister has even gone further, stating that if the provisions of Bill C-124 fail and wage and price controls fail, then the economy will collapse.

The truth of the matter is that one picture is painted by legislation—Bill C-124—and another by the Prime Minister. A third picture is presented to business and labour leaders when they meet behind cabinet doors with the Prime Minister, the Minister of Finance (Mr. MacEachen) and his officials. In other words, we have an economic situation that is bad news, very bad news and potential economic disaster. The longer we stay here and debate, the more likely it is that those "private details," spoken about only behind doors with selected groups, will become public knowledge.

As hon. members know, the budget forecasts a deficit of $19.6 billion, but the deficit is based on a turnaround in the economy in the third and fourth quarters. No one in the private sector with whom I have talked has forecast a bottoming out or a turnaround for at least 18 months. The question which begs to be asked is, what will the deficit be if there is no turnaround in the third and fourth quarters? I believe information is being given to those persons meeting with the Prime Minister and the Minister of Finance which is not intended for the public.

It has been speculated that the deficit could climb to $25 billion or $28 billion. If that proves to be true, we could face economic collapse. I hope that speculation remains only speculation and that the provisions of Bill C-124 are adequate to bring some order to a deteriorating economy. However, I do not believe the people of Canada are being well served when the truth of the gravity of the situation we face is held from them.

When the Prime Minister states that the people of Canada demanded high interest rates and that is why the government had to pay 19.5 per cent interest on Canada Savings Bonds, I believe that is an abuse of the truth. Equally, when the government, through the Prime Minister, intervenes in the market process through regulations designed as fine tuning and then declares that the enterprise system is not working, that also is an abuse of the truth. When the government refuses to curb its own expenditures, through sleight-of-hand rhetoric states it is curbing employment and then hires an additional 8,000 people in the first quarter on this year, that is deception which borders on contempt. When the government blames wage demands on labour as the cause of inflation when in fact it is a reaction to inflation, that is bending the truth and inflaming an already precarious situation.

It is because the government is firmly committed to intervening continually in the marketplace and believes it can only spend its way out of inflation that we will continue to have difficulties. Had the government dealt directly with those problems in the last few months, then perhaps we would be recessing this House on a positive note and a plan would be in place to alleviate the economic difficulties we face. But that is not the case. Instead, we are presented with a poorly drafted bill, the scope of which keeps changing with each succeeding question period. For these reasons, I oppose the imposition of Standing Order 75C in this debate.

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Mr. Speaker, I am pleased to have an opportunity this afternoon to speak to Bill C-124, or rather to the motion of closure or Standing Order 75C, if you prefer, because I think it is high time Canadians were told the truth about such things as why we want to limit the duration of this debate and what is the major reason why the government and Liberal members are anxious to introduce time allocation. There are a number of reasons. Obviously, this

bill is urgently needed and it should be passed and implemented as soon as possible. So if we were to allow every member of the House to speak to this bill for 40 minutes—and there are 282 members—we would still be here in a year's time, Mr. Speaker, and in that case, it is goodbye to the desired effects this bill is supposed to have. I would also like to say a few words about the last votes that were held in this House. If Canadians and if the people of my riding were to look at the last two or three divisions that were held in this House, they would be able to see for themselves the kind of strategy the opposition parties are following. If I am not mistaken, during the last division, 64 out of more than 130 members of the opposition were here in the House, Mr. Speaker. That is what the situation is like. So what is happening, in fact, is that the House is still sitting at the beginning of August, Mr. Speaker, because the opposition parties are keeping us here. Why? For a host of reasons, with the exception of the welfare of Canadians.

• (1600)

I have just spent 15 days in committee, considering Bill C-124. One party, the New Democratic Party, told us at the beginning: well, we do not know whether there are going to be any amendments. We are going to have a caucus meeting this week and then we will be able to tell you. They had a caucus meeting, they came back and said well, we still do not know whether we are going to have any amendments. We will know after the next caucus meeting. A week later, there was another caucus meeting, with the same results. However, there was a possibility, and we finally received the amendments in committee, although it was like pulling eye teeth. Another example, when the same party, the New Democratic Party, wanted to invite witnesses to appear before the committee, instead of just presenting a motion requesting that people appear before the committee, they presented about five of these motions, which we had to vote down, one by one. Just one more way to make us waste an hour of our time. It is so ridiculous, Mr. Speaker, because while we on the government side are being kept here in the House, we cannot see our constituents who would like to meet with us to discuss their problems.

The opposition parties usually keep half of their members here, and it is high time Canadians realized that, while we have to be here to support our policies, those people are using delaying tactics and are strutting around their ridings, playing politics. Where was the member for Oshawa (Mr. Broadbent), the Leader of the New Democratic Party during the first week Bill C-124 was considered in committee? I do not know, but he was not in Parliament, either at the committee meetings or in the House. That is what we have to put up with, Mr. Speaker. We are asked to come to Ottawa to represent 80,000 or 90,000 people and to sit in Parliament from the middle of October until the begining of August and probably until the middle of August, five days a week. Mr. Speaker, we are told to be there, because the opposition might call a vote. For instance, the bells crisis which cost us 15 days. And then we are criticized for using solutions like Standing Order 75C. No, I feel we must act sensibly, and I think Canadians realize this. I am not particularly happy about the fact that, as the member for Lac-Saint-Jean, I am going to vote to have salary increases of public servants restricted to 6 and 5 per cent. No one likes to do that. I would much rather give them 20 per cent a year!

Nor am I particularly happy about the fact that I voted for a cut in my own salary of over $3,000, just for this year, plus a cut in our special member's allowance. Nobody likes to do that either. But it has to be done, Mr. Speaker. It has to be done on behalf of thousands of unemployed workers who are waiting for inflation to go down. It has to be done on behalf of the taxpayer, because, and many people are unaware of this in this House, Quebec taxpayers are literally being squeezed dry by the PQ, as the member for Laval (Mr. Roy) has said, and if no one eases their burden, they will go under. Meanwhile, the New Democratic Party is setting itself up as the defender of I forget what it was.

I was listening to them in committee. The CLC branch plant, Mr. Speaker! And the CLC is not even a political party! If only they were speaking for the workers, but none of these people has realized Canadian workers think that they are paying too many taxes, that government spending is perhaps a bit too high, that federal buildings are perhaps a bit too big and a bit too air-conditioned and too luxurious. None of these people has realized that Canadians feel that perhaps we have too many public servants, because in ten years' time, the Liberal government has doubled the number of public employees. Mr. Speaker, those people are defending Mr. McDermott in committee, and meanwhile, people in their ridings and ours are unemployed. Do they go back to see them? No! Do not ask them what is going on in their ridings, they do not even know! They do not want to know because they are not interested. The only thing that interests them is what Mr. McDermott can deliver. It was incredible, Mr. Speaker, but at the same committee, the briefing notes that were handed out to the New Democratic Party had been prepared by the union representatives sitting there. That is really incredible. And meanwhile, their party leader was travelling around. Where, I do not know, but he was travelling. I believe in being sincere and honest with Canadians. Our country is experiencing financial problems.

The Right Hon. Prime Minister (Mr. Trudeau) said that what Japan and what West Germany have done, we can do here in Canada. But we need everyone's help. We have started by setting an example ourselves. The New Democratic Party should stop being a branch plant, it should present positive ideas that will contribute to the wellbeing of Canadians and not to the wellbeing of the privileged classes who have comfortable jobs with fat pay cheques for life. That is plain speaking. And if Mr. McDermott does not agree, I may remind you that the Leader of the New Democratic Party is the Hon. Edward Broadbent and not Mr. McDermott!

[*English*]

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, I listened with some interest to what the hon. member for Lac-Saint-Jean (Mr. Gimaiël) had to say. One of his comments concerned the urgent need that he felt to be out of here and that the opposition parties were holding up the recess of the House of Commons. He said that he wanted to get back to his constituency. I can understand that desire on his part. I know that a lot of members would like to be working in their own constituencies. But I want to tell the hon. member that the opposition parties are not holding up the recess of the House. The people holding up the recess of the House, as far as I, as the member for Kingston and the Islands, am concerned, are the government members who will not bring in Bill C-53, the amendments to the Criminal Code, which will allow us to change the crime of rape to a series of sexual assault charges. As long as that bill is not brought into the House I am not going home, and I want him to know that. That bill has to come before the House before we recess for the summer.

I am very interested in the fact that the government feels it necessary at this point to introduce a motion under Standing Order 75C on Bill C-124. This is a bill which the government said is key to its economic recovery plan and is one of the major pieces of legislation introduced in this session. What I find very unusual about the government's use of closure is that it always feels it is necessary to use it on the major pieces of legislation it brings into the House, the things that it considers to be most important and which should justify the greatest examination by members on all sides and members of the committee. Before that can take place the government brings in closure and cuts off debate. It moved closure on the Constitution bill before it was even under way. Before the country knew what was happening with regard to the major changes to the Constitution, the government introduced closure. And it has done so again.

What this signifies to me is that when it comes to major pieces of legislation that the government wants to introduce, it immediately feels insecure. The only thing it feels secure about is a motion under Standing Order 75C. It can hide behind closure instead of facing the legitimate questions that should be asked by its own party, by members of the opposition and by the Canadian public. That is the situation with this bill.

This bill requires a great deal of examination, Mr. Speaker. We have given it a fair amount of examination in committee but by no means have all the questions been answered. I very much regret the decision of the government to cut off debate before it has made its position clear with regard to its intentions on all aspects of the bill.

It seems that at every step of this bill the government has introduced new and ill-conceived amendments that have not been properly thought through. That was very evident in the House today when questions were put to the President of the Treasury Board (Mr. Johnston) about the 6 and 5 per cent society that he predicts, of which he says this bill is the cornerstone. What happened? He said, "Why are you asking me those questions? They concern somebody else. I should not have to answer them." Surely if he is co-ordinating a program for the government he ought to be able to answer legitimate questions about to whom these 6-5 measures will apply and how far they will go. They have not been answered. That is why extra debating time is necessary.

• (1610)

I mentioned that he brings in ill-conceived amendments. Nothing is more ill conceived, as I pointed out to the President of the Treasury Board (Mr. Johnston) the other day, than Motion No. 3 standing in his own name. This is the amendment which changes the time period in which the restraint measures will apply to staff of Members of Parliament and members of the Senate. To that effect, I moved a motion today which I sincerely hope the President of the Treasury Board will consider. I asked that the government amend immediately Bill C-124 so that its provisions take effect for the staff of MPs and senators on the expiry of their present salary arrangements, as they will for all other employees in the public service, and that staff of MPs and senators not be singled out for punitive action by this government.

I listened to the President of the Treasury Board speak to that item when he took part in this closure debate. I made a note of some of the words he used when he spoke. He said "We have to take that step." In other words, to take the punitive action it has against the staff of Members of Parliament and senators in order to counter the unfortunate impression the government has received about the country with regard to another group of employees known as exempt ministerial staff. If the President of the Treasury Board were honest in his presentation, he would have stood in his place and said that exempt staff for ministers, on average, are paid much, much higher salaries than are staff of Members of Parliament and senators, who are in categories ranging from $24,000 a year down. Some of them earn as little as $14,000. The majority of them are women, many of whom, if the minsiter would take the time to inquire around this building, are single parents supporting families and who really should not be put in a situation where they are singled out for punitive action.

I am sure that if the minister had asked a number of Members of Parliament whether we would have been willing to take a further cut so staff in our offices did not have to take a cut, he would have got agreement. I am sure he would have found that there were members willing to make that sacrifice so that the people unable to bear that kind of burden would not have had to. I really regret, as I told the President of the Treasury Board the other day, the fact that he has done this.

However, I want to tell the minister that I said some things in anger the other day about which I feel badly. I know now that the idea for this measure did not come from him. I know now that it came from the office of the Prime Minister (Mr. Trudeau), that it originated from a reaction of spite in the Prime Minister's office. Consequently, I regret some of the things I said to the minister the other day even though he is the

author of this amendment. He has more decency than a lot of other people over there, and I know he would not have done this on his own. I know now, of course, where the blame lies.

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

Mr. David Berger (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, I am often amazed at the holier than thou attitude of the former minister, the hon. member for Kingston and the Islands (Miss MacDonald). I note that she bandied statistics about, such as the fact that most of the staff in the House of Commons are females and she said most of them are single parents.

Mr. McDermid: You are misquoting.

Miss MacDonald: Are you saying they are not?

Mr. Berger: I wonder whether that is just pure argument on her part or whether she has actually made a survey.

Mr. McDermid: Eighty per cent are women.

Miss MacDonald: Are you arguing about that?

Mr. Berger: I would agree with that, perhaps. However, I wonder where the hon. member gets the statistics that most of them are heads of single parent families.

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

Mr. Kelly: Sit down.

The Acting Speaker (Mr. Corbin): Order, please. The hon. member for Kingston and the Islands.

Miss MacDonald: Mr. Speaker, the hon. member has just attributed statements to me that will not be found in the blues. I did not say "most were". I asked whether the minister had any idea how many of the women were single parents.

The Acting Speaker (Mr. Corbin): That is obviously not a point of order, it is debate. The hon. parliamentary secretary has the floor.

Mr. Berger: Mr. Speaker, another example is the discussion about time allocation which the hon. member for Kingston and the Islands misrepresented as being closure.

Miss MacDonald: A rose by any other name.

Mr. Berger: Most members in this House know that Standing Order 33 governs closure and that time allocation is governed by Standing Order 75C. Her government used time allocation on its infamous mortgage bill in the fall of 1979.

Miss MacDonald: Too bad it isn't in effect now.

Mr. Kelly: She did not protest then, did she?

Mr. Berger: My colleague from Toronto points out that the government House leader at that time, the hon. member for Nepean-Carleton (Mr. Baker), as I recall, said "This is not closure; this is a more gentle way of cutting off debate." The hon. member for Kingston and the Islands in speaking to the Canadian public, some of whom may not be as informed about parliamentary procedure as members of this House.

Miss MacDonald: Don't belittle the Canadian public.

Mr. Berger: Those who follow parliamentary procedure a bit will know that time allocation is used in the Mother of Parliaments practically on a daily basis, and is a normal procedure appended to most bills. It is not as if we are pulling off some kind of a hijacking, something to which the hon. member's party is accustomed.

Dealing with the particular motion before us at this time, Mr. Speaker, I want to point out some articles in favour of it. There is a saying that a picture is worth a thousand words. I recall having seen a graph in *The Financial Post* about two months ago which compared the increase in wages in Canada over the past ten years to the increase in productivity. In that one graph was an excellent example of the ills afflicting our economy. Between 1971 and 1981 the increase in wages was something in the order of 157 per cent, whereas productivity had increased in that period by something like 5 per cent. A better illustration of our problems could not be provided.

Another factor glossed over frequently by the opposition parties is that 30 per cent of our gross national product is exported. This is a fabulous figure when compared with countries such as Japan and Germany which export only about 10 per cent of their gross national product. It demonstrates the extent to which Canada is dependent upon world markets for its prosperity and the extent to which we must be competitive in order to have continued growth and prosperity. For those who feel that perhaps a large part of our exports is in primary resources, I point out that it is more like 70 per cent which are in manufactured or semi-manufactured products. Therefore, it is clear that wage increases in Canada must be tied to productivity or we will be unable to compete with other countries.

• (1620)

Earlier this year I had the opportunity of talking to Sylvia Ostry, the former head of the Economic Council of Canada and now chief economist of OECD. She had been to West Germany, and she explained how its metalworkers' union settled in the neighbourhood of 4 per cent. It is the strongest union in that country and leads off bargaining for other sectors of the economy. Mrs. Ostry went into a bank and congratulated the bankers for this settlement. They sort of turned up their noses and said, "Yes, it is pretty good, but it could be better." She also explained that West German unions were realistic in their wage demands. They understood that Germany, in order to compete, had to have wage increases which matched increases in productivity. Also she explained that they were very well informed. Apparently most of the unions in West Germany have economists and other experts tied to their staffs or working for them, which enables them to embark upon negotiations in a very sensitive and intelligent matter. With the recent meetings of the government, the private sector and

unions, I hope this is the direction we will move toward in the next few years.

Prior to concluding, I should like to point out that the hon. member for Hamilton Mountain (Mr. Deans) said that the government does not restrict profits or prices. The government is restricting prices in Crown corporations. The hon. member for Mississauga North (Mr. Fisher) referred to an article in *The Globe and Mail*. I recall having read in the latest annual report of the Governor of the Bank of Canada that profits of companies in Canada last year fell by something like 30 per cent or 40 per cent. Therefore, it seems evident that market forces will look after that aspect.

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I am very pleased to have the opportunity to join in this segment of the discussion on Bill C-124. One thing which came to mind as I listened to some of the discussion so far on this bill was Murphy's law. Murphy's law suggests that if anything can go wrong, it will. The corollary of that, which comes from the discussion here and in committee, is Johnston's law; Johnston's law suggests that Murphy's law is optimistic.

There are many things wrong in terms of what we are doing here today in discussing the limitation of debate on Bill C-124. The bill embodies much of the principle of the government's 6-5 formula. I guess all Canadians can be very thankful that the government is now working with numbers which it can handle. Clearly the Minister of Finance (Mr. MacEachen) could not cope with tens and twenties because in a six-month period he made a $10 billion error in the deficit. Now we have him down to numbers which he can perhaps handle by using his digits and keeping everything straight. We are thankful for that initiative, but there are many flaws in the bill.

We have heard other hon. members mention that this was an ad hoc piece of legislation. There have been so many changes in such a short period of time that it has been very difficult for hon. members on all sides of the House to cope with the bill. Clearly the minister, by accepting some of the changes almost on a daily basis, has admitted that the bill is both imperfect and requires amendment and further change.

One area about which our party is concerned and would like to see changes in is the expression of the minister concerning contracts. In committee we suggested an amendment to look at how the 6-5 regime would apply to service contracts of the government. The professional contracts let by government are very major components in government spending. In fact, it is a $1 billion component. The amendment we suggested would have struck out some lines in the appropriate place, substituted therefor "or rate of pay", and would have included "any person engaged under personal service contracts".

In response to representations by our party in an attempt to include that very significant amendment which would indicate the true intentions of the government and its commitment to this principle, the minister said he would look at it and think about it. He has really come forward now with his most recent amendment, going after the staff of Members of Parliament and hitting people who are not the cause of the problem. These people are almost helpless bystanders in the situation. He has not presented today or at any other time any explanation of what he intends to do about a major sector over which he clearly has control and could do something about. We are very disappointed, but it is just one example of the kind of imperfect legislation which we have not yet had a full opportunity to examine.

There are many other things wrong with the whole scene. One matter which came to mind as I was sitting in committee listening to the discussions and some of the interventions, and again today in the House, was that the bill has holes through which one could drive a Maislin truck. The whole environment is clearly wrong. Again we will be limited in our ability to look at it. This is the kind of wrongness I should like to discuss.

We really have a political program which is trying to cope with the government's position in the Gallup poll, and with the obvious lack of support in the country for the Prime Minister (Mr. Trudeau), as expressed by repeated polls, whether Gallup or others. It is taking one piece of the problem created by the government and is trying to use it in a political way with a lot of imagery and a lot of political reaction to try to co-opt people in labour and in business, indeed people across the country who are concerned about the unemployment level, the 1.3 million declared and the many undeclared unemployed people, to alert them to the growing problems of businesses in Canada through the loss of liquidity and the difficulties they will be facing if they do not come to the point very quickly where they can do economic planning on the basis of interest rates which are 12 per cent or less. We have this entire country concerned about these things, and what we have is a political reaction, an effort on the part of the government to try to gain support of all these segments in order to deal with the problem they have created themselves.

• (1630)

I think on that basis alone people should question whether or not there is a program that justifies their support for this initiative. There should be, and this indeed is part of the problem. But where is the rest of that program? What other measures are going to be taken? Are we going to see the commitment that has been made to control prices fulfilled? Are we going to get other things done which would help restore investor confidence? Are we going to get things done that would give people the sense that the government is truly committed, as this party is, to restraint.

I do not see it in anything that has been brought forward so far. We still have many instances where we have aircraft flights taking off to expensive parties; we have continued high levels of government advertising and on and on. We have the expansion of the government's budget into the seventies of billions of dollars. We have the interest rate payments of $13 billion in one year which is above the level of total government spending ten years ago. We have all these things which do not give anyone who takes a look at them any sense that there is a

serious initiative on the part of the government to hold true to this principle of restraint. That is the bottom line if we are going to resolve these problems.

There was a report from the Economic Council of Canada that has been mentioned in this House several times. That report suggested that the government itself is responsible for an 18 per cent inflationary factor, whereas private enterprise, the rest of the economy, has been running along at about a 9 per cent inflation factor. With that kind of background I think it is clear that it is the entire government framework that is at fault.

I would like to make reference now to some of the comments made by the hon. member for Hamilton Mountain (Mr. Deans), the House leader of the New Democratic Party. One of the ironies of sitting in opposition now and listening to members of a different opposition party discuss things is the way that they like to link the things that this party will support with the things that the government is doing, things that we have supported and have stood for for years and years and years and now are being criticized because of our consistency by people like the member for Hamilton Mountain.

There is nothing inconsistent at all in our opposing the limitation of the full discussion of this very important bill in spite of the fact that we do support the principle of restraint that is embodied in parts of this bill, imperfect as it is.

I think there are many other things that could be said and I am sure other speakers will say them, Mr. Speaker, so thank you very much for the time.

Mr. D. M. Collenette (York East): Mr. Speaker, it had not been my intention to speak this afternoon, but after hearing some of the comments made by my good friend for Kingston and the Islands (Miss MacDonald), I felt moved to take part in this debate.

First of all, I should point out to the House that, contrary to what the member for Bruce-Grey (Mr. Gurbin) said a few moments ago, that we are now dealing with C-124, we are not; we are dealing with the application of a motion under Standing Order 75C to limit debate on that very bill. I have been somewhat surprised at your generosity, Mr. Speaker, in allowing members to continue the ongoing debate on Bill C-124 and, having made a couple of procedural points, I will take note of your generosity and also join in the fray on the substance of Bill C-124, the government's restraint program.

In answer to the member for Kingston and the Islands, I think it should be emphasized—and my friend the hon. member for Laurier (Mr. Berger) made the point a few minutes ago—that it is very convenient for any opposition party to vote against the application of rule 75C of our Standing Orders, but when those opposition parties themselves have the responsibility of government they change their tune.

Obviously the New Democratic Party has never had that luxury and I doubt that they ever will, certainly not in my lifetime; but the Conservative Party were in office just for that brief, fleeting period in 1979, and as was pointed out by my friend from Laurier the House leader of the Conservative government at the time, who is sitting in the chamber this afternoon, my good friend the hon. member for Nepean-Carleton (Mr. Baker), rose in his place, I think it was on November 20, 1979, and moved a motion under 75C on the mortgage tax deductibility bill of the Conservative government. I was not here at the time but I remember reading the House of Commons *Debates*, and he said "This is not closure; this is a more gentle form of closing off debate."

I think those people who are watching us on television and those here in the galleries today should not accept the argument made by the member for Kingston and the Islands. We are not closing off debate, using the very brutal instrument of Standing Order 33; we are allocating a further amount of time. This is done in other parliaments with some regularity, and I would submit, Mr. Speaker, that if we are to order our business in a better fashion in this place in the future, we are going to have to come to grips with some kind of a normal time allocation process.

The substance of the matter really is something that I suppose one could talk more than ten minutes on, but certainly in the last 18 months there has not been any other issue that has so captured the imagination of the people of my constituency than the government's crusade to limit inflation to 6 per cent this year and 5 per cent the second year. I think the members on the other side, if they go home and talk to their constituents over the summer period, will get perhaps a very rude message, which is that the public accept this program and are very happy to see that the government is taking the initiative and showing leadership on this particular issue.

The opposition has been yelling at us for the last 18 months, seeking a consensus to deal with Canada's economic problem. When the Prime Minister (Mr. Trudeau) meets with labour leaders, municipal leaders and business leaders, he is seeking a consensus. But this is not consensus in terms of the opposition. They are advocating these meetings and, once we meet, they say we are using these people. It is co-option. You can see that rhetoric comes cheap in the House of Commons, and we have seen it this afternoon. The government is seeking a consensus in dealing with the very urgent problems facing the economy, but when we meet with these leaders we are accused of co-opting them for purely partisan reasons.

Let us be honest. This country is in a grave economic crisis. The election campaign can be fought whenever the election comes, but I think the Canadian public are getting fed up with the spectre of the opposition every day fighting an ongoing election campaign. One can only suspect their motives, but people like Mr. Mulholland of the Bank of Nova Scotia, Mr. Sinclair of CP Investments, very eminent Canadians from the business community—these are people not identified with the Liberal Party; they are outstanding business leaders—realize that we have to put aside all this backbiting, all this nit-picking, all this political partisanship. Because this is destroying the country as much as the ongoing economic problems.

I would draw the attention of members opposite to the comments made yesterday by Bob Blair, as reported in the *Toronto Star*. Mr. Blair is a great friend of some on the other side, Mr. Peter Lougheed, for example. Mr. Blair is a very

sensible businessman whose company made quite a profit in the last few years in a very dynamic industry, during a time when adverse conditions faced that industry. Mr. Blair has been very—

• (1640)

Miss MacDonald: —critical of the Prime Minister (Mr. Trudeau).

Mr. Collenette: Everyone has been critical of the government. You accept that in a democracy. But Mr. Blair says that it is the continual barracking and nit-picking of the opposition and the tearing down of the confidence in this country that is destroying the economic climate here. It is the unwillingness of the opposition parties to work together to support this program.

The opposition Conservative Party has the luxury of saying, "We support it in principle but we do not like the way you are doing it." Anyone who is watching at home or anyone in the galleries would realize that that is the normal rhetoric of all oppositions. The opposition is saying, in other words, "We do not like to support your good idea."

It is my contention that nothing else has gained the support and imagination of the Canadian public in the last few years like this restraint program has. I would exhort members on all sides to support the program. In a sense, it is the last chance for Canada to come to grips with our economic problems. We will fight the election campaign whenever it comes, 18 months or a year from now. But let us, as Canadians, try to develop some consensus in dealing with our problems.

The Leader of the Official Opposition (Mr. Clark) is still bemusing the fact that he was once in office for a very short period of time and he waxed eloquent in *The Citizen* last week about what he would do if he were back in power. He is not back in power, and thank God for the country that he is in the opposition. All he has to offer are worn out clichés and platitudes, suggesting that the government do something about FIRA or with the National Energy Program. These are all old, hackneyed expressions and policies that were rejected two years ago by the Canadian public. Does the Leader of the Opposition not have the sense and the moral commitment to the betterment of this country—

Mr. Fretz: Mr. Speaker, I rise on a point of order. The hon. member has just thanked God for the mess that the country is in. I think that that is a gross error and a misjudgment.

Mr. Collenette: Mr. Speaker, obviously the points I have been making have not been missed by the opposition, for that erstwhile point of order was an attempt to rebut what I am saying.

I believe that the Leader of the Opposition should discuss with his advisers what is good not only for the Conservative Party but for the whole country. I submit that now is the time, to paraphrase a historical figure, for all good Canadians to rally around the government, as people like Mr. Mulholland, Mr. Blair and Mr. Sinclair are doing. We can fight the election campaign two years from now. This continual electioneering is not appreciated by the Canadian public and does not serve the opposition well. In fact, it is a blot on the role of the opposition in this country that they are so ill served by their leader and his advisers in trying to tear down the confidence of this country.

To sum up, this bill is a damned good piece of legislation. It is supported by most people in Canada and I hope the opposition wakes up to this fact over the summer.

Mr. Rod Murphy (Churchill): Mr. Speaker, it was interesting to hear the last Liberal speaker quoting another great Liberal leader, Mr. Lenin, saying that it is the prime responsibility of the opposition to come to the aid of the government. I do think the parallel exists somehow. It is the concept that this government has of democracy, that it is our responsibility to come to their defence rather than the responsibility of the government to come to Canadians with solutions to its own problems.

Earlier in this very short debate we heard it suggested by some Liberal backbenchers that the debate on Bill C-124, the public service wage restraint act, has prevented them from travelling to their ridings to meet their constituents and hear their views. That is not really the case. They are in a rush to pass this bill through the House of Commons because they want to go on vacation. That is the truth of the matter.

We no longer call this motion closure. This motion is now called time allocation, to use the vernacular of the House. What this really means is that time allocation sounds much more acceptable to the Liberal government than the term "closure". If the government were honest, instead of calling the motion time allocation or even closure, it would call it "the vacation rush measure", since they want to rush off to the beaches.

When one reviews the history of this bill, one sees that the minister responsible introduced it only on the last day of June. Once he introduced the bill and had it printed, he took nine days to bring it to the House for debate. He finally had the courage to introduce it on July 9. Less than one week later he introduced time allocation on that stage of the debate.

The following week the Liberal majority on the committee restricted the number of witnesses so that no further witnesses could appear before the committee. They would not let other union leaders or other business leaders come forward and explain their position on the bill.

I have a letter which was sent to the clerk of the committee. It is from the National Union of Provincial Government Employees and is signed by their president, John Fryer. In this letter he says:

On behalf of the 230,000-member National Union of Provincial Government Employees I am writing to express our disappointment at not being able to appear before the committee and present our views on Bill C-124.

What is interesting is that the government has always claimed that this bill was to apply not only to federal employees, but it wanted this bill to be copied by provincial

premiers, followed by the business elite and accepted by union groups throughout the country.

The second group in the line of fire, after the bill has dealt with the federal government employees, would be the provincial government employees, which group the Liberal majority on the committee would not allow to come forward to express their opinions on this legislation. Another person who the Liberal majority on the committee would not let come forward was their own Minister of Labour (Mr. Caccia). When my colleague for Kootenay East-Revelstoke (Mr. Parker) asked over and over again to have the Minister of Labour explain his position on this bill, I wondered why he could not come. Why did the Liberal majority on that committee prevent him from appearing? I now have some information from a letter which the Minister of Labour wrote to *The Globe and Mail* prior to the bill being introduced. In the letter he says:

> The right to strike is one of the important cornerstones of a free and democratic society—

He went on to say:

> There is clearly room for greater co-operation between unions and employers, and Parliament has entrusted to Labour Canada—

His own department.

> —the responsibility for assisting in the development and maintenance of constructive relationships.

That is a quote from what the minister wrote and it was published.

The bill destroys the entire collective bargaining process. It allows the government to break contracts that it has already signed. It outlaws strikes and prevents binding arbitration for many workers.

The Minister of Labour, who is now sitting in his seat, has refused to come forward to explain how he can write one thing in a letter one day and then his government introduces a measure which does exactly the opposite a couple of weeks later. He has refused to do so with the compliance of the Liberal majority on the committee.

• (1650)

I am, therefore, not surprised that we have time allocation on this bill. It has been the attempt of the government, from the first day the bill was introduced, to rush it through the committee and through the House and to prevent interested groups and its own ministers from appearing. Last Friday, the President of the Treasury Board (Mr. Johnston), who was first to speak on behalf of the government during report stage of the debate, called for time allocation. The night before he had proposed two major amendments to the bill. We found out about those amendments on Friday morning, and early Friday afternoon he gave notice that the government would like to call for time allocation. The government does not want to hear from the public and does not want groups which would be affected by the bill to present their cases. That is why we are being rushed. That is why the Liberal members, who say they would like to get out to visit their constituents, really do not care what their constituents and interested groups want. If they did care, they would allow those groups to come before the committee responsible for the passage of this bill.

There is something even more upsetting than the trickery of the government, and that is the hypocrisy of the Conservative Party. Member after member speaking before the committee on behalf of the Conservative Party pointed out the errors in the bill. They pointed out the problems existing in the bill and its unfairness. They discussed how it will affect women workers and pensioners. They did all of this, but what will they do now? They will vote with the government on the bill. Last week, there was a humorous situation when the Leader of the Official Opposition (Mr. Clark)—

An hon. Member: Which leader?

Mr. Murphy: The official leader of the official opposition—was quoted as saying, "I would reject controls and I would not allow my PMO to be issuing rumours that they were coming in while I was saying that they were not. I think that controls will not work." That comment came from the leader of a party which will vote for controls, from a leader of a party which has pointed out, just as we have in committee and in the House, that this bill is completely unfair.

Mr. McDermid: And what does your leader, Dennis McDermott say?

Mr. Murphy: This hypocritical group to my right, this group of Liberal yea-sayers, pretends that they are fighting for their workers, their employees, women workers and the lowly paid people in the civil service. They do not vote the way they speak. In other words, they do not mean what they say.

Their argument, in summing up, is that this bill is for restraint and therefore they are for this bill, and that somehow, because we do not approve of this bill, we are against restraint. Let me point our that the hon. member for Skeena (Mr. Fulton) has been citing cases of Liberal government misuse of funds day after day in the House. Day after day he has pointed out how the government has been spending money in flights which are completely unnecessary. He has pointed out other problems with the way in which this government misuses government money. We are for restraint, but we are also for a bill which will do something. This bill will do nothing. The whole effort by the Conservative Party and its ally, the Liberal government, is to raise a smokescreen to hide the fact that the bill will do nothing for our economy and is just a measure to zap labour.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Corbin): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Argenteuil-Papineau (Mr. Gourd)—Airports—Inquiry respecting government's intentions to make Mirabel profitable; the hon. member for Surrey-White Rock-Delta North (Mr. Friesen)—External Affairs—(a) Application for passports. (b) Request that application form be redesigned; the hon. member for Winnipeg-Birds Hill (Mr. Blaikie)—Railways—(a) Effect of wage controls on Canadian Pacific agreements. (b) Timing of imposition.

* * *

[*English*]

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER REPORT AND THIRD READING STAGES OF BILL C-124

The House resumed consideration of the motion of Mr. Johnston:

That, in relation to Bill C-124, an act respecting compensation in the public sector of Canada, one sitting day shall be allotted to the consideration of each of the report stage and the third reading stage of the bill; and

That 15 minutes before the expiry of the time provided for government business on those days, any proceedings before the House shall be interrupted, if required, for the purpose of this order and, in turn every question then necessary in order to dispose of the stage of the bill then under consideration shall be put forthwith and successively, without further debate or amendment.

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I will not stand up and yell at anyone across the chamber today because I must tell Your Honour and hon. members of this House that I am very pleased with the bill and with the process which has expedited it. I will not look at it, then, from a partisan point of view.

When I go back to my riding or when I travel across Canada—

Mr. Baker (Nepean-Carleton): Which is rare.

Mr. Kelly: —I hear much criticism of the government, which makes me feel uncomfortable but it is tolerable. The criticism which makes me feel uncomfortable and which is very pessimistic is the criticism which is directed at this institution. People not only say that the government is not working but, more important, they also insist that the House of Commons is not working. A belief is really developing in the country that our institutions are not giving us the service that they once did.

I am pleased to say that, on the basis of the bill, this House has demonstrated that in times of crisis or emergency it can act swiftly and with sensitivity. For example, last year in the House the most important bill was Bill C-48, which was designed to expedite oil and gas development on Canada lands. It took us almost a full year or more to get that bill through all stages in the House and committee. Quite frankly, I could not understand the time it took, because that was legislation we desperately needed. We must find oil and gas quickly and we must ensure that, in finding it, we give the majority of the jobs and contracts to Canadians. Those were two objectives with which everyone in Canada could agree. But for some reason, the House could not translate those ideas or yearnings into effective legislation. It took a full year or more before we could finally deliver the goods.

This year, everyone in Canada understands that, once and for all, with determination and insight, we must address the economic problems of the country. Everyone knows that the very first step in solving those problems is to impose restraint on Canadians in all aspects of their lives, whether it be in government, at all three levels, or in business, or in our lives as consumers. There must be restraint. This bill—

Mr. Gamble: It does not deal with the real nature of the problem.

Mr. Kelly: —gives expression to those desires. The bill understands that Canadians want action today. I am pleased that, by and large, the House has co-operated with the government in expediting Bill C-124. For all the noise that one hears, for all the thunder and lightning flashes which punctuate the political skies, by and large the opposition has been very reasonable and has helped us get this bill through the House and committee with a minimum of fuss.

I said earlier that we were acting not only swiftly but also with insight. I think that the last part of my statement can be proven if one looks at the bill as it stood when we brought it into the House on June 30 and the way it presently stands as amended. When the bill came before the House, wages, benefits and non-monetary items were completely frozen. There was to be no movement in those three areas. As a result of arguments made in the House and in committee by members of the two opposition parties, this government moved from no movement in those three areas to complete and total movement inside those three areas under a 6-5 cap.

• (1700)

Some hon. Members: Oh, oh!

Mr. Kelly: Members opposite find something jovial about my remarks. I point out to them that these are the very things for which they were asking. To hear them talking critically at this time, after the government has delivered, smacks of the cheap shots or sleaziness of which they so often accuse us in the House.

In summary, I will repeat my opening remarks. The way in which we have handled this bill in all stages proves not only to Canadian politicians but to Canadians across this land that this House has the capacity to react. It has the ability to

respond to Canadian problems. I am pleased to be a part of that process.

Mr. Gordon Taylor (Bow River): Mr. Speaker, there is a proper place for closure. However, report stage of this bill is not the proper place. At report stage there were two NDP speakers, four Progressive Conservatives and one Liberal. It is not the time for closure or time allocation when we have not yet even started to cover the subject, let alone repeat ourselves.

The hon. member for York East (Mr. Collenette) made much ado about the people of Canada wanting restraint. He is right. However, he said they want nothing more than restraint, and I do not agree. There is something more the people want, and that is the resignation of the Prime Minister (Mr. Trudeau) and the Liberal government. The vast majority of the people in this country want that even more than restraint. In any other country, the Prime Minister would have resigned long ago. He would have been impeached for the policies he has brought in. The national energy policy helped push the country down the tube. The November 12 budget pushed it even further. That is what started the depression in Canada. The Liberals must take responsibility for it. That is what closure should be on.

When you kill confidence, you kill the chance for investment. The Liberals, with the help of the NDP, have killed confidence in this country. That kills investment. The Liberals, with the help of the NDP, have killed investment in this country. Therefore, there are no jobs, and that is the reason.

The way the New Democratic Party has been criticizing the Conservative Party, you would think we were the government. The NDP policy and the Liberal policy are much closer together than the NDP and ours. We believe in free entreprise, fair profit, freedom of the individual and initiative. The Liberals go only part way. They do not go fast enough for the NDP. They are blood brothers with regard to their policies. When the NDP criticize the Progress Conservatives, they are trying to help their blood brothers, the Liberals.

We believe in restraint. It is necessary if we are going to fight inflation. However, this party believes in a restraint that is fair. We believe in more restraint for the rich than the poor. We believe in restraint on Ian—what's-his-name—Sinclair of the CPR and his $500,000 salary. We believe in restraint for high salaries and for our salaries, and that is why we are voting for it. However, we want restraint to be fair. We do not go along with waste and believe there should be some restraint in that area. We believe in restraint on prices.

The government is lowering and putting restraint on the wages of its own workers, but is it lowering the rents for those in Banff who face increases of 15 to 35 per cent? I ask the President of the Treasury Board (Mr. Johnston) to roll back the rents of those in Banff to 5 and 6 per cent.

We ask for fairness in connection with CALEA where collective bargaining is being stopped. It goes on for the staff of ministers until April, 1983 but CALEA is going to be cut off earlier. If the government corrects that, we will see its sincerity. There should be restraint on prices and we must do away with waste.

I want to deal with one other matter regarding this motion. The government says that Canadians want restraint only. People want restraint in all areas. They want fairness in restraint, but they are not getting it. When the government rolls back rents for those in Banff, I will say it is being fair. However, it is not being fair as long as it restrains wages to 6 per cent and 5 per cent and says that it is okay to increase rent by 15 per cent to 35 per cent. That is not fairness. It should be rolled back.

Industry is being asked to follow the government's example. The unemployed must live on a pittance compared to those of us who are working. We agree there should be restraint, but it should not be carried out on the backs of the aged and the retired people of this country. Let us not have restraint at the expense of the low-paid employees who barely get by. Let us have restraint on those in the upper brackets, such as cabinet ministers and Members of Parliament. Let us set the example. Then people will say we are doing something. That will build up confidence.

• (1710)

It is the free enterprise system that will bring this country back to prosperity, not socialism, whether it is fashioned by the NDP or the Liberals. That is what is killing this country. Free enterprise will give every individual confidence to invest in this country. When money is invested, jobs are created, products are manufactured and the country gets moving. What we want is productivity. We want more productivity per man per hour. If we bring that about, we will get this country out of the slump it is in. That is exactly what our leader was saying the other day. We will get the country out of its slump through free enterprise principles. Give us a chance. We challenge hon. members opposite to resign and let us show the country what can be done.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please! It being 5.09 p.m., the two hours provided for consideration of the motion now before the House under the provisions of Standing Order 75C have now expired. I must therefore interrupt the proceedings and put every question necessary to dispose of this motion.

[*English*]

The question is on the motion of the President of the Treasury Board (Mr. Johnston). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

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

(Division No. 235)

YEAS

Messrs.

Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Bujold
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chrétien
Collenette
Comtois
Corbin
Cosgrove
Cousineau
Cullen
Cyr
Dawson
De Bané
de Corneille
Dingwall
Dion
Dionne (Chicoutimi)
Dubois
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Fox
Frith
Garant
Gauthier
Gendron
Gimaïel
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Harquail
Henderson
Herbert
Hopkins
Hudecki
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Maltais
Marceau
Massé
Masters
McRae
Munro (Hamilton East)
Nicholson (Miss)
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Schroder
Smith
Tobin
Tousignant
Trudeau
Watson
Weatherhead
Whelan—108.

NAYS

Messrs.

Althouse
Andre
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Bosley
Clark (Yellowhead)
Cooper
Crombie
Deans
Dinsdale
Ellis
Epp
Fretz
Friesen
Gamble
Gass
Gilchrist
Gurbin
Gustafson
Hawkes
Howie
Huntington
Jarvis
Keeper
Kempling
King
Kristiansen
Kushner
Lawrence
Lewis
MacDonald (Miss)
Manly
Mazankowski
McDermid
McKinnon
McLean
McMillan
Miller
Mitchell (Mrs.)
Munro (Esquimalt-Saanich)
Murphy
Neil
Nowlan
Nystrom
Oberle
Orlikow
Paproski
Parker
Reid (St. Catharines)
Robinson (Burnaby)
Sargeant
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Speyer
Stevens
Stewart
Taylor
Towers
Vankoughnet
Wenman
Wright—65.

● (1730)

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: 2,818.

[*Text*]

DEPARTMENT OF EXTERNAL AFFAIRS—EDUCATION LEAVE COSTS

Question No. 2,818—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of External Affairs at page 13.6, Volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $46,188 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. (a) and (b) Treasury Board Policy; chapter 110 subchapter 5 of the Personnel Management Manual, conditions governing education, training and development, including subsidization.

2. Nil.

3. Nil.

4. Of the employees granted education leave in the past three years, 25 per cent have subsequently left the public service.

[*Translation*]

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

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House resumed from Friday, July 30, consideration of Bill C-124, respecting compensation in the public sector of Canada, as reported (with amendments) from the Standing Committee on Miscellaneous Estimates, and Motion No. 2 (Mr. Murphy); and Motion No. 3 (Mr. Johnston); and Motions Nos. 5, 6 and 7 (Mr. Murphy).

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, in returning to the regular debate on Bill C-124, I should like to say that many hon. members of the House have made much of the fact of the so-called principle of this bill being a principle of restraint. The principle of this bill before us is not restraint. The principle of the bill is compulsion and the transfer of wealth and power, relatively speaking, from those who do not have it, to those who have. That is wrong.

The Acting Speaker (Mr. Corbin): Order, please. I apologize to the hon. member who has the floor. Would hon. members who wish to have conversations, please carry them on behind the curtains or in the lobby? The hon. member for Kootenay West.

Mr. Kristiansen: Mr. Speaker, I can well appreciate why some hon. members of the House, particularly on the government side, do not want to hear anyone question the principle they say is behind this legislation. The principle is not restraint, it is compulsion, and that is all it is. We do not need to look very far to find the kind of thinking that gave rise to it. The President of the Treasury Board (Mr. Johnston), according to an article for Southam News written by John Ferguson on June 14, 1982, which appeared in *The Vancouver Sun*, made a rather inflammatory speech to the Conference Board of Canada. His speech reads in part:

> Governments at all levels have gone too far, too fast, in yielding power to their unions. What we have in fact created is a series of union monopolies which have been granted power to close down large sections of our economy, to deny education to our children and hospital care to the sick, to cut off police and fire protection for the public and to bring transportation to a halt municipally, regionally and even nationally.

That is the kind of thing that gave rise to this bill. It is a feeling of revenge on the part of members opposite. They are the true heirs to Joey Smallwood.

I can remember when I first became involved in the political process. One of the debates going on at the time concerned legislation that came down in the province of Newfoundland in 1958 or 1959 to outlaw a union from the shores of the province of Newfoundland entirely. That action was taken by a Liberal government headed by another premier and another representative of that party who could not stand to see free men and women stand up on their own two feet to challenge their kind of arbitrary dictates as to what was best for them. At that time there were loggers in the province of Newfoundland who were attempting to get a wage of $1.05 an hour, and trying to get rid of the kind of conditions that people in that industry in other parts of Canada had eliminated from their places of work decades before. At that time they hauled in their own blankets and put them down on bunks of straw or ferns in old rodent-infested bunkhouses. The Liberal premier of the province at that time decided that he could not stomach it . . . that is, their reaction. He formed his own government-sponsored union and actually passed legislation which banished the union of the people's choice in that province, an action the likes of which had not been seen in this country for almost half a century. This legislation is in the same kind of spirit.

• (1740)

While dealing with this bill, I should like to direct a few remarks to hon. members of the official opposition. We are all well acquainted with *The Globe and Mail*. Most of us read it every morning. This particular newspaper is hardly a socialist one. It is not even a Liberal newspaper. If anything, it is Conservative. Every day the masthead of its editorial page reads:

> The subject who is truly loyal to the Chief Magistrate will neither advise nor submit to arbitrary measures.

This was not written by Jean-Claude Parrot. It was not written by working people across this country, and particularly not by those in the public sector who see themselves singled out as victims in the public relations gimmickery of government. I talk about public relations gimmickery rather advisedly.

Earlier in the debate we reminded government members of the document entitled, "Anti-Inflation Policy, Options" which was presented to the federal cabinet some months ago. I should like to quote from that internal government document. In part it reads:

> The main advantage of the program would be that it would enable the government to be seen doing something about inflation and to lay part of the blame on the private sector.

Also it reads:

> We are not currently facing a wage-driven inflation such as we were in 1975;

Also it indicated that inflation had been "highly resistant to government policy, including wage and price controls."

The government has acknowledged the arguments presented in that paper. On innumerable occasions ministers of the government have expressed the same sentiments and outlined the same facts, yet we are now asked to believe that Bill

C-124, including all its amendments, will somehow do what the Anti-Inflation Board and its wage and price control mechanisms of the 1970s failed to do. At least the AIB attempted to appear to be even-handed. They do not even make that pretence this time around. Their total purpose, other than as a public relations exercise, is to attempt to bring the working people of this country to heel. This is wrong, and it is something which I and other members of my party will resist, no matter how much the Conservatives and their pals on the Liberal benches say it is time to tell workers to "git back". They make high-sounding suggestions and equity, but the kind of equity suggested by Conservatives in committee, upon which the government acted as it did with other suggestions was, "You are only discriminating against public employees; why do you not expand it to people in other industries?" They expanded upon discrimination. It was their idea of producing equity; it was funny reasoning. I have a hard time believing that they do not realize that this is no kind of equity at all. Once they get away from their haste to take a kick at the working people of this country and look at it objectively, I do not think they would believe otherwise.

Where will this kind of measure lead us? Just the other day someone brought to my attention an article that appeared in *The Washington Post* on July 26, 1982. It concerned an industrial dispute which was taking place in Dakota City, Nebraska. This may seem a long way away, but it well demonstrates the kind of course upon which this House appears to be embarked. There has been a strike in the meat packing industry in that city since June 7, 1982, involving some 2,400 members of the meatcutters' union. They are not on strike for higher pay; they are seeking a two year wage freeze. The company has refused to sign an agreement because it is insisting upon a four year wage freeze. During the last two months the company has brought in strikebreakers. There has been violence on the lines. A number of people have been injured and a number have been arrested. The city has become an armed camp.

This is the kind of insane violence to which such a measure leads, the kind which we saw from one end of the country to the other during the 1930s. We do not want to see it again. Surely to God they can be more enlightened in the way they deal with people.

Earlier today reference was made in the House to recent remarks of the Minister of Labour (Mr. Caccia) in a letter to the editor of one of the Toronto newspapers. At least his remarks showed an intelligent approach to labour relations. At least he understood and admitted that working people had rights, rights which are just as inviolate and just as important to the functioning of a free and democratic society as many other rights which we often proclaim in this place and in other assemblies across the land. I only wish that we had had the opportunity of having the Minister of Labour appear before us in committee. I do not know whether he was hiding or the government was keeping him hidden, but I am sure the government did not wish us to hear the comments which he made in his recent letter to the editor. It would not want us to hear such comments in the context of the debate in committee because the government's legislation flies in the face of those kinds of principles. It flies in the face of anything akin to a free labour movement.

A few moments ago I quoted from the masthead of *The Globe and Mail*. Again it reads:

> The subject who is truly loyal to the Chief Magistrate will neither advise nor submit to arbitrary measures.

"Arbitrary", as defined in the second edition of the Oxford Illustrated Dictionary, reads:

> Derived from mere opinion, capricious; despotic; (law) discretionary.

This bill is discretionary. They have simply picked out this group to kick. They have not even attempted to appear to be even-handed. It is discriminatory, it is arbitrary. When Parliament acts in that way, how can it expect honest, hard-working people across the country who believe in freedom to respect either that law or the institution which passes it?

Some hon. Members: Hear, hear!

Mr. Kristiansen: I am not advocating that people should disregard the law. I would be the last to do so. But, I do not think that members of this party and I are alone in understanding that, when people feel they have been subjected to laws which are discriminatory, arbitrary and capricious, many of them will react accordingly. It is a despotic law and it will be dealt with in that way. In turn, that will lead to the kind of breakdown none of us desire to see. If we are ever to begin to work together in any kind of intelligent way to put society back on the path where government, labour and management can deal with each other in good faith and in an atmosphere of trust, then we must at least respect each other's rights as individuals and as segments of society. We must deal with each other on a non-discriminatory basis.

This law could be called a "git back" law. I do not know whether hon. members are familiar with that phrase. It is used often in the American south, "Git back, boy; git back." This amendment, this new amendment of the government, is a "git back" one. It is the government's attempt to be fair. It is going to tell members of free trade unions in the country, at least those in the public sector, and in the little bit of the private sector that they arbitrarily decided to throw in with them, that if they are good boys and girls and they sit down and negotiate within the arbitrary confines of this arbitrary law, then the government, out of the goodness of its heart and acting alone, will decide, this is compensation and this is not; this is a monetary clause and that is not; and if they are all very well behaved then they will be able to negotiate within the confines of that very peculiar definition of what is monetary and what is compensatory and what is not.

• (1750)

There is a word for that. In the old labour lexicon it is called a yellow-dog contract, and no self respecting worker would ever sign one. That is a yellow-dog clause and this whole damned thing is a yellow-dog bill. The Norris-LaGuardia Act, passed in 1932, made the yellow-dog contract illegal. That was

50 years ago. I am just going to give a short example of that kind of contract. This is a typical one. It was offered by the Hitchman Coal & Coke Company to all employees in 1908 . Those who refused to sign were fired. In the case of *Hitchman Coal Company v. Mitchell*, the U.S. Supreme Court in 1917 declared this contract valid. In 1932 it was thrown out.

Let me quote as follows:

> I am employed by and work for the Hitchman Coal and Coke Company with the express understanding that I am not a member of the United Mine Workers of America and will not become so while an employee of the Hitchman Coal and Coke Company, and that the Hitchman Coal and Coke Company is run non-union and agrees with me that it will run non-union while I am in its employ.
>
> If at any time while I am employed by the Hitchman Coal and Coke Company I want to become connected with the United Mine Workers of America, or any affiliated organization, I agree to withdraw from the employment of said company, and agree that while I am in the employ of that company I will not make any effort amongst its employees to bring about the unionizing of that mine against the company's wish. I have either read the above, or heard same read.

That was the yellow-dog contract that was ruled invalid by the U.S. Supreme Court in 1932, and this bill is in that same spirit. This amendment, particularly the new Clause 16, is in exactly that same spirit. As they say, "I'se gonna be a good boy, Massa," and that is what this is all about.

Some hon. Members: Shame, shame!

Mr. Kristiansen: There is a book in the province of Quebec called the "White Niggers of North America". That is not a racist term in this context. I think some members are aware of the phrase "being a good nigger" and it has nothing to do with being black or white or yellow or brown or any other colour. If you think that Canadian workers, who are used to being free people are going to say, "I'se gonna be a good boy" just because the President of the Treasury Board (Mr. Johnston) over there, with his union bashing and desire to seek a servile attitude from among the employees of the Government of Canada, thinks Canadian workers are going to kowtow to that kind of attitude, then the government is very wrong.

There may be a number of Canadians, with the best of motives, who are going to get sucked in for a little while as they have been on other occasions, with regard to the War Measures Act and at other times, when this House unwisely attempted to invade the very freedom upon which this society is built. Sometimes it takes a little time for people to see very clearly exactly what is happening to some of their very basic and fundamental freedoms. But they will learn, and just as the Liberals and Conservatives voted together in that instance, the War Measures Act in 1970; just as the Liberals and Conservatives, going back further, voted together in the War Measures Act to discriminate against Japanese Canadians in the 1940s—and now they wish they had not, and everybody now says that that was a bad thing to do—and just as almost every member of this House, except for a few, maybe, who secretly keep their opinions to themselves, now says that the kind of arbitrary, dictatorial action that Joey Smallwood utilized against the International Woodworkers in the province of Newfoundland when he banished them from the shores of that province in 1958-59—that that was wrong. In the same way, people will come to realize that this kind of legislation which is arbitrary and discriminatory is wrong as well and they will react in time against the government and against all politicians who are in a haste to find any old perceived answer to the very serious economic problems that beset our society. Those people will see through that and will punish those very shortsighted politicians accordingly; and they should.

There have been a number of comments from the other side. I have only got two or three minutes left so I will attempt to be very brief.

An hon. Member: Good.

Mr. Kristiansen: They do not like people withdrawing their labour, they do not like free people speaking out either, and that is obvious from the tone of that remark. We do not "git back" and fit into their nice, cozy corner. I have never "got back," and I have never known the people I have worked with, people I am proud to have worked with, "git back" either. It is just not their way. We will express ourselves and we will be around, and whether it is in this place or whether it is on the street, we will be there and you will not shove us back.

There is no purpose in people having a union to protect them if that union cannot negotiate for them. The history of collective action on the part of working people is too strong and too deeply imbedded for it to be floated away and washed away by a quick flick of the wrist, as some of the people opposite would like to see happen. Unfortunately there are a few Conservative members who join with them enthusiastically in that aim. Others join them but are not quite so enthusiastic. We hope that in time they, along with the vast majority of people of this country, will some day see their way clear, in whatever forum they wish to express it, to tell this government that this action is no good, it is wrong, it has to go and they have to go too.

Hon. Allan B. McKinnon (Victoria): Thank you, Mr. Speaker. This is a very important bill and the government I know is in a hurry to get it through. I wonder, so that I could keep my remarks in the same tenor throughout the 20 minutes allotted to me, if I might now call it six o'clock.

The Acting Speaker (Mr. Corbin): Shall we call it six o'clock?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Corbin): It is not six o'clock.

Mr. McKinnon: I see the NDP are demonstrating their usual witless kind of lack of co-operation. It is rather interesting that the NDP are in trouble on this bill. I might tell the watching audience that this is a bill for restraint that they oppose; this is a bill that cuts MPs' pay, and they opposed it from the start.

Some hon. Members: Oh, oh!

Mr. McKinnon: There are lots of things wrong with this bill, mainly the amendments to it, but the NDP are now on record as opposing an MPs' pay cut.

Mr. Deans: I will speak later.

Mr. McKinnon: Another bill they opposed here was to pay $5,000 to each of those poor unfortunates who accepted the government's advice and put the UFFI insulation in their homes. The NDP are picking some very peculiar bills to oppose, it seems to me, and I am not surprised that they do not want to call it six o'clock. They would much rather be speaking themselves trying to explain these positions, I expect. Also, the last one they opposed before that was the freedom of information bill. They have quite a track record recently in the House. It is very difficult to feel kindly toward them. However, if they wish me to talk in this vein for the next minute, I am glad to do so.

The NDP also talk about the Conservatives supporting the Liberals. Maybe the country needs to be reminded once more that the NDP, when the votes count on confidence motions, 19 times in a row supported the minority Liberal government back in the 1972-74 minority government position.

So that we do not keep the Sergeant at Arms waiting too long, may I now call it six o'clock?

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): When the House adjourned at six o'clock the hon. member for Victoria had the floor.

Mr. McKinnon: Mr. Speaker, I have been forced to cut my speech into two parts, the NDP having refused to give me unanimous consent to call it six o'clock at three minutes to six.

You may recall that at that time I pointed out that the NDP have, so far in recent history, voted against the UFFI bill which would give $5,000 to those unfortunates who took the government's advice to instal that insulation in their homes. They have voted against the bill before us, Bill C-124, from the beginning. This is a bill that cuts MPs' pay. They have also voted against the freedom of information bill.

Those members also talked about their voting record against the government. As I pointed out, in the 1972-74 minority government situation, the NDP voted with the Liberal government at that time 19 times before they finally voted against the government. There was another minority government in 1979 which was headed by the Conservatives. At that time the NDP never once gave us the fair chance they had given the Liberals some seven years before. Not once did they support the Conservative government when it was in a minority position. They now try to claim their neutrality and dissociate themselves from the Liberals but, as the Saskatchewan election proved, they cannot get away with it.

I would like to discuss how this bill was brought about in its present form. As we all know, it was brought in as a restraint bill. The Liberal position is a rather peculiar one these days. As always, I believe that the party is being run by a combination of Mr. Goldfarb and the Prime Minister (Mr. Trudeau). Mr. Goldfarb recently found out that the general public thinks that the civil servants are being paid too much, or that the public would not object to their pay being cut. Therefore, the Liberals introduced Bill C-124.

The Liberals also introduced a number of other initiatives that I believe are derived from Mr. Goldfarb's polls. They are beginning to relax on metric. Any poll could have shown them that metric is vastly unpopular in the country. So the Liberals are beginning to change their position somewhat on metric. I expect that any day they will float some kind of a vote in the House on capital punishment. That would be the ultimate in changing positions to suit Mr. Goldfarb.

I must say that the amendments to this bill are making life extremely difficult in the House. I began being a supporter of Bill C-124 because of its restraint qualities. It cut the pay of MPs, and I found it rather easy to support. However, the amendments started to come in. I find it difficult to believe that the President of the Treasury Board (Mr. Johnston) alone is responsible for it. Although it may seem strange, and I hate to admit it about that group of oddballs—to be kind to them let us call them that—oddballs who are running the country, if there was one member with a glimmering of sense, it was the President of the Treasury Board. But then he produced this mean, small-minded and vindictive amendment, which he brought forward. I wonder if he was forced into it by the Prime Minister. It does not suit him, yet here it is.

How did this restraint measure begin? There is a great deal of argument back and forth with various people wishing someone else to take the credit for it, but this measure started on budget night when the Minister of Finance (Mr. MacEachen) brought in his budget.

As for the Minister of Finance, some people say he is the worst Minister of Finance since the Minister of Justice (Mr. Chrétien) was minister of finance. Others disagree and say he is the worst Minister of Finance since the hon. John Turner was the minister of finance. I tend to agree with both.

In any event, the Minister of Finance said, as it appears on page 4 of what seemed to be an interminable speech that night when talking about the rollback and restraint, "However, only ministers, MPs and senators will be subject to actual cuts in pay." That suited me and received my support.

The bill was then introduced. A measure was introduced based on the provision in the budget speech about the 6 per cent limit on future pay increases. I believe that the staff around this place accepted that with very good discipline. They saw that it was necessary and beneficial and that it would help the country to become accustomed to taking less out of the public trough. They generally accepted it with a very good grace.

I have a staff of four who are all women. As the hon. member for Kingston and the Islands (Miss MacDonald) said, they were the ones who were treated the very worst here. Eighty per cent of the staff here—100 per cent of my staff—are women. I had an unwritten contract with my staff because they trusted me as a Member of Parliament the way I trusted the government as a Member of Parliament. I was given a global amount. In my office we decided who would get how much. They did not receive a great increase. They received this increase in April and for the last four months they have been drawing that pay because I said that that is what they could have. My staff have done their work. When they received the news that they would receive only a 6 per cent raise next year, they said, "If this is what is needed to get the country back to normal, I guess we are the goats, but we will get along with it."

The President of the Treasury Board then introduced this amendment No. 3. It is really a bombshell tucked away in the bill. The amendment would mean that those people would have to roll back 6 per cent of their pay so that they would only have had a 5 per cent increase from April. They have become accustomed to living on a certain stipend each month. They have made arrangements to pay off mortgages and to rent apartments. They have purchased new and second-hand cars. Most of them live up to their incomes. Now, bang, they are to be treated the way the Minister of Finance said that no one except ministers, MPs and senators would be subject to in terms of actual cuts in pay. This will create far more difficulties than the government imagines, but it is really noted for not realizing for a moment the consequence or consequences of its actions. It goes blindly into these half-thought-out programs and is then astonished when they do not turn out well because its helpers or advisers have said, "Do it our way and worry not."

• (2010)

One can never forget the look on the face of the Minister of Finance when he was questioned by the hon. member for Vancouver Centre (Miss Carney) a couple of days after his November budget. She pointed out to him that 20,000 construction workers had been laid off in the country because of the cutting off of the MURB program, the multiple unit residential building program. Builders had their allowances cut off unless a MURB had its foundation in. The result was that 20,000 people were put out of work. But the Minister of Finance had never dreamed that would happen. He had not thought through what would happen, any more than the President of the Treasury Board understood what would happen when he brought in this amendment, that he would turn many of his friends in the House into people who are finding it extremely difficult to vote for this restraint. Yes, we are very much in favour of restraint. We are willing to accept it, even for ourselves. But it is very hard indeed to have it put on us if we must go back and tell our staff that they are to be added to that very select group which will be subject to a rollback, and that of all the 500,000 people who work for the federal government, 2,000 will have to carry the only rollback, which will be on their backs.

At page 2 of the bill, with reference to the rollback provisions, it states:

(2) This part applies to

(a) staffs of Ministers of the Crown and of members of the Senate and House of Commons—

That affects some of our secretarial staffs. At this time it might be interesting to read just what kind of provisions we are supposed to be working under here. For the benefit of those who never do read the instructions that are sent out I would like to read from the book provided to members of the House of Commons, which is entitled "Allowances and Services". In Section 7 at page 2, under "Administration of Staff Allowance", it states:

Members of Parliament have the prerogative to recruit, hire and release employees. Rates of pay are also determined by the Member, providing such rates fall within the guidelines set out in Part B, paragraphs 2 and 3. Salary expenditures will be reflected in the member's principal budget.

Members' assistants fall under paragraphs 2 and 3 to which reference was given. The lowest level, level 1, starts at $10,537 a year. It goes from there through to level 2, level 3 and then level 4. The salary at the very top of level 4 is $25,408. However, members are given a global budget, and, as it is stated, salaries are at our discretion. It is just as plain as can be. I expect that if this bill passes, this whole manual will be scrubbed out and we will be put on a new footing. One of the parts of the new footing is that our own staff would probably never believe us again.

With reference to classification and salary, it is quite interesting. This book of instruction for MPs states:

As it is the prerogative of the member to determine the rate of pay of an employee, it is also the responsibility of the member to initiate any change in the rate of pay of an employee. Only the signature of the Member may authorize the appointment, the amendment to the rate of pay, or the termination of employment in either the Ottawa parliamentary office or the constituency office.

It is really something like the limit put on the indexation of retired servicemen. I am doubtful as to whether the government has the authority to break these contracts. If it happened in the private sector, I suspect that a firm would be sued for the money which is still outstanding or due to the employee, because there was a verbal contract, at least with the staff. It can be backed up by papers sent out by the parliamentary administration which lists everyone and states what they are paid. Suddenly, this contract has no bearing or effect. It is not a contract. It seems wrong to me.

The fat really hit the fire when word came out just after the budget, which I believe was June 28, that the exempt staff of the ministers had received a pay raise of 11 per cent some 11

days before the budget. The members of the House of Commons were asked to put their usual intelligence on hold and believe that the government knew nothing about the matter, that the President of the Treasury Board knew nothing about it and that no one knew what was in the budget until budget night. What the government said about the November budget was that no one knew what was in it, including the Minister of Finance, until budget night.

Mr. Kristiansen: Or a month after.

Mr. McKinnon: Yes, some people wonder whether he knows anything about what was in it to this day.

There was a press report that this was the second of a pair of pay raises. I have only seen it once. It is by no means conclusive. I would look forward to the President of the Treasury Board telling me truthfully at some time whether or not there was another pay raise involved before that. For those who do not know about exempt staff, "exempt staff" means employees who are exempt from having their pay questioned, and the government takes very good care not to tell us how much they get paid, no matter how much they get paid. So we have to take the government's word about whether there was or was not a previous pay raise. It seems to me that is partly the fault of the Liberal backbenchers more than those in the opposition whose job it is to oppose, but I understand that members of cabinet received quite a bit of criticism about raising the salaries of their own exempt staff just 11 days before a budget was introduced, which limited to 6 per cent the increase for the staff of everyone else and left theirs at 11 per cent. This seemed to be a sly trick to get in a pay raise quietly just before the ceiling was put on.

Not only did the opposition oppose it, but I also believe that some hon. members, the more forthright of the backbenchers in the Liberals, criticized the cabinet, not realizing how dangerous it is for any backbencher to criticize the cabinet. The reaction was swift and immediate and their staff will now have their salaries rolled back. In my opinion, this is absolutely outrageous, and is the reaction of a petulant, vindictive man, and a meaner example of the use of power is really hard to contemplate. That is why at the beginning of my remarks I said that I am amazed if it really came from the President of the Treasury Board, although he is a friend of the Prime Minister and has never before, as far as I know, participated in any actions similar to this. I know, of course, how I will vote on Amendment No. 3, which relates to this matter.

There is another amendment which equally worries me, and that is Amendment No. 13, which mentions the powers of the Treasury Board under the new bill. While I would not like to bore hon. member by all the jargon that is written therein, I will say that it starts off by stating:

> 13. The governor in council may, on the recommendation of the Treasury Board, by order,
>
> (a) substitute, in respect of a compensation plan or a class of compensation plans, a percentage different from that set out in paragraph 9(1)(b)—
>
> (b) amend Schedule 1 by adding thereto any department or ministry of state of the Government of Canada or other portion of the public service—

I have been around here for nearly a decade and I have never seen provisions like this put into a bill. This really would give the President of the Treasury Board authority to exempt people from the pay regulations and, under these regulations, I suppose he could exempt the exempt staff once more. No one knows how much pay they receive or how much they will be receiving. But this is a power which is not customarily given to the Treasury Board, and I see no reason at all that it should be given to it now. It is a move which I really think should be altered.

• (2020)

If the minister could find it in his heart to cancel Amendment No. 3 and soften what is now Motion No. 17, I could support the bill with quite an easy conscience. However, I find it hard to accept Motion No. 3 which picks out a small group of very dedicated people. The only people in Ontario working today are the staff of Members of Parliament, among those in the government service. They are here. They work long hours. They are not unionized. They are not tenured. They can be fired at the drop of a hat or the whim of a Member of Parliament, yet they are treated in such a shabby fashion by this government which is simply trying to get even with opposition Members of Parliament in the House of Commons or members in their own party. It is a disgraceful performance. I would like to see it changed before this motion is put to a vote.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I want to continue with the speech I started earlier today when dealing with the question of closure. The speech by the member who preceded me did not make it quite clear how he is going to vote when the bill finally comes before the House of Commons. I suppose it is part of the Tory strategy to keep them guessing as long a you can or say whatever you must to have the people believe you are on all sides of every issue. That seems to be the normal practice for the Conservatives these days. I do not want to dwell on the Tories. They are doing themselves enough harm that I do not have to help.

I want to deal with the bill. As I said this afternoon, the bill is an unsatisfactory piece of legislation. Not only is it not supportable in any of its current form, but it is a piece of legislation that is intended to address a problem which, in my mind and in the minds of a large number of people, is not the fundamental problem confronting this country.

The government brings forward this legislation in an effort to try to provide some leadership. It claims it is attempting to provide for the balance of the country a sense that it knows what it is doing. It claims to have a path of action that it proposes to follow, that the economy will at the end of this road, wherever that may be, benefit significantly and substantially from the direction that this Liberal government is now charting. When you stop to think about it, you cannot help but wonder how holding civil servants' wages to a maximum 6 per cent increase this year or in the coming year and to a maximum 5 per cent increase in any subsequent year is going to provide that new direction.

Was it because civil servants' wages were too high that the bank rate was close to 20 per cent and remains now at 16 per

cent or thereabouts? Was it because civil servants' wages were too high that unemployment continued to escalate in the country to a level that is now annually adjusted at 1.3 million but is in fact close to a total of two million unemployed, those who are in receipt of unemployment insurance benefits plus those who have long since run out of those benefits, no longer qualify and are no longer part of the statistics?

Was it because civil servants' wages were too high that the level of bankruptcies among small businesses rose to an unprecedented 5,700 in the first six months of this year, up 37 per cent from the same time last year? Was it because civil servants' wages were too high that 22,000 people in this country lost their homes in the month of April, up 32 per cent from last year, 6,000 of them in the province of Quebec?

Was it because civil servants' wages were too high that we saw only 145,000 to 155,000 housing starts in Canada this year, when the need is now over 220,000 housing starts each year? Are we to believe it was because of the high wages of civil servants that instead of having 100,000 rental units started in Canada to meet the demonstrated need, we have only 30,000 units started in Canada this year?

What I am saying to you, Mr. Speaker, and through you to the minister is this: was the level of incomes in the public service the primary reason why the economy at every single level is suffering so dramatically and drastically? Is this the answer to the significant and difficult problems now confronting every single sector? Is it because of civil servants' wages being too high that close to 50,000 auto workers are not working?

Is it because of civil service wages that Massey-Ferguson was in so much difficulty or that Chrysler was unable to make it in the world of business? Is it because of civil service wages in Canada that we find so many families faced with such difficult economic times? Young people leaving school cannot find jobs. I suppose the high wages paid to civil servants is the reason that so many people coming out of high schools and universities cannot find employment in the country.

I imagine that once the government thinks about it, it will be able to answer all these questions, whether it be the high level of unemployment, exorbitant interest rates, the exceedingly high level of bankruptcies, far greater than we have seen in 30-odd years, or the tremendous losses incurred by families trying to hold on to their homes in the face of such pressures, the dramatic drop in the number of housing starts or apartment rental starts.

I suppose the government is saying to us in the House of Commons that the reason for all this is that the public service wages are too high, that in order to get to the nub of it, the nitty-gritty, the government will deal with the real problem, cut wages, and that will solve the problem. The government believes that all of a sudden everyone will be working, inflation will drop, interest rates will drop to insignificant one-digit numbers, no bankruptcies will occur, people will keep their homes. Is this what the government is saying? Is this what the government is offering? Is this why the government has brought this measure forward?

Am I to believe that civil service wage levels are to blame for all of the economic woes in this country, that by taking this step and limiting them to 6 per cent this year and 5 per cent next year we will see a dramatic turnaround in the economy, real prosperity, and the days of the 6 per cent world will be upon us? To me that would be something out of Alice in Wonderland.

• (2030)

If the minister truly believes the measure he has brought forward is supportable because it provides a cornerstone for the government's economic initiatives or somehow will resolve the very many complex problems in the economy, then I say the minister is dreaming in technicolour. There is just no justification for suggesting that this measure is in any way a measure which will begin to effect that turnaround.

There are people in the country who think cutting someone else's wages will solve the problem. The Tories recognize that. They do their polling, and the Liberals do theirs. We do not have to do polling because we are sufficiently attuned to what is going on. We do not need polls. I meet with unemployed people frequently, and they ask, "Ian, will this be of any value?" If this measure were to be of any value, people would think it worthy of support. If I were to ask an auto worker why he is not working, he would tell me he is not working because people are not buying the automobiles he manufactured. Would cutting the wages of public servants encourage people to buy automobiles? People do not think that is likely. When I ask how this measure will help get people back to work and how it will provide them with a market for what they were previously making—and continue to make, for that matter—they ask me, "Is the government doing anything about the real problem in the auto industry now?" They ask whether the government is taking steps to curb imports so that we can get our industry back on its feet. I would like to say "Yes", but I have to answer "No". The government does not care. It is not doing anything about that.

If the government is not doing anything about that, what is it doing about mortgage interest rates as they affect unemployed auto workers whose unemployment insurance benefits are about to run out and who do not now have enough income to pay the exorbitant interest rates charged since mortgage renewals last November at 20.75 per cent? I have to say that the government is not doing anything about that either. I am asked what it is the government is doing, and I have to say it is cutting the wages of civil servants. People ask how that will benefit them, and I tell them I do not think it will benefit them.

Inevitably the response is, "Why are the Tories supporting the government?" I must confess that the Tories are in a bit of a conundrum. I do not know why they are supporting this measure. I cannot figure them out. I thought they were brighter than that, but I have come to the conclusion that I was wrong.

If the government is going to limit wage increases in the public sector to 6 per cent this year and 5 per cent next year, is

it likely the government will also limit wage increases in the private sector? The government has already done it. It has included CP in the bill. Not only has it included CP in the bill, but it has also enlisted the help of its friends, and the friends of the Conservatives, who are at the heads of the majority of major corporations. As I explain this to people and tell them what these major corporate executives are saying, I can see the look of dismay on their faces. There is disbelief at first, and then they realize I am telling the truth. These corporate executives are telling us not to worry about them because they will keep wage increases to 6 per cent this year and 5 per cent next year. No matter what the cost of living and no matter whether the cost of living remains at 11 per cent or 12 per cent, wage increases will be restricted to 6 per cent. Does this mean people will fall behind? That is what the Tories and Liberals want. That is why they are supporting the bill.

People think that the government surely will take some steps to try to limit price and profit increases and that surely the government is not blind to the major problem which will confront them. They think that perhaps the government will bring in some kind of measure to limit profits and price increases, but I have to tell them the truth. The hon. member for Nepean-Carleton (Mr. Baker) would understand that it is absolutely essential to be consistent. Perhaps he would not understand that, but let us assume he would.

Ian Sinclair, the chairman of Canadian Pacific, represents the blue ribbon committee of the Prime Minister (Mr. Trudeau), and he is out there pushing, tugging, shoving, cajoling and bullying his colleagues and friends in the corporate world to accept the Prime Minister's direction. Ian Sinclair has said that although wages will be limited to increases of 6 per cent and 5 per cent, we need not expect that prices or profits will be limited. After all, profits are "not high enough". Prices need to rise. More profits are needed. Workers will get by with less, but more profits are needed. Why? More on top of what? Today I asked the minister about Suncor. The minister has just arranged to bail out yet another major corporate entity with public funds. Tens of millions of tax dollars will be involved, and Suncor has agreed to live by the 6 per cent and 5 per cent wage guidelines. I thought to myself that that was very big of Suncor, in return for those tax dollars. I thought that was very kind and that Suncor showed a certain amount of understanding of the Prime Minister's and the Tory party's logic. But Suncor then said it wants to have the right to maintain its profits at historical levels. I began to worry about that, so I took a look to see. Historical levels would lead me to believe that Suncor would be entitled to something similar to what it got, let us say, in 1976, 1977, 1978 or perhaps even 1979. In 1976 Suncor's profits were $13.3 million; in 1977, $23.6 million, almost double; in 1978, they dropped to almost $20 million; in 1979 up they went to $84 million; in 1980, $115.5 million; and in 1981, $100 million profit. However, there was Suncor tapping on the Prime Minister's door and asking if it could just get its trunk into the trough one more time so it could get more tax dollars, in spite of the fact that it was prepared to hold the wages of its employees down. Where in hell does Suncor think the money comes from? Who does Suncor think puts the money into the tax coffers? Suncor wants more. In the first quarter of this year the profits of Suncor were in excess of $11 million, which means that by the end of the year they will probably be at around $60 million. What historical profit level would Suncor want to achieve? Would Suncor settle for the 1976 level of $13.3 million? If it settled for the 1976 level of $13.3 million, it would not need tax dollars because it is generating enough now. Would Suncor settle even for the historical level of 1977, $23.6 million? Suncor would not need to come to the Government of Canada to raise additional funds. It is all right now.

• (2040)

When people ask me why I am not supporting the bill—I know my time is nearly up, Mr. Speaker, and it is a shame—

Mr. Baker (Nepean-Carleton): Thank God for that.

Mr. Deans: I am not supporting the bill because it does not deal with the fundamental problem. If the government had wanted to take steps to curb the high interest rates and whatever other steps are necessary to secure them, if the government had wanted to assist in the building of homes that would house the people of Canada, every dollar of which investment would be returned, if the government had been prepared to enter into arrangements to cut off or limit the import of vehicles in order that our own vehicle manufacturers could rebuild and in that way provide jobs for Canadians—in other words, Mr. Speaker, if the government had been prepared to bring forward an economic program aimed at putting people back to work, then I say that this measure would have been unnecessary.

The government does not begin to deal with the problems of Canada. The government does not give a damn about the problems of Canada, Mr. Speaker. The government does not have it within its scope of understanding to appreciate the problems of people now unemployed and how it should put things back together again. It is supported, of course, by the Tory party. I do not know why. It will go the same way as the Liberal Party will go. It will disappear eventually because it no longer meets society's needs.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I want to make a few brief remarks on the bill before the House. I cannot help but reflect on some of the remarks I have heard tonight. We have just heard the hon. member for Hamilton Mountain (Mr. Deans) try to speak like a prophet. He may be many things, but a prophet he is not, Mr. Speaker.

It always surprises me when I hear members of the New Democratic Party pontificate in manners holy and righteous and make the kind of rash judgments they are known for making in this House.

I do not speak on this bill with a great deal of happiness or enthusiasm but I believe that some of the measures in it are necessary in view of the state of the country at the present

time. I believe, as well, that the government must show leadership. I was a bit surprised and concerned, although I should not have been having heard him before, at the remarks of the hon. member for Victoria (Mr. McKinnon) when he spoke on the amendment known as the Baker amendment. I know I should not use a member's name in the House, Mr. Speaker—

Mr. Baker (Nepean-Carleton): When you use them, use them truthfully.

Mr. Dionne (Northumberland-Miramichi): I will try to do that, hon. sir.

Mr. Baker (Nepean-Carleton): Do your best.

Mr. Dionne (Northumberland-Miramichi): He made a great tirade against the 11 per cent increase in salary that the staffs of ministers received in early June before the budget was brought in.

It seemed to me that in the presentation of his budget the Minister of Finance (Mr. MacEachen) made it abundantly clear that the provisions of the budget applied to those increases in the public sector under the control of the Government of Canada that would come into effect after June 28. The salary augmentation for members' staffs came into effect at least two weeks before that date, and therefore, in my opinion, should not have been subjected to the budget provisions.

I know that there have been a lot of comments and a great deal of commentary about ministers' staffs and the salaries and perks that they enjoy. If one takes their salaries and perks in complete abstraction from the reality in which they live, they do look pretty impressive. When one looks at their work day, their work week, their hours per month, then the salaries and perks dim. I think that any fair-minded member of the House will agree that they work as long hours as we do. They work with much dedication to their ministers. Sometimes I wish some of them would work with a bit more dedication to members. Be that as it may, however, there can be no doubt that they work with complete dedication to their minister. They subject their lifestyle, their family life, their home life, everything, to the will and necessity of the minister they serve.

That is as it has to be in our system. I was therefore surprised to hear the hon. member for Nepean-Carleton (Mr. Baker) try to equate the salary and lifestyle of a ministerial assistant with that of the ordinary public servant. There is a great deal of difference, Mr. Speaker.

I have had differences with the public service, particularly the Public Service Commission, which, in my opinion, has set itself up to be the god of public employment in the departments and agencies of the federal government. I do not blame it for that; I think we must take the blame for giving it that kind of absolute power and allowing it to continue. There can be no doubt that a ministerial assistant does not work a 35, 37½ or 40-hour week; it is more like a 70, 75, 80 or even 100-hour week.

If ministers work as hard as backbench members, then I know that their staffs are working consistently 70, 80 and 90 hours a week. I do not believe that the salaries they earn are too high.

I think the hon. member for Nepean-Carleton was wrong when he tried to equate the two, and I think the hon. member for Victoria was wrong when he made his remarks in the House tonight. I also believe that the President of the Treasury Board (Mr. Johnston) was wrong to bring in this amendment to affect the salary levels of the staffs of Members of Parliament.

At the beginning of the fiscal year our staff allotment was increased by 11 per cent. Most of us, I hope, passed that on to members of our staff. In my case I did it after some negotiation with my staff. I asked my constituency secretary to take less than members of my Ottawa staff because she was earning relatively more in the economy in which she lived than members of my staff here in Ottawa were earning in the economy in which they live. In order to be fair, I negotiated an increase for each member of my staff, to which all members of my staff agreed. I believe that is the way things should be done. I disagree wholeheartedly with members of the New Democratic Party who want to unionize the staff of Members of Parliament on the Hill. I do not believe that will work. I do not believe it is necessary if Members of Parliament are, as they should be, model employers.

• (2050)

Without any advance notice to my staff or the staff of any other member, we found out last week that our staff was going to be asked to make the same gesture that we were asked to make on June 28. I made that sacrifice without grumbling and without complaint even though I have to maintain two homes, both of which have mortgages. I have five children, the eldest of whom will be starting university this fall. But that is not the fault of Parliament. It is not the responsibility of Parliament, nor is it the responsibility of the government. That is my responsibility and I accept it.

But when I make a verbal contract with my staff, which to me is as binding as if it were written, and for someone then to come along and tell me that the contract is null and void is wrong. Something has gone wrong. Therefore, I am making the plea tonight to the President of the Treasury Board and his colleagues in cabinet who are here, to withdraw that amendment and to leave the salaries of members of our staff alone because we made a contract with them. We did not consult with them to find out if they were willing to take a cut in pay or if we intended at the same time to give them a corresponding cut in responsibility or a cut in the number of hours worked.

I know that many members here have had someone in their offices as long as they have been here on the Hill. I know that members ask their staff to serve long hours. I ask my staff to serve eight or nine hours a day. I believe Mr. Lincoln set an example when he abolished slavery, and I do not intend to reinstate it in my office. When a normal work day is done, if

my staff have not gone home, I send them home. If we cannot cover our work in a normal work day—and I know I cannot do so with the various responsibilities and activities in which I have to participate—then I believe we should have more staff and we should not have to ask each staff member to do the job of two or three people. I know it is impossible for there to be two Members of Parliament from each riding. That idea was done away with some time ago and I do not want to see it reinstituted. I am not prepared to ask my staff, who work very hard, all of whom are the sole breadwinners in their families, to try to manage on 5 per cent or 6 per cent less when they have not been consulted nor have there been any negotiations with me about that.

Therefore, I want to put on the record tonight my plea to the government to withdraw that unfair, unannounced and injudicious amendment, which I suspect was made in response to representations made by the hon. member for Nepean-Carleton (Mr. Baker)—whether or not that is what he meant, I do not want to ascribe motives to him—because the amendment is unfair and it is unacceptable to me.

I believe the bill itself is necessary for the state of the nation today and I am prepared to vote for it and to take whatever political flak comes from it. But I am not prepared to vote for something which retroactively affects a contract made in good faith with our staff. The other provisions in the bill do not affect people on a retroactive basis. Therefore, those provisions can be justified. I can argue the cause and the need for those provisions.

We were told on budget night that as Members of Parliament and senators of this nation we had to make a sacrifice, that we had to show the way, that we had to set an example. I accept that, we do and I will. But I am not prepared to say the same to my staff. I am not prepared to say that they are in a different category from public servants who generally work no more than 37½ hours a week. They are in a different category from employees of Air Canada and a different category from the employees of the oil and gas industry of this nation. For that reason I again plead with the government to withdraw that amendment because I cannot support it.

Some hon. Members: Hear, hear!

Mr. Ted Miller (Nanaimo-Alberni): Mr. Speaker, I would like to congratulate the hon. member for Nurthumberland-Miramichi (Mr. Dionne) for a stand I think he has taken on a personal basis which flies in the face of what most Liberal members are going to do when voting on this amendment.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise on a point of order. I appreciate the comment of the hon. member who is just beginning his speech but I take grave exception to his attributing motives to my colleagues. I do not think that is necessary nor is it called for. I would hope he will put his position on the record and not speculate on the position of other members.

Mr. Miller: Mr. Speaker, I am sure it is known what the position's of the members of the New Democratic Party on any amendment to this bill and on the bill in general. We have spoken out both in debate and in committee as being adamantly opposed to the bill in general. We are certainly opposed to amendments that will curtail the increase which the staff got about four months ago. This amendment will affect our staff members severely.

I appreciate the comments of the hon. member in terms of the problems of his staff and what other staff members will experience by having a cutback in salaries at this time. I am not too sure that I am attributing any motives to the Liberal Party that have not already been enunciated across the land.

What this bill has done for me and for many members of the public service as well as members of any labour union is to indicate the extent to which the Liberal government—and we will see the proof of this when the votes are counted—and to what extent Liberal members will go in order to gain favour in this land. The cynical attitude of Canadians toward their federal government will be totally justified.

• (2100)

Bill C-124 simply confirms the kind of attitude and cynicism which exists toward the government. We have a government which has ruled the land during most of the last 117 years. Basically it controls its policies through Gallup and public polls.

The situation we have today is a government which is in disarray and is disorganized. It is unaware of where it is going. The feeling exists in the land that pubic servants are doing well in comparison with many other unions and businesses in the country. Canadians are looking for answers. The Liberal government is prepared to give a simplistic answer, that it is public servants who are too rich, whose compensation packages are too rich. The government will give the public something which it perceives will gain some political favour, that is, control over public sector wages. We have a government with a 6-5 formula—the mythical 6 per cent society—which the government is prepared to use and impose upon public servants in an attempt to gain favour in the business community and with the electorate who really do not understand the economic problems which have led to the present situation in Canada.

We have a government which is willing to say to Canadians that it should set a precedent by controlling the public service to a 6 per cent increase this year and to a 5 per cent one next year and that somehow this will solve most of the economic problems in Canada. We know that is not true. Public servants know that is not true. Trade unions know that is not true. Deep down, most Canadians know that it will not be the salvation of the Canadian economy.

In terms of the public service and its members, they are in somewhat of a state of shock. They know that there are some critical problems in the Canadian economy. They have heard over and over again that the public service somehow, in some mythical way, is to blame for them. They are quite willing in some ways to carry their share of the load of economic recovery. They have not reacted to the extent to which they will react when they discover what is being imposed upon them in

terms, not only of salary curtailment but, more important, what they have lost in terms of their ability to bargain collectively with their employer.

I come from a constituency which is very heavily trade union oriented, mostly in the forest industry. I am interested in seeing the reaction of the unemployed workers in my riding toward the government program in Bill C-124. This program gets at the public service. I think there is a sense within Canada—and certainly within the private trade union movement in my riding—that this bill will not stop at the public sector. It is a propaganda ploy of the government in order to curtail collective bargaining in many other sectors. To some extent it has already included the independent trade union movement within areas in which Crown corporations are involved through contracts. IWA and the Canadian paperworkers' union in my riding have nearly 10,000 members. They are looking very carefully at the bill and at the possibility that come this fall, when they have seen a total failure of the bill to bring any reduction in the cost of living or to make available any greater employment, they will be fighting the Liberal government on the same kinds of programs with which public servants have found themselves faced at the moment.

There are approximately 6,000 members of the IWA in Port Alberni. Approximately 600 of them are currently employed. We have pulp mills which will be shut down for 11 weeks over the summer months and into September. We have sawmills which are closed down. We have loggers out of work. Only 600 of the 6,000 are working in that valley. Many of these people have been unemployed for 11 months now. They are looking at the spectre of going on unemployment insurance within the next month or two, which will bring the total in the community to approximately 1,000 workers on unemployment insurance and then on to welfare.

I ask these people what this bill means to them. Do they think this bill will put any people back to work in the forest industry? Obviously the answer is no. The reduction in incomes of public servants across Canada will mean a reduction in expenditures by union members within their local communities. Local business people are already suffering. There are record bankruptcies in the small business sector of Canada. Those businesses will have even less money. As long as the government persists in a high interest rate policy, home owners will be unable to meet their mortgage payments. New home owners and young people seeking new homes will be unable even to think about purchasing them.

Woodworkers in Nanaimo, Campbell River, Duncan, Kamloops and Prince George will continue on unemployment insurance. Also they will continue to face the spectre of even worse fate, that is, the welfare rolls.

We wonder how such a bill ever got this far in a country which prides itself on freedom, the right of self-expression, the right to a job and free movement across the land. Most Canadians feel very fortunate about living in Canada, considering the difficulties in most other nations. In a land which prides itself on its democratic system and the choice to make a free decision at election time as to what government the citizens want to represent them, the government has recently gone through a very difficult time in adopting a new Constitution. It took pride in its Charter of Rights and Freedoms. Yet, within a matter of months it comes along and says to public servants that for a period of two years they no longer have the right to collective bargaining nor the right to deal with health and safety issues. It tells them that their current contracts will be frozen and that the wages which they will negotiate over the next two years will be limited to 6 per cent and 5 per cent, regardless of the cost of living, the price of housing or of fuel.

A government which will impose this kind of legislation on its public servants, who have been loyal to it and to the Canadian public, will carry the process even further. It will take away freedoms from all of us, whether they are rights in the trade union movement or the right of small business people to make decisions on how they will run their businesses. It seems to me that the government, through this bill, is quite prepared to go to any extent.

In talking to people in the public service in my riding—and I think the situation is probably similar across the land—I found in them a hesitancy to take strong and deliberate action against the bill. I think that is a reflection of the dedication and commitment of public servants, not only in the federal government sector but also in the provincial area. People working for governments really feel some commitment to their jobs, to their ministers and to their departments. This bill simply cuts all the respect they may have felt for the government. I suspect that it will lead to the kind of attitude which many public servants felt when the Conservatives campaigned in 1979. In order to gain political favour across Canada, the Conservative government talked about 60,000 fewer public servants. It did not really explain from where they would be cut, from what departments or programs. It talked a little about them being lost through attrition, but not about how it would affect programs which were built up by government over the years. Whether social programs or economic programs for the business community, we were simply going to curtail about 2 per cent of the public service in each department and we were going to reduce that heavy, overweight public service by 60,000 people, the same kind of effect that the Conservatives are now talking about in terms of slashing the federal budget. There were no specifics in it, simply that we are going to have to slash budgets and we are going to have to turf out some of the public service.

• (2110)

Again I think of my riding, of the number of people unemployed and how this bill is going to affect them. It is not going to put any of them to work; it is not going to give them any more confidence in this government; it is not going to give anybody any confidence in this government. I think that most people, when they assess this bill, will recognize it is simply a political ploy to give the impression at the end of this session that the government has finally recognized that we have an economic problem, and their knee-jerk reaction to this problem is again to attack the public service. If this does not work and we get into the session in October and we still have an inflation

rate of 11 per cent, an unemployment rate nearing 11 per cent or 12 per cent, budgets for provincial and municipal governments for welfare skyrocketing, and a lack of any industrial strategy in Canada, this government very likely will be prepared to bring in wage and price controls, or at least wage controls in the private sector.

We went through 1975, did we not? We went through 1974 when this government was attempting to get re-elected and it condemned the wage and price controls advocated by the Conservative leader, Mr. Stanfield, at that time, and soon after they were back in. We had an economic crisis in Canada, and the only solution to that of course was wage and price controls. Workers' salaries and workers' income have really never recovered from the 1975 era. Over the last four years, workers have experienced a net loss in disposable income because of high inflation and the high cost of living.

But that does not matter. We are going to get back into the situation where we continue to have an economic crisis in this country, and the Liberal government is prepared again to bring in at least wage controls and, just to coat the cookie a little bit, we are going probably to talk about some price controls.

The government has rejected any attempts that the New Democratic Party has made to get it to look at the cost of energy, how that is affecting the rate of inflation and how that is costing Canadians millions of dollars, or at least hundreds of dollars out of their own domestic household budgets. Why can the government not make some commitment to renegotiate contracts with the provinces in order to reduce the burden of energy costs on individual pensioners, home owners and people dependent on transportation for access to employment?

If blaming the public service for our ills does not work, we have the other scapegoat, and that is, the Canadian workers' productivity scheme. Somehow or other, if we cannot blame the public service, we have to say Canadian workers are not productive enough, they cannot compete on world markets. And yet that myth can be dispelled if we look at productivity in modern plants. The Canadian workers I know in my riding in the pulp and paper industry are more productive or as productive as any woodworkers in the world. These people are idle these days, 90 per cent of them are idle these days because of the economic crisis not only in Canada, but in the United States owing to some of the economic policies there which are related directly to the same high interest rate policy that the Liberal government in Canada is supporting, which is supported also by the Conservative Party, the official opposition in this House.

When I look at the opposition to unions coming from both the Liberal Party and the Conservative Party, often I think back to the kinds of working conditions that the coalminers in Nanaimo must have experienced in the 1850s and 1860s and up to the 1900s and past. That is where the Liberals and the Conservatives want to take us, back in the past, the same working conditions that existed in the 1850s. There were no bargaining units, no negotiating abilities at all. That is exactly where they are. I do not know where they get the name progressive because it is obviously always a regressive party that sits on my right hand side here. That is exactly what they are. They just adore having 11 per cent and 12 per cent of people out of work in the mines, the forestry industry, the fishing industry and the manufacturing industry. That is just about the size of the economic policy that we find from both the Liberals and the Conservatives in this House of Commons.

Mr. Taylor: You are the ones who voted against property rights.

Mr. Miller: The hon. member from Bow River (Mr. Taylor) is on to his property rights problem again. It is about all he has been able to say in the House of Commons since the Constitution was passed—property rights.

Mr. Baker (Nepean-Carleton): That is your problem.

Mr. Miller: We all know that the property rights are protected by provincial governments, and we are very, very upset when anyone mentions intrusion on any provincial constitutional area.

Mr. Baker (Nepean-Carleton): Would you trust Bennett, lately?

Mr. Miller: Now the hon. member for Nepean-Carleton (Mr. Baker) says I should not trust Bennett. Perhaps I do not trust Premier Bennett but I do not know why I should not leave it to the people in Saskatchewan and British Columbia to determine, on the basis of the policies of those governments, who they should vote for, and if those governments are not going to protect the rights of property owners then they should be turfed out.

Some hon. Members: Oh, oh!

Mr. Miller: We have finally got under the skin of some of the Conservative members here because I think they also are pretty sensitive about this bill.

Mr. Baker (Nepean-Carleton): So is Mr. Blakeney.

Mr. Miller: They do not appreciate the response that the President of the Treasury Board (Mr. Johnston) has given to them in terms of the public service and staff cutbacks. They are nervous about that because they have a sense that the minister has really responded to the demands of the Conservative Party to slash controls on our staff, and I think they should be sensitive about that.

Mr. Baker (Nepean-Carleton): Now, now, take it easy.

Mr. Miller: In conclusion, Mr. Speaker, I think that the amendment which reduces the staff allowances is as bad. It simply compounds the problems that we have in the New Democratic Party with regard to a bill which restricts collective bargaining throughout all the public service.

Mr. Baker (Nepean-Carleton): Now you are making some sense. Sit down while you are ahead.

The Acting Speaker (Mr. Blaker): Before I proceed to the question may I remind hon. members that pursuant to an order made earlier by Madam Speaker, Motions Nos. 2, 3 5, 6 and 7 were grouped for debate and were to be voted upon as follows: that is to say, first, Motion No. 3 will be voted upon separately, and thereafter we will deal with Motion No. 5, which will dispose of Motions Nos. 2, 6 and 7. I will now put to the House Motion No. 3 standing in the name of the President of the Treasury Board (Mr. Johnston).

Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): In my opinion the yeas have it. Pursuant to Standing Order 75(11), the recorded division on the proposed motion stands deferred.

Also pursuant to the rulings to which I referred I will now put the question on Motion No. 5 standing in the name of the hon. member for Churchill (Mr. Murphy). Is it the pleasure of the House to adopt the motion?

• (2120)

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to Standing Order 75(11), the recorded division stands deferred.

Following the ruling made earlier by Madam Speaker, the House may wish to consider Motion No. 4.

Mr. Rod Murphy (Churchill) moved:

Motion No. 4

That Bill C-124, an act respecting compensation in the public sector of Canada, be amended in Clause 3 by striking out lines 6 to 17 at page 3 and substituting the following therefor:

"(4) This part is binding on Her Majesty in".

He said: Mr. Speaker, I would first like to explain what the effect of this amendment might be. It would be to delete Section 4 which was proposed by the government in the present bill. It says:

(4) This Part applies to employees of Canadian Pacific Limited and its subsidiaries who are employed in the operation of a railway and to the employees of the following:

(a) Ontario Northland Railway;

(b) Algoma Central Railway Company;

(c) Toronto Terminals Railway Company;

(d) Shawinigan Falls Terminal Railway Company.

That clause was not there when this bill first came to the House of Commons. We were told by the Minister of Finance (Mr. MacEachen), and the President of the Treasury Board (Mr. Johnston) that this was a bill which would specifically apply to Crown corporations and government employees. We were told that it did not apply to the private sector. The inclusion of this amendment has now brought in the private sector.

This amendment was included after all groups who were entitled to present witnesses to the committee had done so. In other words, no further witnesses were heard after this amendment was placed before the committee.

Of course, this meant that the railway unions and others who were concerned about the effect of this amendment, not only on collective bargaining but also on railway transportation, especially in western Canada, were not given an opportunity to be heard.

Many of us, especially those of us who live in western Canada, believe that the long term effect of this amendment will be to bring the railway peace which has existed in this country for the last number of years to an end. We believe that by singling out the railway industry as the only private sector industry to come under the auspices of this bill, the government will have brought about the prejudice, hate and long-term instability that it said it did not want to create in this country.

The Liberal majority on that committee refused to allow those people who were concerned about this amendment to come before the committee. Members of all parties were not able to hear what those concerned groups of Canadians felt about this amendment.

There has been an indecent haste in the entire approach to this bill. I suggested earlier today that this indecent haste showed a lack of a concern for the importance of this bill, an extremely important bill. This bill allows the government to break contracts that it has already signed. It changes the

collective bargaining process in this country for the next number of years by basically outlawing it for the next two-year period. Another important aspect of this bill is its unfairness since it only affects some workers in Canada. I suggested this afternoon that the rush to pass this bill is based on the desire of a number of members to begin their vacations. I believe tonight's very low attendance is an indication of that. We have just witnessed closure under a time allocation motion which was passed by the government this afternoon.

Mr. Dionne (Northumberland-Miramichi): Why do you not talk about the bill instead of describing the motives of other people?

Mr. Murphy: I presume the hon. member ranting and raving on the other side will be voting with us. I appreciate his support.

Mr. Dionne (Northumberland-Miramichi): Why were you not here to listen to my speech? You would know what my position is. Wake up.

Mr. Murphy: I heard what the hon. member said. Perhaps he wishes to deny it. I do not know what his problem is.

As I said, this is an important bill. The government has introduced closure so it can rush off to its vacation. As a result of its haste within the House and the committee, we were unable to hear from wheat farmers in western Canada or those who wish to use the railways for travel across Canada, or from communities in all parts of Canada which rely upon the regular transportation system which is provided by the railways. Nor have we heard from the railway unions. We have not heard from Canadian Pacific or the other railway companies included in this amendment.

An hon. Member: We heard from Ian Sinclair.

Mr. Murphy: While my colleague said we heard from Ian Sinclair, that is not quite true. Those of us who served on the committee did not hear from him. We did ask that Ian Sinclair, who is head of Canadian Pacific investments and is a leader in the private sector calling for wage controls, appear before the committee. He indicated to the Prime Minister (Mr. Trudeau), the President of the Treasury Board and the Minister of Finance that this is the route that they should follow. As well, he told the press that he was in favour of voluntary controls. The next day, the government did not bring in voluntary controls for CP, it brought in mandatory controls. As a result, Ian Sinclair, who is telling Inco to restrict the wages of its workers to 6 per cent and 5 per cent, Hudson Bay Mining and Smelting to restrict the wages of their workers to 6 per cent and 5 per cent, telling some of the wood and forestry companies to keep their workers' wages down to 6 per cent and 5 per cent, no longer has to worry about it himself. As far as the railways are concerned, the government has sent Mr. Sinclair a thank you note by automatically holding those workers' wages to 6 per cent and 5 per cent.

We have an ironic situation because the NDP members on the miscellaneous estimates committee which investigated this bill moved a motion to ask Ian Sinclair, who is leading the private sector crusade on this issue, to come to the committee to give evidence, as others were invited to do. However, the Liberal majority on that committee voted it down. Mr. Sinclair has met at least twice with the Prime Minister behind closed doors. He advocated the bill that is before us. He went to the press, to the private sector and to employers, saying why this bill is such a great deal, such a great suggestion for the future of Canada. But we, as Members of Parliament, who were supposed to study the bill clause by clause, and to make amendments and improvements where possible, were not allowed to hear what that man had to say. It is interesting because, after all, witnesses had been heard by that committee, and after the government refused to hear any more witnesses, we then received this amendment. Of course, the workers and communities that are affected could not make their presentations.

• (2130)

There was someone else who could not make presentations. That was the Minister of Labour (Mr. Caccia). As we have pointed out in some previous debate, workers such as the Canadian Pacific workers do not come under the jurisdiction of the President of the Treasury Board; those workers come under the Canada Labour Code. That means that we are in a situation where it is not the responsibility of the President of the Treasury Board to pass legislation or to make suggestions about workers under the Canada Labour Code. It is the responsibility of the Minister of Labour.

Earlier today I read a letter written by the Minister of Labour to *The Globe and Mail* wherein he defended the right to strike and the collective bargaining process. As well, he mentioned that the Parliament of Canada had made Labour Canada responsible for the operation of companies like Canadian Pacific and others which come under the private sector. In other words, he said, "That is my area. I have certain views in this area and I am the minister responsible." We agree with the minister. He is responsible to the House and to Canadians.

The hon. member for Kootenay East-Revelstoke (Mr. Parker) asked that the minister come before the committee. The first time, the government members said, "Okay, he can come." But they said he had to come at 3.30 p.m. the following Monday. It appeared that the Minister of Labour could not come at that time on Monday. We could accept that. It is reasonable to assume that a minister, just like any other Member of Parliament, has some other duties that he or she must look after. When the committee met again, we said, "Okay, we still want him. When can we get him? Can we get him to appear before the committee?" Again, the Liberal majority on that committee said, "No, we do not want him to appear before the committee. No, we will not invite him to appear before the committee." That decision was made ten minutes prior to the introduction of this amendment by the government. Ten minutes after the Liberal majority on that

committee had said the Minister of Labour could not appear before the committee to give evidence, to explain his position and how he thought the bill would affect the workers who come under his responsibility, the President of the Treasury Board circulated an amendment in that committee saying that Canadian Pacific would be excluded in the legislation. How in God's name or anyone else's name could the committee be perceived to be hearing witnesses? How could the committee be perceived as studying the legislation clause by clause, which is the function of a committee as we well know? How could we be perceived to be looking after the interests of the public if the Liberal majority in that committee strangled debate, prevented witnesses from appearing, and then introduced very important amendments after the last witness has been heard? Of course, the answer is that we could not.

Not only did we have to act without the knowledge of the Minister of Labour, but also without the knowledge that may have been given to us by his mediation officers. We also had to vote yea or nay to government and opposition amendments without knowing what the deputy minister of labour thought. We had to act without knowing what the labour relations officers thought. We were in the situation where we had to act without the knowledge of the people who serve the country in the Department of Labour, the people we rely on to ensure that negotiations are proceeding, to ensure that labour laws are fair and, once passed by government, are actually followed up on or pursued.

I have not been in Parliament very long. I was elected in 1979. But after having served on five or six committees, I can say I have never yet been told that the minister or his senior officials could not appear before a committee, except for that time a week and a half ago. That was unheard of to me. Other hon. members who have been here longer may know of other times when this has happened, but I find it to be more than remarkable; I find it to be repugnant.

We took that matter very seriously. When the Liberal majority on the committee refused to hear the Minister of Labour, my colleague, the hon. member for Kootenay East-Revelstoke (Mr. Parker) walked out. He may have a chance to speak later on in this debate, even though time allocation has been brought in—

An hon. Member: Imposed.

Mr. Murphy: Imposed is the more correct word. If he gets the chance to speak, he may be able to point out that he felt he could not do his duty as a Member of Parliament without hearing from those officials. He is the labour critic for our party. The bill definitely deals with people who come under the jurisdiction of the Canada Labour Code, yet the Minister of Labour could not come forward. That was completely unreasonable.

In the last few days, we have said much concerning this bill and we will be saying more over the next day or two allotted for this debate. We really do not believe that the bill will work because of the type of occurrence with the government amendment bringing in Canadian Pacific. The government has preached in the House that it is in favour of co-operation. It has said that if we are to get Canada out of the current economic slump, then all sectors, whether the provincial government employees, the public sector or private sector employees or the municipal employees, must all co-operate and work together, and that if we do not work together we will really not be able to solve the problems that we face. I believe that if we do not have co-operation from the private and public sectors and the employees and employers in both those areas, then it is probable that we will not be able to solve many of the problems that we face. As one of the members who spoke previously said, it is not simply a matter of wage controls. It is a matter involving a comprehensive program affecting energy pricing, interest rates and the direction in which this government plans to take the economy of this country. It involves all those factors. The whole history of this bill and this amendment is typical of that approach. It has not been to call for co-operation in public but to try and shove this bill through as fast and as dirty as possible.

• (2140)

One thing we found out in committee from some witnesses was that the government did not meet with the public service unions prior to introducing this bill. That is not perfectly true. The day after the President of the Treasury Board announced the bill, he did meet with the Public Service Alliance for 30 minutes, before rushing off to some other meeting. However, he did not meet with them prior to this bill being talked about in the June 28 budget. He did not meet with the Public Service Alliance. Nor did he and his colleagues in cabinet meet with the Canadian Labour Congress or with municipal officials, and they had not met with most provincial premiers since last February.

I believe I have 40 minutes as the first speaker on this amendment.

The Acting Speaker (Mr. Blaker): My apologies to the hon. member. He is quite right.

Mr. Murphy: I knew I was getting a high sign, but I did not think I deserved it yet.

As I was saying, they did not meet with all of these groups I just mentioned. If the government believed in secrecy, perhaps that would be a reasonable route to follow. However, they met with the Business Council on National Issues, the kind of group to which Ian Sinclair and Mr. deGrandpré of Bell Canada belong.

When that group met with the cabinet in May, they called for 7 per cent public sector salary controls. That group did not want wage controls in the private sector. It certainly did not want price controls. The government basically followed the suggestion of that group. However, just to prove it had its own leadership, it went for 6 and 5 per cent as opposed to the Business Council's suggestion of 7 per cent.

If in May the government had accepted that idea from the Business Council on National Issues and really wanted a co-operative approach, it would have been meeting with labour

leaders, provincial government leaders, municipal leaders, farm leaders and others. If it really wanted a national approach to solve the problems, it would have held those meetings then and not waited until after the budget was announced on June 28, and then have a half-hour meeting with the largest union in this country to be affected by this bill. It would not have met even later with the Canadian Labour Congress, the premiers and all sorts of other groups, after introducing this legislation.

The amendment which the government brought in, the amendment which threw Canadian Pacific into the hopper, was done by the exact same method. The bill did not bring in Canadian Pacific. It brought in Canadian National. To be quite honest, a number of groups, workers and citizens were concerned about one railway company being brought in but not the other. A union delegation came before the committee to point out the problems that existed with bringing in one company and not the other. However, the government did not consult with them. It did not suggest to them the route it would take was to bring Canadian Pacific into this bill. If you do not co-operate with others on this bill or on any other issue, how do you expect them to co-operate with you? For a number of years we in the New Democratic Party have said that the economy is in trouble, that there must be some kind of co-operative approach. We believe that. We also believed there must be some government restraint.

My colleague, the hon. member for Skeena (Mr. Fulton) pointed out a number of areas where the government has not had very good control over the coffers it is entrusted to look after. He pointed out a number of flights taken by senior officials which obviously were not necessary. We have pointed out programs where the government is letting hundreds of millions of dollars flow to oil companies, which is completely unnecessary. We just have to look around this edifice to see money being wasted.

Those issues are being raised by our party, both in the Public Accounts Committee and in the House. Therefore, we do believe in a restraint program. I hope some members of the other opposition party will keep that in mind when they attack us for not supporting this bill. We cannot support the bill for the reasons I have indicated. It is not a real effort to come to grips with the problems we face.

We have suggested that Canadian Pacific and its employees be taken out of this program. We have a parallel amendment, which probably will not be reached because of the time allocation, which takes Canadian National out of the program. We believe that that can be justified. We believe that the entire railway system has to be in or out. We believe that peace in the railway system is important to the future of this country. One of the advantages in the joint bargaining system that existed in the railways for the last number of years is that we have had labour peace.

Mr. Baker (Nepean-Carleton): Do you say in or out?

Mr. Murphy: We say both railway companies, the major companies and the minor companies that have been thrown into this bill, must be kept out of this program. That is very clear. That is our position.

Mr. Baker (Nepean-Carleton): I thought you said in or out.

Mr. Murphy: Definitely out. We argued that position in committee and in the House of Commons.

I talked about labour peace. I would like to talk about the fact that in many ways Canadian National has been treated as if it were a private corporation. It was not an attempt by this government to get into the railway business when it took over the company that formed Canadian National. We took over two private sector companies that has basically mismanaged their affairs. It was felt there was a need for the Government of Canada to move in this area.

We believe this has basically been treated as a private sector area and so we must keep those unions out of this program. We have made specific recommendations to that effect. We are also concerned about whether the action by the government is legal, but that will be dealt with in a different court. Parliament for the most part is not a court.

I am concerned about another aspect of bringing in Canadian Pacific at this time. Both Canadian Pacific and Canadian National have signed contracts with their workers. The effect of bringing those workers under the provisions of this bill will be to break those collective agreements.

• (2150)

Private sector and public sector companies have signed agreements with their workers, but all of a sudden Canadian National—and even more suddenly Canadian Pacific—have come come under the auspices of this bill. That means signed collective agreements are broken. As I said, the government has said it does not care if workers and their railway companies have signed a collective agreement for the next couple of years. The government does not care that it knew what was going on, through its arm's length relationship with Canadian National, and that it as the Government of Canada okayed Canadian National's agreement with its workers. Despite the fact that there is a collective agreement signed by both sides—a number of parties were involved—and despite the fact that the agreement was signed in good faith, the government has decided that means nothing. The government has listened to Ian Sinclair and a few of his "poorly paid" buddies, the barefoot boys from Bay Street. Ian Sinclair's income is $550,000 a year, and we are not sure about the extras he might get. I suspect he may even have a railway pass. Mr. de Grandpré receives a salary from Bell Canada of $650,000 a year. He is another poverty striken lad. After listening to Mr. Sinclair and Mr. de Grandpré in the back rooms, the government has decided that the contract between the railways and their workers is no longer worth very much. Because of its majority in the House of Commons the government will force this bill through the House. The contract between the railways and their workers will be rolled back, and another contract cannot be negotiated unless, according to Motion No. 17:

The governor in council may, by order, terminate the application of this Act in respect of an employee or a group of employees to which this Act applies.

I am not a lawyer; I do not have to be a lawyer to know that that means that if the government feels at a certain time in the future that it wants to give Canadian Pacific and its employees the right to negotiate, it may or may not do so.

Mr. Kristiansen: The divine right of Liberals.

Mr. Murphy: I think that is quite correct. It is the divine right of Liberals and the divine right of a few members of the Liberal cabinet. This was done behind closed doors. This was done in consultation with Ian Sinclair, but not in consultation with his workers. This will be done because the Liberals have a majority in this House and because, for the most part, the Conservatives will vote with the Liberals on this bill.

I wish the Leader of the Opposition (Mr. Clark) would not leave because we would like to know his position on this bill.

The government is saying to these workers that they as railway workers are making sacrifices because that would help the Canadian economy. Other speakers for our party and I have indicated earlier that we do not think this will help the Canadian economy. We do not believe it will help unemployed fishermen, unemployed woodworkers or people in resource communities who are losing their jobs. We do not believe taking money away from those people who still have jobs will enable them to go out and buy more goods. We do not believe taking money away from people who otherwise would have money to buy goods will put other Canadians back to work. We do not believe that sacrifice will come to any good. So much for the government's argument that this sacrifice will help.

Mr. Kristiansen: Workers are being sacrificed.

Mr. Murphy: Yes, I agree that the workers affected by this bill are being sacrificed.

The government's new argument is that it will still allow collective bargaining. Hon. members opposite say, "Don't worry about this bill, folks." Last Thursday there was a press release put out in the name of the President of the Treasury Board. It fooled a few people in this House because it said: "Hey, guess what! You can negotiate again." The government has decided, despite what it has said for the last three weeks, that it will allow collective bargaining. The government says it should not matter to CN, CP or their workers that they are included in this bill because the government has said it will let them negotiate anyway. But then I read the government's amendment which I just read into the record, and it says that the governor in council may, by order, allow groups of workers not to come under the act. I cannot believe anyone in this House on either side believes this amendment will restore collective bargaining. It certainly will not.

We do not trust the way the Liberal government is running the country. Because of the way it has introduced this bill, we do not believe the government can really expect co-operation. The government has squandered taxpayers' money. We do not believe restraint is a priority of this government. We do not believe this government has the economic plan to solve the problems we face. We believe the government basically acts as the elective arm of the Gallup poll. We cannot trust this government with an amendment which says that the governor in council may, by order, terminate the application of this act, because it says nothing about how the government will make that decision. The amendment does not say that if the government thinks it is for the good of the country it will let people negotiate. The amendment does not say that a group, which is behind because its agreements over the last five or six years have not kept up with the cost of living, may negotiate. The amendment does not say that the government will decide on the basis of any empirical facts or even government goals or objectives that it will allow negotiations to continue. The amendment just says "the governor in council may", with absolutely no regulations, specifications or indications of what the government will do. We do not trust the government with this power, and one of the functions we will perform as we go through this debate in the House is to point out matters like the inclusion of Canadian Pacific and why we believe the bill has to be amended so that we do not have to leave everything up to this government amendment, which is the whole bill, because that basically is what is happening. We will be coming to this catch-all amendment at some time before the final vote and, I suspect, because of the nature of the closure motion, we will not have an opportunity to debate it in this House. The amendment really says that everything the government spent the last month on may be null and void, if the government so determines.

• (2200)

The debate has to take place, not on that final clause because we will never get to it, but on each and every clause as we go through them. We have proposed that the government amendment bringing in Canadian Pacific must be removed and I have stated the reasons for that.

I realize that it is ten o'clock, Mr. Speaker, but this is my last chance to speak on this matter. We are not out to kill the Canadian economy; we are out to make sure that if we have a bill—whether we like the bill or not—it is the best possible one that we can have for government, business and for all Canadians. Because of that, we do not want what I called earlier a namby-pamby bill, all loopholes and with no direction to help the unemployed, private businessmen, farmers or any other group of Canadians concerned about the economy of the country.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

AIRPORTS—INQUIRY RESPECTING GOVERNMENT'S INTENTIONS TO MAKE MIRABEL PROFITABLE

Mr. Robert Gourd (Argenteuil-Papineau): Mr. Speaker, this is probably the last time in this session that I will have an opportunity to ask the minister about a subject that is of special interest, not only to the riding of Argenteuil-Papineau but also to my colleagues from the ridings of Laval, Duvernay, Blainville-Deux-Montagnes, Terrebonne, Labelle and to the entire population of the Lower Laurentians, the North Shore, Montreal and the Laurentians. I am speaking on behalf of some 3,000 employees now working at Mirabel who are faced with an uncertain future. I am speaking on behalf of the municipalities on the North Shore that are trying to develop and plan their development in terms of the airport that was built at Mirabel and which was supposed to be the gateway to North America. Mr. Speaker, on April 21, 1980, I rose in the House to ask the Minister of Transport (Mr. Pepin) for a decision to lift restrictions on development at Mirabel. The minister answered that a study would be ready by June, 1980. On December 2, 1980, I questioned the minister again, and mentioned development at the airports of Malton, Calgary and Edmonton, and asked him what he was doing to make Mirabel a profitable enterprise. The answer was that an announcement was forthcoming. On February 18, 1981, I rose again in the House to ask the minister about Mirabel. After further delay another answer. On March 23, 1981, I asked the minister once again about making Mirabel a profitable entreprise. This time, his parliamentary secretary gave me a list of measures aimed at encouraging the use of Mirabel, an old list that was published when the airport opened.

On April 23, 1981, I questioned the minister once again, this time about the cost of fuel used at Mirabel, and I asked him what he intended to do about the situation. Once more, I got an evasive answer. On October 26, 1981, I was still asking the minister questions. On February 16, 1982, 33 mayors from the North Shore area and some 80 councillors were present in the House. My questions were about flight transfers and again, how Mirabel could be made profitable. The minister answered as usual, but this time he was a little more specific and said that a decision would be made within the next two or three months. I repeat, Mr. Speaker, the minister's answer was given on February 16, 1982. On May 14, in other words, two days before the end of the period specified by the minister, I asked whether the government would shortly be tabling a document or a study showing that a policy decision would be made with a view to making Mirabel profitable. The answer was that the government hoped to make good its promise made on February 16, 1982.

On May 20, 1982, I rose in the House again, Mr. Speaker, and as always, not for my own benefit but on behalf of people who are waiting for a decision and for the benefit of 3,000 employees faced with an uncertain future. The answer was that the government hoped to make the right decision and that it was a delicate matter. On July 16 of this year, there were rumours from usually well-informed sources that the minister, urged by some of his officials, had submitted to cabinet a document recommending the shutdown of one of the runways at Mirabel. I rose in the House and asked a question that probably sounded a bit ludicrous, namely, whether the minister wanted to shut down the take-off runway or the landing runway.

Well, Mr. Speaker, I would like an answer to that question because the plan recommended by the Department of Transport is unacceptable to the people of the North Shore and to their Member of Parliament.

• (2205)

[*English*]

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I would like to congratulate the hon. member for taking advantage of Standing Order 40(3) to debate in this House topics that are of great interest and concern to his constituents.

Few Members of Parliament have followed the debate on the future of Mirabel as closely as the hon. member for Argenteuil-Papineau (Mr. Gourd) has. He is aware that the Minister of Transport (Mr. Pepin) spent some considerable time studying all aspects of the issue and meeting with interested parties.

Mr. Blaikie: It doesn't show.

Mr. Flis: He is also aware that the minister recently took his views to cabinet for its consideration. Although obviously I am not in a position to divulge what options the cabinet has before it, I can tell the hon. member that the question is receiving very careful scrutiny. The minister informs me that an announcement may be expected in the very near future.

EXTERNAL AFFAIRS—(A) APPLICATION FOR PASSPORTS. (B) REQUEST THAT APPLICATION FORM BE REDESIGNED

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, I must say that I hope I get as sympathetic and as encouraging a reply to my question as did the hon. member for Argenteuil-Papineau (Mr. Gourd) from the parliamentary secretary. At the same time, I hope it is a little more enlightening than the answer he just received.

Some time ago, I rose in my place in the House to ask the Secretary of State for External Affairs (Mr. MacGuigan) why it is necessary for Canadian citizens when applying for a passport to include information as to their birth place on their

passport application. I was not so concerned about information on the application form itself, but rather on the actual passport document. The reason is that we have many, many citizens in Canada whose birth place is behind the Iron Curtain.

I am sure many members realize that Iron Curtain countries, particularly countries such as Czechoslovakia, and I expect East Germany, the German Democratic Republic, Poland and other east bloc countries, do not recognize the validity of exit from those countries without an exit visa. People leaving countries, such as Czechoslovakia, are deemed to have committed a criminal offence simply by leaving the country. This means when former citizens want to return to visit their birth place, or relatives in Czechoslovakia, for example, they are deemed to be fugitives from justice and liable to arrest. In addition, if they received any kind of education in the country of their birthplace, that education is deemed to be part of the public expense for which former citizens are liable.

• (2210)

Since Canada extends dual citizenship to its citizens, regardless of birthplace, this means we accept the citizenship within Canada of that person as well as citizenship of another country. However, in the case of Iron Curtain countries, those countries refuse to yield that former citizenship to the new Canadian citizen and, therefore, the Canadian citizen has an unwilling dual citizenship even though he would like to renounce the former citizenship of an east bloc country. That puts him in a very precarious position.

I would think that the Department of External Affairs would be ingenious enough to be able to handle this. Surely the commitment we have to international standards for application forms and to international standards for passports does not reach into that particular sphere where we jeopardize the security of our own citizens when they visit foreign countries. I can imagine a Canadian citizen taking his Canadian passport, going to Checkpoint Charlie, seeing the officer at Checkpoint Charlie or at the boundary of Czechoslovakia, having that officer look at his Canadian passport and seeing his birthplace, whatever it might be, a city such as—

Mr. Blaikie: Dresden.

Mr. Friesen: —Dresden, East Germany, or Prague, Czechoslovakia. Immediately that officer says, "Aha, a citizen of my country. I wonder if he has paid his indebtedness for his citizenship. I wonder if he is draftable into the armed forces. I wonder if he has paid for the criminal offence of leaving this country." It seems to me that Canadian citizens, once Canada has accepted them as citizens, ought to enjoy all rights and privileges which are ours as Canadian citizens. One of these rights is security.

Games area already being played at border crossing points. I talked to a gentleman just a week ago; as a matter of fact, an airline pilot. He told me that when he was in Europe he had a special passport. When he was going to visit Yugoslavia, all of a sudden, because the border crossing guard saw that he was nervous about his special passport and what it might implicate him in, the border guard slipped a piece of paper into the passport and stamped it, so that the passport itself would not be disfigured with a Yugoslavian stamp.

We all know it is difficult to enter an Arab country if one's passport is stamped with an Israeli stamp. Going the other way there is no problem, so the Israelis gladly put a piece of paper into the passport and allow the guard at the border crossing simply to stamp the piece of paper, not jeopardizing that citizen's right or opportunity to enter an Arab country. These kinds of games are being played. We all understand that.

Why is it so difficult for the Department of External Affairs to make one small concession in passports, by simply deleting the blank on the passport which indicates where the person was born? Then we could enjoy all the rights and protections which ought to be ours as Canadian citizens when we visit foreign countries. Why should a citizen from Czechoslovakia, Roumania, Bulgaria or the Democratic Republic of Germany; why should a citizen of Canada, because he was born in one of the east bloc countries, have to stay home and deny himself the opportunity of visiting his relatives because he is afraid of what will happen to him if he goes there? Why should he be fearful as he crosses the border at Checkpoint Charlie to go into that country? It seems to me that the Department of External Affairs could make that one small concession and give Canadian citizens the full rights of citizenship when they get their passports.

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, the place of birth is requested in the prescribed application form for a passport in order to assist in the identification of the applicant, by verifying the information provided with the documentation submitted to confirm identity, proof of citizenship and, therefore, entitlement to a Canadian passport.

• (2215)

Canadian passports are issued to fulfil the requirements of present day travel and to give evidence of the Canadian citizenship of the bearer. They do not reflect any other nationality. This practice is designed to avoid involving the passport in any political controversy while maintaining its viability as a travel document which will permit Canadians to travel in all parts of the world.

The policy of the Department of External Affairs has been to include place of birth in passports. It is included by tradition and international custom as it is a very important element of identification since, unlike the physical description, it is unchangeable and cannot be altered.

The fact that the passport meets international norms and provides full identifying information is of benefit to all Canadians for a number of reasons. Provision of the place of birth in the passport obviates for the majority of travelling Canadians further questioning by foreign officials examining them as to their identity. It has a bearing on the negotiation with other

countries of reciprocal visa waiving agreements, as the information is of primary importance when obtaining permission to enter a foreign country. The place of birth in the passport must agree with the place of birth given in the visa application.

Place of birth information is also a requirement of the Canadian government for persons seeking to obtain a visa to enter Canada. As we require this information of visitors to Canada, to omit it from the Canadian passport, where it may be equally an entry requirement of the other country, would derogate from the concept of reciprocity and would ultimately handicap Canadian travellers generally.

RAILWAYS—(A) EFFECT OF WAGE CONTROLS ON CANADIAN PACIFIC AGREEMENTS. (B) TIMING OF IMPOSITION

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, on June 30, 1982, I asked the President of the Treasury Board (Mr. Johnston) whether or not the government had carefully thought through all the implications of Bill C-124, the bill to limit wage increases in the public sector to 6 per cent and 5 per cent. I asked the President of the Treasury Board whether they had considered the effects their program would have on collective bargaining in the railway sector, by including the CNR in its wage control program. The CNR and the CPR bargain together with the railway unions and the concern expressed by the railway unions, among others, was that the historical accomplishment of joint bargaining between the railways and the railway unions would be jeopardized. The concern was expressed that the pieces would never be able to be put back together again.

There was a simple solution to this problem and that was to take the CNR out of the wage control program. This is what I advocated in committee when we were discussing Bill C-124 with the Canadian Railway Labour Association which were before us to make sure the government knew the full implications of what it was doing. The association was concerned about the attack on collective bargaining in general which Bill C-124 represents, about the way it breaks already signed contracts and about the way it limits collective bargaining on non-monetary as well as monetary matters.

What was the government's response? The response of the government was to make matters worse, to compound the injustice for thousands of Canadians by bringing the CPR in under the program and giving the government another beachhead in the private sector for the day when it brings in full wage controls.

The bill to control wages in the public sector is an incompetent, cowardly and unjust response to Canada's admittedly serious economic problems. It takes advantage of the willingness of the average Canadian to help out his country and to do his bit for the economy. The Liberals and the Tories are more willing to take advantage of this virtue in our people, than to show any virtue of their own by facing up to the real causes of inflation. To do this would require courage to stand up to the banks, stand up to the multinationals, stand up to the Americans and to stand up to the values and perceptions of the investment and business communities which are the lifeline and real centre of both the Liberal Party and the Progressive Conservative Party of Canada.

The Conservatives often like to say of the NDP that we are in bed with the Liberals. They do not have the capacity to develop an intelligent critique of our policies or, for that matter, to develop any policies of their own. All they know how to do, in their fear of the NDP, is to go around western Canada, in particular, slandering the good name of the NDP by falsely associating us with the Liberal Party.

The facts speak for themselves. The Conservatives have voted with the Liberal government in this Parliament twice as often as has the NDP, and those occasions have always been the same in nature. They have always been votes in which there was a choice to be made between the interests of average Canadians and the interests of the powerful and wealthy in this country. When it comes to that kind of a choice, there is no difference between the Liberals and the Conservatives. The Liberal-Conservative coalition is the most basic coalition in Canada. Bill C-124 is just the latest example of it.

• (2220)

The NDP, and the CCF before it, was formed to challenge this oppressive illusion that there is really a choice between the Liberals and the Conservatives. Let Bill C-124 stand as an illustration of our point.

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, earlier this year Canadian Pacific Limited, Canadian National Railways and several smaller railways signed a master agreement with a number of unions respresenting their non-operating employees. The master agreement, dated April 26, 1982, is for a two year period commencing January 1, 1982. The agreement provides for wage increases of 12 per cent on January 1, 1982, 9 per cent on January 1, 1983 and contains a COLA clause.

Following the introduction of Bill C-124 representations and information were received from the companies involved, the unions concerned and others. After giving full consideration, an amendment was introduced to Clause 3 of Bill C-124 which would extend coverage to the railways operated by Canadian Pacific Limited and the other smaller railways which are signatories to the master agreement.

Bill C-124 will permit the negotiated terms and conditions to stand until the first wage rate following June 29, 1982, comes into effect; namely January 1, 1983. The 9 per cent increase negotiated for January 1, 1983, will become 6 per cent under the program until December 31, 1983, and 5 per cent on January 1, 1984, to last until December 31, 1984.

The inclusion of CP employees under the bill will ensure the maintenance of the long standing pattern of negotiations with CP and CN. Canadian National and Canadian Pacific have jointly negotiated their labour agreements since immediately following the removal of wage and price controls after the Second World War. With some groups, joint railway negotiations actually go back to the First World War.

Recognizing this historical relationship, the proposals will ensure that employees of CN are treated in a way no less favourable than the employees of CP. Not to have included CP under the bill would have destroyed the relationship at the end of 1983, when CP would have been faced with renewed labour negotiations while CN would still have one year to go under the program.

Thus, the proposed legislation results in equitable application in the railway industry and eliminates an unfair imbalance that may have developed between the competing Crown corporations and private sector corporations.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock in the afternoon.

At 10.23 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, August 3, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

AGRICULTURE

CALL FOR REMOVAL OF TAX ON FUELS USED IN FOOD PRODUCTION—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise under the provisions of Standing Order 43 on an urgent matter relating to agriculture. It has now become evident in farming operations that the federal tax on farm fuel will have a counterproductive effect on agricultural production. I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House request the government to remove the federal tax on fuels used for the purpose of farming so as not to have an adverse effect on the production of food in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL DEFENCE

DEMAND FOR RETENTION OF NAVAL RESERVE HEADQUARTERS IN HALIFAX—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, during yesterday's oral question period the Minister of National Defence (Mr. Lamontagne) said that he did "not play politics with defence" when he was questioned about the move of the naval reserves from Halifax to his home riding of Quebec City. What other answer can there be for this unnecessary move, other than for reserve naval personnel to be closer to our fighting ships in drydock? This is a pure and simple case of yet another giant slab of pork for the Liberal pork-barrel. Therefore I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That the Minister of National Defence cease thinking members of this House are as naive as he is, stop playing pork-barrel politics with defence, and allow naval reserve headquarters to remain where it is in sight of the Atlantic ocean.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PRESIDENT OF CANADIAN PACIFIC ENTERPRISES

SUGGESTED FORGOING OF PAY INCREASE—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion which I think should obtain support from all hon. members of the House. Whereas the president of CP Enterprises, Ian Sinclair, has given enthusiastic support to the government's wage control policy of limiting wage increases to 6 per cent this year and 5 per cent next year, and whereas the president of CP Enterprises has a salary of more than $500,000 per year, so that an increase of 6 per cent in the coming year would amount to an increase of more money than the bulk of Canadian Pacific employees make in the whole year, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House calls on the president of CP Enterprises to put his money where his mouth is to show that he is really doing what he has been saying, by forgoing any pay increase in the coming year.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SMALL BUSINESS

PROVISION OF LOAN GUARANTEES FOR BOND APPLICANTS—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, there is money for Maislin Trucking but not for small business. In the month of June a record 348 bankruptcies were recorded by the region of Niagara. July was not far behind at almost 300 bankruptcies. At the same time, branches of two chartered banks within the region have indicated to applicants that no small business bonds are available from them. In view of the government's bail-out of Maislin, and in view of its stated commitment to the success of the bond program, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the government treat small business in a fair and equitable way and restore the banks' confidence in the small business bond program by providing

loan guarantees of the type extended to Maislin for small business bond applicants.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FORESTRY

FOREST FIRE FIGHTING CAPABILITY—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, once again forest fires are raging out of control in northern British Columbia, the Yukon, and the Northwest Territories, destroying vast areas of virgin forest land, the life and habitat of all species of wildlife, and causing extensive damage to property and serious threat to human life. This kind of natural calamity of course cannot be contained within political boundaries of territories and provinces, and it is for reasons of conflicting and overlapping jurisdiction and responsibility that the present situation in the north has once again reached such monumental proportions. Therefore I move, seconded by the hon. member for Kootenay West (Mr. Kristiansen) and any other hon. member who wants to associate himself with this motion:

That this House urges the government to establish and maintain through the Ministry of National Defence, and in co-ordination with the provinces, the capability to respond quickly with equipment and manpower to forest fires anywhere in Canada and, further, to establish within the Canadian forest service a much improved program and capacity in the area of forest fire prevention.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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VOLUNTARY ORGANIZATIONS

CALL FOR TABLING OF POLICY DISCUSSION PAPERS—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, the newly released audit of all 1980 revenues of Canada's charitable organizations compiled by Statistics Canada confirms that the government would have saved money if, two years ago, it had implemented the "give and take" tax reform proposals of the national voluntary organizations. Since the government has never established a mechanism to measure either the employment capacity or the contribution to the gross national product of Canada's voluntary sector, I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That this House urge the government to table for public discussion before the summer recess the background discussion papers on the national voluntary action policy and thereby seek advice for a divided cabinet from representatives of Canada's three million volunteers whose cost effective services are more needed now than ever before.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

GOVERNMENT POLICY ON APPLICATION OF RESTRAINT PROGRAM—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, according to a story in today's *Globe*, several informed Canadians, including CRTC's John Meisel, law professor Paul Weiler and Advocacy Centre's Andrew Roman, have questioned the legality of allowing a cabinet minister's budget statement to supersede existing legislation as it relates to applying the wonderful world of 6 per cent to federally regulated companies such as Bell Canada. Therefore I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

• (1410)

That this House instruct the government to come clean with the people of Canada and admit that it has neither the power nor the intention of controlling either the prices companies charge or the profits they earn, and that Bill C-124 was designed primarily to welsh on collective agreements with the federal public service and latterly to victimize the staffs of M.P.s.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL DEFENCE

CONDEMNATION OF NAVAL RESERVE HEADQUARTERS RELOCATION TO QUEBEC CITY—MOTION UNDER S.O. 43

Mr. Scott Fennell (Ontario): Madam Speaker, the current Government of Canada is obviously in its dying days and hopefully will lead to the demise of the Liberal Party in Canada in the same way that Lloyd George did with the Liberal Party in Britain. Therefore I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That the government be condemned for its outright pork-barreling by moving our broken, dispirited navy to inland waters from its strategic location in Halifax in total disregard of national defence.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRANSPORT

CALL FOR EQUAL TREATMENT FOR ALL TRUCKING COMPANIES—MOTION UNDER S.O. 43

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, the government's announced decision to bail out Montreal's inefficient, debt-burdened Maislin Trucking company stands in stark contrast to this same government's embarrassing and unprincipled policy of slowdown of customs inspections of Japanese imported cars into ports in British Columbia which is forcing a number of small independent British Columbia truckers into bankruptcy. I therefore move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That this House require the government to recognize the inconsistency and favouritism shown by taking immediate action to ensure the same generous and compassionate consideration for all independent truckers that it provides for its Montreal based friends at Maislin Trucking or, failing that, withdraw the Maislin advantage.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NUCLEAR ENERGY

POLICY REVIEW—DEMAND FOR PUBLICATION—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, Canadians who are concerned about the uncritically pro-nuclear power policy of the Liberal Party have been waiting for some two years to hear the results of the government's internal departmental review of nuclear policy. These Canadians want to know, for instance, whether the rumours about increased federal assistance to provinces willing to construct nuclear power plants for electricity export are true, and thus whether or not our tax dollars will continue to be poured down the nuclear drain out of technological vanity and the stupid commitment of this government to keep the nuclear power industry alive at all costs. I therefore move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the government publish the conclusions of its internal review and that this be followed by a public inquiry in which many concerned Canadians will finally get a chance to tell this government that they reject the nuclear mania of the Liberal Party and are willing to embark on an energy future based on renewable energy resources, conservation and respect for the environment and future generations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PENITENTIARIES

CALL FOR PUBLIC INQUIRY INTO ADMINISTRATION OF CORRECTIONAL SYSTEM—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, in view of the allegations of relaxed, if not casual administration policies at Archambault, and that these policies contributed to the extreme brutality there, I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That the right of the public to know how the government operates the correctional system be honoured and that a full public inquiry be implemented into the administration of the correctional system and that the philosophy, the criteria for hiring personnel and the administration of prisons in general be included in the public inquiry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSE OF COMMONS

DEMAND THAT SALARIES OF MEMBERS' STAFFS NOT BE REDUCED—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House direct the President of the Treasury Board not to reduce members' staff's salaries.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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SHIPBUILDING

CALL FOR IMPLEMENTATION OF MARINE INDUSTRIAL STRATEGY—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas Bill C-48, the Canada Oil and Gas Act, is supposed to ensure that Canadians capture their share of industrial benefits associated with oil and gas exploration and development, and whereas Canada's Office of Industrial Benefits is a weak imitation of the British and Norwegian originals, and whereas it appears

that Dome Petroleum is likely to build four carriers for the Arctic Pilot project offshore and is currently planning to build five LNG carriers in Japan, I move, seconded by the hon. member for Burnaby (Mr. Robinson):

• (1415)

That the government admit that Bill C-48 fails to guarantee Canadians their rightful share of industrial benefits from oil and gas exploration and that this House urge the government to implement immediately a Canadian marine industrial strategy capable of capturing those benefits.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

TRANSPORT

MAISLIN TRUCKING COMPANY—QUERY RESPECTING POSSIBLE REPRESENTATIONS BY MR. BRONFMAN

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Prime Minister. Yesterday the Prime Minister said, as reported at page 19896 of *Hansard*:

—in so far as I know, Mr. Bronfman has made no representations, nor have his associates, to members of this government.

I would like to ask the Prime Minister, while I must accept his word even though I may not believe it, has he checked with other members of his ministry to see if Mr. Bronfman did in fact make representations to them about Maislin?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the hon. member would not accept my word and would not believe my word, why would he believe me if I were reporting on behalf of some other members?

REPRESENTATIONS TO MINISTERS

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, whether I believe it or not, under the rules of the House I have to accept it. I am telling the Prime Minister, the leader of the land, that he must be more than the Pinocchio of political prevarication.

Some hon. Members: Oh, oh!

Mr. Nowlan: He has to show some principle here, and he must show some responsibility in checking with his ministers. I am suggesting to him that there were at least two ministers directly called by Mr. Bronfman, directly in relation to Maislin. In the time between yesterday and today, has the Prime Minister checked to see if any of his ministers had been called by Mr. Bronfman?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member will know that I am not interested in giving him any answers if he does not believe them.

Mr. Lawrence: Caught!

Mr. Clark: Might as well call off question period then.

Mr. Lawrence: Well, none of us believe you. Why do you not get out?

Some hon. Members: Hear, hear!

Mr. Lawrence: Why do you not just get out?

Madam Speaker: Order.

Mr. Trudeau: Why don't you?

Mr. Lawrence: Even your own people do not believe you.

Mr. Nowlan: I am with my colleague.

CRITERIA GOVERNING EXTENSION OF LOAN GUARANTEES

Mr. Pat Nowlan (Annapolis Valley-Hants): What I personally feel or believe is not the reason I am asking the question of the Prime Minister. The Prime Minister has some duty with regard to a guaranteed loan in a brand new area of the service industry. Service industries across this country are crying for assistance. The reasons for the question, regardless of the effect of some people who may have lobbied on behalf of Maislin, involve the very fact that if the Prime Minister believes there is no political clout and if one does not have to be bankrupt to fit some form of criteria, then surely he owes some duty to the people of this country, the taxpayers of this country, and people who vote, to clarify these areas. If those are not the two reasons, political pressure and the fact that one must be bankrupt, will the Prime Minister or his officials publish the criteria so that other people can apply for help?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would be happy to deal with this problem, but I will not deal with it in answer to an hon. member who has sworn to me that he will not believe my answers.

CRITERIA GOVERNING EXTENSION OF LOAN GUARANTEES TO TRUCKING COMPANIES

Hon. Bill Jarvis (Perth): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Even though the majority of the employees of a Canadian company are employed elsewhere and are not Canadians, what are the criteria by which such a company may secure a loan guarantee from the government to enable it to avoid bankruptcy? More specifically, what trucking companies in Canada, no

matter what their size, may apply to have their loans guaranteed at their lending institutions and thus save the jobs of their Canadian employees?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): First of all, Madam Speaker, I do not agree with my hon. friend's premise that the majority of the Maislin company's employees are in the United States. My information is that half of them are in Canada.

Some hon. Members: Oh, oh!

Mr. Andre: You are right. It is not half full, it is half empty.

• (1420)

Mr. Gray: Madam Speaker, my understanding of majority is 50 per cent plus one. I know the opposition would like to have it otherwise, but that is still a majority. In any event, generally we want to see whether there are reasonable prospects for restructuring and returning to long-term viability on the part of companies applying for loan guarantee assistance. If my hon. friend knows of companies he would like to bring to our attention that might be considered because of their financial difficulty, and if there is a basis on the merits for their applications being considered, as I said before, I will be very happy to have the matter brought to the attention of my cabinet colleagues.

GOVERNMENT POLICY ON CRITERIA

Hon. Bill Jarvis (Perth): Madam Speaker, the merits are that they are going bankrupt all over the country. Those are the merits. Last Friday the minister's colleague from Northumberland-Miramichi put it far better than I, that is, what is he to say to his business constituents who could be saved from bankruptcy and, therefore, have jobs saved, by the government guaranteeing their line of credit at the bank? Those are the merits. Having established that, I repeat, what are the criteria? Is it going bankrupt? Is it having 50 per cent of your employees in the U.S.? Is it knowing Charles Bronfman? Is it going to an All-Star game? Just tell us so that I, the member for Northumberland-Miramichi, and hundreds of others can come to the minister and say, "Please save these companies from bankruptcy the same as you saved your friends at Maislin."

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, for some time the federal government has had in place a program of offering loan guarantees in high-risk last-resort situations where, without that type of loan guarantee, the prospects of restructuring and returning to long-time viability of an enterprise would not be there. This program assisted a large number of companies even before the current Maislin situation. As I said before, if people will come forward with applications and make their case on the merits, they will certainly be considered.

NATIONAL REVENUE

FILING OF INCOME TAX RETURNS BY CONSCIENTIOUS OBJECTORS

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I have a question for the Minister of National Revenue, of which I have given him notice. When filing their tax returns, 50 people across the country made out cheques to the Peace Tax Fund representing 10.5 per cent of their income tax, which is the percentage that goes to the Department of National Defence. As conscientious objectors, they did not wish their tax money to be spent on weapons or the armed forces. Eight of these cheques were accepted by the department and were cleared by their banks or credit unions. Therefore, the minister is now holding a significant amount of money in the Peace Tax Fund. Since this money has been accepted and deposited, what is the minister planning to do with this Peace Tax money?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I thank the hon. member for giving me notice of this question. I am not aware that any funds so earmarked have been banked. Indeed, I know of one case where the cheque was sent back which had been addressed to the Department of National Defence because the Income Tax Act does not permit the targeting of tax dollars to any specific project, policy or fund. People may have views and may hold them very sincerely, but the withholding of income tax for special purposes is not a legitimate form of protest.

DEPARTMENTAL POLICY

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I appreciate the answer, but it seems that the group which has been managing this kind of protest has recorded that, of the 40 cheques which have been handled by the department, there are at least five policies. First, the cheque is cashed and the taxpayer told he owes no more money. Second, the taxpayer is told that the cheque has to be made out to the Receiver General and that he still owes the money. Third, he is told that he has to pay the money with interest. Fourth, he is told that he has to pay the money with interest, plus a fine. Why is there so much uncertainty within the department if the policy is quite clear as to how to handle these kinds of things? They seem to have at least five different policies. How can the minister justify that?

• (1425)

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, a number of cases have been brought to my attention. If the hon. member has other specific cases he wants to bring to my attention, I will be glad to deal with them. I must caution him, of course, that discussion of the situations of individual taxpayers is prohibited under the Income Tax Act, but to my knowledge there is one policy. Cheques made out specifically to policy or program areas are not acceptable, and the withholding of tax dollars as a form of protest is not a legitimate form of protest. However, if the hon. member has

specific cases, I would be glad to hear from him on that matter.

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NATIONAL DEFENCE

TRANSFER OF NAVAL RESERVE HEADQUARTERS FROM HALIFAX TO QUEBEC CITY—CABINET POSITION

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question concerning Canada's naval reserve force which I would like to address to the Prime Minister because it really does involve important government policy.

The Prime Minister now knows that a decision has been made to transfer naval reserve headquarters from Halifax to Quebec City. What he may not know is that this decision has shocked both civilian and military officials because it does not relate to national defence. I want to ask the Prime Minister this: was the decision approved by the cabinet, does the cabinet endorse the decision and, if it was not so approved, will the Prime Minister immediately order a review of the decision by a committee of cabinet or a committee of Parliament? If the decision is sensibly reviewed, I know it will be reversed.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would be happy if any minister wanted to raise this in full cabinet. We have a full cabinet meeting on Thursday and, if any minister wants to raise it, I would be happy to deal with it.

The reason why this decision was taken by the minister, on the advice of his officials and of military people themselves, is pretty straightforward. There is not a high enough percentage of Francophones in the navy, and we think it is important that some naval operations be conducted out of Quebec City. That is a simple fact established by statistics. Whereas in the armed forces in general some 26 per cent of the forces are Francophone, in the case of the navy I believe the average is around 13 per cent for other ranks and as low as 10 per cent or 11 per cent for officers.

I think this is an important and progressive move. It will not prevent the naval forces remaining in Halifax from growing. It will simply ensure that some of the services of the navy will be delivered out of Quebec City.

Mr. Crosby: Madam Speaker, I think the real concern is that this is only the first in a series of initiatives designed to give the naval force a greater presence in the province of Quebec.

POSITION OF SECRETARY OF STATE

Mr. Howard Crosby (Halifax West): Madam Speaker, I would like to direct my supplementary question to the Secretary of State, particularly in view of the fact that the Prime Minister has suggested a cabinet review.

The Secretary of State now knows that the reason for this move of naval reserve headquarters from Halifax to Quebec City is to increase Francophone participation in the naval reserve and in Canada's navy. As the person responsible for the administration of the Official Languages Act I would like to ask him whether he thinks this is a fair extension of the provisions of that act and whether he thinks it is a proper exercise of power and authority under that act and within the intent of that act. Does he think that the interests of this nation in terms of national defence should govern over considerations like Francophone participation in the navy and the extent to which there is a certain number of Francophones versus a certain number of Anglophones? What does that have to do with guns, bullets, and national defence?

Hon. Gerald Regan (Secretary of State): Madam Speaker, the hon. member will agree with me that there is no part of Canada where it is more important to have a viable and well-balanced navy than Halifax, and what we have here is not the transfer out of Halifax of a large number of jobs but something which, if every last person was transferred, would amount to about 40.

This is not something which has always been in Halifax. When it suited the purpose, the administrative headquarters of the naval reserve, which is what is affected, was formerly in Ottawa, then in Hamilton, lately in Halifax and, if it is transferred to Quebec at a time when the size of the four naval reserve divisions in Nova Scotia, as well as the navy in general, continues to grow, and a time when $260 million are being invested in buildings to make permanent the headquarters of the navy in the dockyard in Halifax, I cannot think of a better assurance of the future of the navy in Halifax.

It seems to me that if this transfer results in bringing more Francophones into the navy, the future of Halifax as the bastion of the navy in this country is better assured than ever.

Some hon. Members: Hear, hear!

* * *

• (1430)

FOREIGN INVESTMENT REVIEW AGENCY

DECISION AFFECTING LIPPINCOTT COMPANY

Mr. John Bosley (Don Valley West): Madam Speaker, I have a question for the minister responsible for FIRA regarding the 12 jobs that will be lost in the ridings of York East and Etobicoke-Lakeshore, both held by Liberals, if the government persists in its plan to force J.B. Lippincott of Canada to close. The company will be closed as a result of a FIRA decision because there is no Canadian buyer. If I may quote the most likely Canadian buyer, they said that "it would be more profitable" for Lippincott to close the Canadian operation and export books from the United States to Canada rather than selling to a Canadian. Given that description of Lippincott's problem by its most likely buyer, why does the minister continue to adhere to such a vicious double standard? In the Maislin case, American jobs are guaranteed with Canadian money, while in the Lippincott case, where 100 per cent of the

jobs are Canadian, the minister remains firmly and pigheadedly committed to putting 12 Canadians out of work and forcing those jobs into the United States.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the government is not forcing Lippincott to close. That is a decision of the foreign parent, which we deplore, and which it is not being forced to take by this government. It has a number of alternatives available, including making a new application to the government, including seeking a Canadian for a joint venture, and including selling to Canadians. The Association of Canadian Book Publishers has said that it knows of three Canadian firms willing to buy that company. So, Madam Speaker, we are not forcing the company to close. It is a decision of the foreign parent. It is the foreign parent that is putting Canadians out of work. With respect to Maislin, we are saving 2,000 Canadian jobs. There is no double standard; we are being consistent.

QUERY RESPECTING ACHIEVEMENT OF BENEFIT FOR CANADA

Mr. John Bosley (Don Valley West): Madam Speaker, it is sometimes difficult to get ministers to listen. May I repeat what the most likely buyer, the president of Gage Publishing, had to say in *The Globe and Mail* this morning. Presumably the minister only read the headline. He said that "it would be more profitable" for Lippincott to close. The minister is saying that the new foreign investment policy of this country is that if a firm is profitable and can make money, it should get out.

FIRA's job is to decide whether substantial benefits accrue to Canada from foreign investment. Can the minister explain to the House, and to the 12 Canadians who will lose their jobs on November 20, what significant benefit is achieved for them or for Canada when their jobs disappear and there is no food on their tables?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the decision with respect to the Lippincott application was taken in June, 1981, by the cabinet. On the basis of the information presented, it was found that there was not significant benefit in terms of, among other things, consistency with the long-standing policy of the government to encourage a greater Canadian presence in book publishing and book distribution.

The government has not told Lippincott Canada to close. The announcement the company made the other day was not as a result of any order by the government but as a result of a decision taken by the foreign parent. That is a decision it does not have to take at this time, and it is a decision it has taken in spite of the fact that alternatives are open to it. If it does not want to take those alternatives, it has to bear the responsibility—a regrettable one—for the action that my hon. friend is talking about.

PUBLIC SERVICE

APPOINTMENT OF DEPUTY MINISTER OF COMMUNICATIONS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is directed to the Prime Minister. Four months ago the government announced that it was appointing Pierre Juneau as president of the CBC. In the intervening four months no announcement has been made about who Mr. Juneau's successor will be as deputy minister of communications. When will the Prime Minister be making an appointment to that position, and will he give the House the assurance that the new deputy minister of communications will be someone who is experienced and who is drawn from the industry itself, and will not simply be one of the political protégés of the Prime Minister?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will be attempting to fill that vacancy as soon as possible. I can assure the hon. member that I want to choose the best possible person to fill the post.

ASSURANCE SOUGHT ON BACKGROUND OF POSSIBLE APPOINTEE

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, will the Prime Minister give the House the assurance that the person chosen will be drawn from the industry and will be someone who has had first-hand, on-the-job experience in the telecommunications industry, not simply someone from the bureaucracy who has not had first-hand experience in this field?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, there are many qualified people in many areas. I have no one in mind particularly now, but I can assure the hon. member that I will cover the field for the best possible candidate. I cannot give the assurance in advance that he will come from any particular branch of the industry or the private sector or for that matter, of the rest of the public service.

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VIA RAIL

SENATE COMMITTEE RECOMMENDATIONS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, I have a question for the Minister of Transport. The minister may have had a chance by now to familiarize himself with the recommendations of the report of the Senate Standing Committee on Transport concerning passenger rail service in Canada provided by VIA Rail, in which the minister's reorganization of passenger rail system which took effect on November 16, 1981, is referred to as "an unfortunate ad hoc response that has detrimental long-term ramifications for the passenger rail system in Canada."

Does the minister plan any changes in government passenger rail policy in response to the undeniable national consensus that his decision of last year was an arrogant and dumb

mistake, and would he be willing to be helped out of his errors by agreeing to the Senate committee's recommendation that a special joint committee of both Houses of Parliament be created for the purpose of analysing contemporary and future options for passenger transportation service in Canada?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not regret the decision that was made a year ago about this time. I think history will prove that this was the right decision to make. However, I must say, and I have already said it, there is no intention on the part of the government to effectuate other cuts in the VIA system of the size we made a year ago, and no intention of effectuating any major cuts in any way. I am prudent in saying that because there might be an opportunity for other changes.

With respect to the formation of a committee, I have already indicated to the House of Commons Standing Committee on Transportation that I would most probably have a discussion paper to submit to its attention and competence in the fall.

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CANADIAN NATIONAL RAILWAYS

FUTURE OF CN EXPRESS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, history has already proven the minister to be wrong. Empty trains are running from Regina to Winnipeg, the tourist business is a shambles in Jasper, and there are many isolated communities all across the country. But the minister does not listen.

My supplementary question concerns another way in which the government is allowing the proper role of railways in this country to deteriorate, and that is what it has allowed to happen to CN Express over the years. I wonder if the minister is aware of the fact that Air Canada is cancelling, as of February 1, 1983, as was made known last week, its long-standing air express arrangement with CN Express? This move will affect approximately 200 jobs across the system in Canada. Does the minister approve of the apparent intention of Air Canada to contract out these services, and what does he intend to do to protect the jobs of the CN employees affected by this latest move?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, as I have often said, I do not intervene in the day to day operations of Air Canada or of CN. I do not, and I repeat that, I do not intend to intervene in the day to day operations of Crown corporations. That is in the best traditions of government in Canada.

Occasionally they change their minds about what they have done in the past and decide to do things differently, that is their responsibility. On a number of occasions CN and Air Canada—and a speech was made recently by the vice-president of Air Canada on the subject—have ventured into other operations close to their main operation, that is, operating a railway or an airline. In that recent speech the vice-president of Air Canada demonstrated that this has been very profitable for them and has created a great number of jobs in Canada.

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EXTERNAL AFFAIRS

LEBANON—PLIGHT OF REFUGEES IN EMBASSY BUILDING

Mr. John Gamble (York North): Madam Speaker, in the absence of the Secretary of State for External Affairs my question is directed to the Prime Minister. He will know that yesterday we were advised in the House that the government has recalled the Canadian ambassador to Lebanon. He will know that Mr. Arcand had personally viewed his position in Lebanon as being one that would result in his taking a risk if he remained in that country despite the potential loss of his own life. In that regard he was following the fine tradition established by other Canadian ambassadors.

• (1440)

We know that at this time there were approximately 50 refugees housed in the basement of the building in which the Canadian embassy is located. What does the Prime Minister anticipate the effect will be of the withdrawal of the ambassador on those refugees housed in the basement of that building?

[*Translation*]

Hon. Pierre De Bané (Minister of State (External Relations)): Madam Speaker, I can inform the hon. member that the Canadian ambassador, Mr. Théodore Arcand, is at Juniyah, not quite five miles from the embassy office, that the embassy is open, that immigration files are being processed quite normally, and that the ambassador, from his office in Juniyah which is partly in the town hall and partly in a hotel, is in constant communication with our embassy, and finally, that the ambassador is free to go to West Beirut if he feels this is necessary. Thus, our embassy is still functioning, and I do not think we can blame the Secretary of State for External Affairs for having made this decision to protect our staff.

[*English*]

PROTECTION FOR CANADIAN CITIZENS

Mr. John Gamble (York North): Madam Speaker, it was my understanding yesterday from the message that we received that the ambassador was being recalled. There are approximately 1,500 Canadians in Lebanon who need the services and, indeed, the protection of the ambassador. What efforts will the government make to place a full embassy staff at the disposal of Canadians and those, such as the 50 refugees to whom I made reference, who look to Canada for some kind of protection?

[*Translation*]

Hon. Pierre De Bané (Minister of State (External Relations)): Madam Speaker, I think the hon. member is confusing

the present situation with the normal rotation process that usually takes place at this time of the year, when transfers take place between various foreign postings. It was understood several months ago that Mr. Arcand was to return to Canada within a week or two. His trip to Canada has no connection with the decision we made a few days ago to instruct him to move a few kilometres outside the capital. Once again, in view of recent occurrences, it would seem that the Secretary of State's decision was the right one in the circumstances.

CANADIAN EMBASSY IN WEST BEIRUT—SECURITY OF PERSONNEL AND OF CANADIAN CITIZENS

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, I have a supplementary. I would appreciate some further clarification by the minister. This is very important, at least for Canadians who have to contact the embassy in Lebanon. Yesterday, the minister said the embassy was closed, and I quote what he said:

—I am recommending that the Canadian ambassador and his staff leave West Beirut, for their own safety and also to safeguard Canadian interests.

The embassy in West Beirut is either open or closed. If it is closed, there is no one there and in that case I understand there are security reasons. If not—and as I heard this morning—the embassy is still open and there is still staff there. Does the minister mean that the safety of the staff now working in West Beirut is not as important as the safety of the Canadian staff who were asked to leave yesterday and move elsewhere?

Hon. Pierre De Bané (Minister of State (External Relations)): Madam Speaker, of course we feel all lives are important, whether we are talking about Canadian or local staff. In fact, the latter volunteered to stay. Our ambassador told his local staff that they were free to stay home and not work any more. Some employees preferred to go on working, and that is why the temporary office located at Juniyah is in constant communication with our chancery offices. I can assure the hon. member for Saint-Denis that Mr. Arcand told his local staff that they were free to stay home. I am saying this especially because of the news received this morning that a member of the local staff was killed near the chancery. Once again, Mr. Arcand let them know that they were free to stay home.

* * *

[*English*]

AGRICULTURE

EFFECT OF NATURAL GAS TAX ON GREENHOUSE PRODUCERS

Hon. Don Mazankowski (Vegreville): Madam Speaker, I wish to direct my question to the Minister of Agriculture. The minister knows, I am sure, that under the National Energy Program greenhouse producers have been faced with crippling federal taxes which have risen from zero to 83 cents per mcf for natural gas which they use. This increase has occurred over a period of less than two years. Coupled with the fact that the federal government imposes a 60-cent-a-gallon federal tax on farm fuel this constitutes a very regressive measure for the producers of Canada, particularly the small operators. Is the Minister of Agriculture doing anything at all to remove this unfair burden?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member keeps making representations and statements about how much producers are paying for energy. We have done a study on the costs of energy to farmers in Canada compared to costs of energy to farmers in the United States, a country with which we compete generally in agricultural production, both domestically and in international markets.

We can make comparisons. For instance, Alberta, which province has a tremendous amount of money, does not charge provincial tax on gas, etc. At mid-March gasoline cost 29.1 cents a litre and diesel fuel cost 28.8 cents a litre in Alberta, whereas gasoline cost 34.5 cents a litre and diesel fuel cost 31 cents a litre in Montana in the United States.

Mr. McKnight: Try Ontario.

Mr. Whelan: Hon. members can see by those figures that the Americans were paying more than Alberta farmers were at that time. We are considering the cost of natural gas and we are putting together a presentation for my colleagues on the cost of food. As far as the cost of food is concerned, we are very concerned about it. We are most concerned about the total cost of food, in fact about any input into the cost of food.

Mr. Mazankowski: Madam Speaker, the minister of Agriculture, either accidentally or deliberately, refused to answer the question which I posed. The question has to do with the imposition of an 83-cent-per-mcf tax on natural gas, a commodity which is used by the greenhouse operators. The greenhouse operators in the minister's own backyard are complaining bitterly about it.

REQUEST FOR REMOVAL OF TAX

Hon. Don Mazankowski (Vegreville): Madam Speaker, given the fact that market gardening and produce grown in greenhouses offer Canada's best potential in terms of reducing food imports into this country, and since this tax on natural gas discriminates and reduces the competitive position of the greenhouse producers in Canada, is the Minister of Agriculture actively engaged in making representations to his colleagues to have this discriminatory tax removed retroactively?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I hope that the hon. member is not suggesting the greenhouse industry can supply Canada with fresh produce.

Mr. Mazankowski: I did not say that.

Mr. Whelan: He says it offers the greatest potential for production of those products. The greenhouse industry produces tomatoes and cucumbers.

Mr. Stewart: Tell us about taxes.

Mr. Whelan: We know that the food value is twice as good from naturally processed foods as from products grown in greenhouses. They are luxury items. They are used in salads, etc., by our society.

Some hon. Members: Oh, oh!

Mr. Whelan: The hon. member said they are in my backyard. I know that very well. He is trying to say now that I do not know what is going on. In the hon. member's own province there are many benefits for his producers because of the rich Heritage Fund. Funds are distributed easily. His province is not giving producers that much of a break—

Madam Speaker: Order, please.

REPRESENTATIONS MADE BY GREENHOUSE INDUSTRY

Mr. Robert Daudlin (Essex-Kent): Madam Speaker, the Minister of Agriculture will know when he speaks of facts that the greenhouse industry is located in his backyard and, indeed, in my riding. He will also know that for the last two or three years that industry has required access to stabilization by reason of non-profitability and non-return of the marketplace to the growers who obviously are having difficulty. I brought this matter to the minister's attention many months ago. I would be interested as well in knowing whether there is a time frame within which cabinet will deal with this issue and will, in fact, respond to members of the greenhouse industry in Canada which represents some $20 million in my riding alone.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

• (1450)

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows full well that I have a long association with that organization and that productive entity because—

Some hon. Members: Oh, oh!

Mr. Andre: You are the best in the world, Eugene.

Mr. Whelan: —before redistribution, all that greenhouse industry was in my constituency. Most of it was built while I was the Member of Parliament for that area.

Some hon. Members: Hear, hear!

Mr. Whelan: I am saying that I am fully aware of the needs of those people. I am fully aware of what the stabilization board has said about the returns they need, etc. I am fully aware of what the Agricultural Stabilization Act says, about 90 per cent which is statutory, and about using a five-year average price with the current year's input costs. It does not show that there should be a pay-out on that, but if I move into 95 per cent or 100 per cent and make that recommendation, which would be an extra expenditure, there would be no pay-out at the present time under that program. I am just saying that, yes, I am as concerned as the hon. member—

Mr. Epp: Then answer him.

Madam Speaker: Order, please.

* * *

PENITENTIARIES

PLACEMENT OF INMATES IN DOUBLE CELLS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Solicitor General. Recently he announced a new policy of placement of inmates in a number of federal penitentiaries in double cells. Both staff and prisoners have strongly protested this policy, arguing that it will lead to increased tensions in the institution and possibly even to violence.

In view of the fact that this policy of placement of two prisoners in cells built for one runs completely contrary to the 1977 report of the subcommittee on penitentiaries, and contrary to any sound correctional philosophy, and could lead to serious incidents in the institutions affected, will the minister now agree to end this dangerous policy of double-cell usage in federal institutions? Further, particularly in light of the recent tragic deaths at Archambault, when will the minister finally implement the key recommendations of the 1977 unanimous subcommittee report which he has so far completely ignored?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, there are no double-cell occupancies in Archambault, so obviously that was not a factor in the tragic incident there. In general, my answer to the hon. member is that inmates are being put two to a cell in a limited number of institutions because we have no other place to put them. We do not have new institutions coming onstream to provide extra capacity for another couple of years. The indications I have from the correctional services are that they anticipate extra inmate population as a temporary problem and that it will decline within the next couple of years. I would like to put to him that at this particular point, with the responsibility we have at law to incarcerate federal offenders, what other option is there to double celling at this time?

Mr. Robinson (Burnaby): One of the key recommendations of the 1977 subcommittee report was to look seriously at alternatives to incarceration. If we looked at that, perhaps it would deal with the question of overcrowding.

[*Translation*]

RIGHT OF ARCHAMBAULT INMATES TO SEE LAWYERS—GOVERNMENT POSITION

Mr. Svend J. Robinson (Burnaby): My supplementary is also directed to the Solicitor General. Notwithstanding the assurance given last Friday to the President of the Quebec Bar Association that the right of inmates at the Archambault penitentiary to meet with their lawyers would be respected, yesterday, several lawyers were barred from seeing their clients. How can the Solicitor General justify the denial to inmates of fundamental rights enshrined in the new Canadian Constitution, and does the minister intend to reverse immediately this indefensible policy?

Hon. Bob Kaplan (Solicitor General): Regarding alternatives to incarceration, Madam Speaker, I am not responsible for such alternatives since it is up to the courts to decide whether a prisoner is to be sent to prison or elsewhere, and we at Correctional Service Canada are responsible for the people sent to us by the courts. So I suggest that the hon. member ask the courts about alternatives. As for lawyers being barred from Archambault, I am very sorry about the situation following last week's riot, but I can assure the hon. member that the prison will be open to lawyers of inmates as soon as possible. In fact, this morning I spoke to the President of the Quebec Bar and I told him that probably Tuesday next week the prison would be open to lawyers of inmates.

* * *

[*English*]

ENERGY

DOME PETROLEUM—GOVERNMENT POSITION ON PROVISION OF ASSISTANCE

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources who, on July 8, informed the House that consultations were going on with his staff members and certain representatives of Dome Petroleum, with a view to arranging either a loan or some form of financing assistance for that group. Bearing in mind that the group, out of a total indebtedness of $8.4 billion, has $1.4 billion coming due next month, would the minister indicate whether he has anything to tell the House concerning the government's involvement in this matter, or is the street talk true, that he is saving it until the House adjourns so that we may not be able to question him on this subject?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the street talk is not true.

QUERY RESPECTING POSSIBLE AGREEMENT IN PRINCIPLE

Hon. Sinclair Stevens (York-Peel): Madam Speaker, again my question is directed to the Minister of Energy, Mines and Resources. Would the minister simply indicate whether it is true that there is an agreement in principle concerning an arrangement to help the Dome people and, if so, would he indicate what authority he feels the government has to make such an arrangement involving over $1 billion of federal government guarantees?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have not been informed that there was any agreement in principle, and I have certainly not given my assent to any agreement in principle.

* * *

FOREIGN INVESTMENT REVIEW AGENCY

RANDOM HOUSE, CANADA—PROSPECT OF JOB LOSSES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the minister responsible for FIRA. It concerns another 85 Canadian jobs in the publishing industry. The minister will know that, as a result of the sale of the parent of Random House, Canada, the question of the future of Random House employees in Canada is now before FIRA, and indeed has been there for two and a half years. It is exactly the same case as the Lippincott one; they are on all fours. Will the Random House case be treated in the same way as the Lippincott case with the certain prospect of a loss of Canadian jobs?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the decision in this case, as in the other cases in question, will be made by the government. Certainly we will have to give careful consideration to all the circumstances required by the law. We will certainly carry out our responsibilities in that regard.

GOVERNMENT POSITION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the matter was first raised with FIRA two and a half years ago. It is now before the cabinet of Canada. The cabinet of Canada has already forced Canadians employed by Lippincott to lose their jobs. Will the cabinet of Canada force 85 Canadians employed by Random House to lose their jobs as well?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I reject the premise of my hon. friend that it is the cabinet of Canada which forced Lippincott to announce that it was laying off its Canadian employees. It has taken that decision on its own, which is something that we have not required it to do.

Some hon. Members: Oh, oh!

Mr. Gray: In the Random House case, we will certainly look carefully at all the circumstances, in the light of the requirements of the law, including the views of the provincial govern-

ment. My hon. friend should know that a year ago when we considered the Lippincott case we received the views of the Ontario government, and it was in opposition to the acceptance of that application.

TIMING OF GOVERNMENT DECISION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, will the Prime Minister tell me two things? First, will he tell me when the Random House decision will be taken by his cabinet and, second, is this policy decision by the Government of Canada, to throw Canadians who work for Lippincott out of work and to throw Canadians who work for Random House out of work, part of the reform of FIRA which was announced in the budget?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will inquire as to the date when this item is coming up for a cabinet decision. As to the second question, it is spurious and beneath contempt.

Some hon. Members: Oh, oh!

* * *

● (1500)

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

AMENDMENT TO RESTORE COLLECTIVE BARGAINING RIGHTS

Mr. Rod Murphy (Churchill): Madam Speaker, my question is for the President of the Treasury Board. Last week the President of the Treasury Board indicated that he would be restoring collective bargaining rights to the public service and to those Crown and private corporations that come under Bill C-124. He claims that the government would be doing so under the provisions of an amendment which reads in part, "The Governor in Council may by order terminate the application of this act in respect of an employee or group of employees to which this act applies."

How can we trust the government with this completely unbridled power which allows it to exempt the rest of the act from certain groups of employees and employers, keeping in mind the callous and discriminatory treatment that it has given to the employees of Members of Parliament and employees of the Senate by arbitrarily rolling back the present salaries of those workers? How can we trust the government with any more power, when it has already abused the power it has?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, in the course of debate on the report stage, when we look at the proposed amendment, the hon. member for Churchill will have ample opportunity to make his point of view known. I explained at the time the amendment was tabled what its purpose was, how it was intended to restore collective bargaining with those groups who agreed to the six and five limit. That is the position of the government. We stand behind that position. I hope that we will have the comments of the hon. member in the course of this afternoon's debate, at which point I will be happy to elaborate on this brief answer.

* * *

[*Translation*]

PETITIONS

MR. LEWIS—RECONSIDERATION OF GUN CONTROL LEGISLATION

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the 317th Report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Simcoe North (Mr. Lewis) on Monday, August 2, 1982, and finds that it meets the requirements of the Standing Orders as to form.

* * *

[*English*]

HOUSE OF COMMONS

MOTION RESPECTING SUMMER RECESS

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, after consultation with my House leader colleagues in both opposition parties, we have come to an agreement on the following motion. If you seek unanimous consent, according to them and certainly myself, I think you will obtain it.

Therefore I move, seconded by the hon. member for Simcoe North (Mr. Lewis) and the hon. member for Hamilton Mountain (Mr. Deans):

That the time provided for government business under orders of the day on Wednesday, August 4, 1982, shall expire at 6 p.m.;

That, notwithstanding any Standing Order of the House, when the House has completed its consideration of the business ordered to be completed by that time, it shall suspend its sitting until 8 p.m. that day and upon resumption of the sitting shall revert to Routine Proceedings for the purpose of taking into consideration the motion of the President of the Privy Council, now on notice, for an adjournment of the House;

Provided that if, at 10 p.m. that day, a message concerning the granting of the Royal Assent to Bill C-124, an act respecting compensation in the public sector of Canada, has not been received, the House shall adjourn, but proceedings pursuant to Standing Order 40 shall not take place;

Provided further that, if the House sits on Thursday, August 5, 1982, the business taken up under orders of the day shall be aforementioned motion by the President of the Privy Council;

Provided further that, if the aforementioned message has not yet been received by 10 p.m. on August 5, 1982, the debate on the aforementioned motion shall be deemed to have been adjourned; and

Provided that, when the House returns from the granting of the Royal Assent to the aforementioned bill, the aforementioned motion shall, not before 10 p.m. on August 4, 1982, be deemed to have been adopted without amendment and the House shall thereupon adjourn.

This has been the agreement we have been working on for quite a while. It seems that there is unanimous consent. I

therefore ask that you seek unanimous consent for that motion.

Madam Speaker: The House has heard the motion. Does it give its unanimous consent to the motion?

Some hon. Members: Agreed.

Motion agreed to.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MISS MACDONALD—RECONSIDERATION OF BILL C-124

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I wish to table a petition signed by 45 Progressive Conservative Members of Parliament, demanding that the government immediately amend the provisions of Bill C-124 so that the restraint provisions will take effect for the staffs of Members of Parliament and senators only on the expiration of their present salary arrangement, as will be the case for everyone else in the public service; and that the staffs of Members of Parliament and senators not be singled out for punitive action by the government.

I do so in the hope that the government will give credence to this particular petition before the bill is voted on later this day and that this discriminatory action not be taken by the government against the staffs of Members of Parliament—

Madam Speaker: Order, please.

Miss MacDonald: —and senators.

Madam Speaker: The hon. member knows that speeches are not allowed when presenting petitions.

Mr. Clark: And none was given.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,439, 3,231, 3,501 and 4,185.

[*Text*]

TOTAL ADVERTISING BUDGET FOR 1979-80

Question No. 1,439—**Mr. Beatty:**

1. What was the government's total advertising budget for the fiscal year 1979-80 and what is the proposed budget for the fiscal year 1980-81?

Order Paper Questions

2. (a) What amount was spent by the government on French language advertising in Quebec during the referendum campaign period (b) to which creative advertising agencies were contracts awarded to produce such advertising (c) what was the value of the contracts signed by the creative agencies (d) were any of the contracts offered for tender?

3. Were government advertising contracts awarded for the fiscal year 1980-81 to the advertising firms (a) Vickers & Benson Ltd. (b) Ronalds-Reynolds & Co. Ltd. (c) BCP Advertising (1978) Ltd. (d) Jean Prévost Inc. and, if so, in each case (i) was the contract publicly tendered (ii) what was its value?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Multiculturalism Directorate:

1. See reply to question No. 1,450 tabled today. Because no central control was developed prior to 1980, it is not possible to provide the government's total advertising budget for fiscal year 1979-80, or fiscal year 1980-81. Procedures are presently being established for a central control of the government's advertising budget for fiscal year 1981-82.

3. See reply to question No. 1,450 tabled today.

Canadian Unity Information Office:

2. (a) $929,371.15. (b) PNMD Communications, Montreal, Ronalds-Reynolds & Co. Ltd., Montreal. (c) Contracts not to exceed $1,500,000 were awarded to both companies listed in (b). The contracts terminated March 31, 1981. (d) Due to the short notice regarding the launching of the campaign, contracts were not awarded through tender.

3. (a) Yes. (i) The appointment of advertising agencies is made through the chairman of the Cabinet Committee on Communications upon recommendations from the Advertising Management Group as per chapter 485 in Treasury Board Canada, Administrative Policy Manual. (ii) Not to exceed $600,000. (b) Yes. (i) See (a)(i) above. (ii) Not to exceed $1,500,000. (c) No. (d) No.

Employment and Immigration Canada:

3. (a) Yes. (i) No.

(ii) $435,000
$490,000
—
$ 262
$ 1,195.

(b), (c) and (d) No. (i) Not applicable, (ii) Not applicable.

Energy, Mines and Resources Canada:

3.		(i)	(iii)
(a)	No.	Not applicable	Not applicable
(b)	Yes.	No	$5,000,000
(c)	No.	Not applicable	Not applicable
(d)	No.	Not applicable	Not applicable

Department of Finance Canada:

3. (a) Yes. (i) No. (ii) $2,415,000. (b) No. (c) Yes. (i) No. (ii) $760,000. (d) No.

Industry, Trade and Commerce:

Canadian Government Office of Tourism

		(i)	(ii)
3.	(a) Yes.	No	$4,200,000
	(b) Yes.	No	$ 511,000
	(c) Yes.	No	$ 875,500
	(d) No.	—	—

Public Information Directorate

		(i)	(ii)
3.	(a) No.	—	—
	(b) No.	—	—
	(c) Yes.	No	$ 225,000
	(d) No.	—	—

National Defence:

3. (a) No. (b) Yes. (i) and (ii) The Department of Supply and Services on behalf of the Department of National Defence awarded, without tender, a contract to this firm, for a value of $1,625,000. (c) No. (d) No.

Public Works Canada:

3. (a) No. (b) Yes. (i) Contract awarded in accordance with government policy through DSS following Treasury Board program approval. (ii) The value of the contract was $200,000. (c) No. (d) No.

Other departments and agencies:

3. No.

ADVERTISING ADVOCATING GOVERNMENT PROGRAMS

Question No. 3,231—**Mr. Cossitt:**

1. In each of the past three years, what was the total amount spent on advertising advocating government programs and what was the total for all three years combined?

2. (a) For the same period, what was the amount spent by the government for advertising the constitutional views and the constitutional resolutions prior to passage by Parliament (b) what are all the reasons justifying the expenditure of public funds on one point of view on a question that was not the law of the land at the time?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. See reply to question No. 3,501 answered this day.

2. (a) $5,900,000. (b) The Canadian Unity Information Office has a mandate to inform Canadians on their country, its system of government and the services offered by their national government. The objective of the advertising on the Constitution was to make Canadians more aware of the importance of what was being discussed without advocating any particular approach.

The government's policy was restated lately in a speech by the Hon. Gerald Regan on November 25, 1981, "In addition to explaining programs and legislation which have been approved by Parliament, the government has a duty to inform the public on its proposals before they have been decided by Parliament. This principle recognizes that without factual information about the government's proposals and the issues being addressed, the public does not have the opportunity to make its views fully known to the legislators, based on good information.

GOVERNMENT ADVERTISING BUDGET

Question No. 3,501—**Mr. Beatty:**

What amount was spent by the government for advertising in (a) 1979-80 (b) 1980-81 and what is the projected budget for 1981-82?

Hon. J.-J. Blais (Minister of Supply and Services): The Department of Supply and Services assumed responsibility for contracting for government advertising services on September 19, 1979. Since that date, the values of contracts placed by the Department of Supply and Services, by year, are as follows:

(a) 1979 (Sept. 19)-80: $22,500,000.

(b) 1980-81: $57,900,000. As of December 2, 1981, the projected budget for 1981-82 is $68,900,000.

VALUE OF ADVERTISING CONTRACTS

Question No. 4,185—**Mr. Baker (Nepean-Carleton):**

By (a) department (b) advertising agency, what was the value of all advertising contracts processed through the Department of Supply and Services for the fiscal year 1981-82?

Hon. J.-J. Blais (Minister of Supply and Services): The tables below provide by department and advertising agency the advertising expenditures for the contracts processed through the department.

Departmental Advertising Expenditures
Fiscal Year 1981-1982

Department	Expenditures ($000)
Agriculture Canada	2.5
Canada Post Corporation	1,668.1
Chief Electoral Officer	27.4
Department of Communications	12.2
Consumer and Corporate Affairs	640.2
Employment and Immigration	4,694.5
Energy, Mines and Resources	5,044.0
Environment Canada	249.3
Finance Canada	3,170.7
Fisheries and Oceans	253.4
Fitness & Amateur Sports	87.0
Health and Welfare	3,003.7
Industry, Trade and Commerce	14,484.1
Justice Department	12,738.3
Labour Canada	215.5
National Defence	3,835.8
National Research Council	21.7
Public Works Canada	1,269.3
Regional Economic Expansion	1,365.0
Revenue Canada, Customs and Excise	15.1
Royal Canadian Mounted Police	450.2
Secretary of State	2,765.6
Statistics Canada	1,950.7
Supply and Services Canada	763.2
Transport Canada	1,563.8
Treasury Board of Canada	82.9
Veterans Affairs Canada	49.3
Total	$60,423.5

Advertising Expenditures
by Advertising Agency
Fiscal Year 1981-1982

Planning/Creative/Production/Research	Expenditures ($000)
Agence de Publicité Média Ltée	343.4
Baker Lovick Ltd.	170.0
BCP Group Ltd.	2,165.7
Buckingham, White, Solituro	74.0
Burgess Advertising Ltd.	5.5
Cabana Séguin Inc.	286.6
Cardon Rose Ltd.	45.0
Carleton Productions Division	7.3
Cattell Ray Ltd.	1.2
Charette Jacques & Associés	1.3
Cockfield Brown Inc.	207.5
Communication PNMD Inc.	394.4
Cossette & Associés	252.9
Crombie Advertising Ltd.	31.0
Currie-Irving Advertising	7.0
Day Personnal Adv. Services	150.0
Ethnic/Ad Inc.	15.4
Foster Advertising Ltd.	23.0
Glowinsky & Gee Advertising	88.1
Goodis Jerry Agency Inc.	1,108.8
Gordon Hill Advertising	552.3
Graetz Bros Ltd.	2.5
Hartford & Assoc. Inc. D.W.	45.8
Hewson-Bridge Associates Ltd.	3.5
IDM Communications Ltd.	444.0
Innovacom 82124 Canada Ltée	5.9
John Doherty and Co.	21.8
Le Groupe des Communicateurs	654.0
Les Communicateurs Associés	63.0
Les Communications Wren Inc.	45.9
Léveillé & Associés Inc.	27.9
MacLaren Advertising Ltd.	1,250.1
Marcom Incorporated	49.9
Martin Publicité Ltée	53.2
McCabe, Neill and Associates	15.0
McConnell Advertising Co. Ltd.	369.4
Palmer Jarvis & Associates	105.4
Payeur Publicité Inc.	52.2
Pierre Tremblay Publicité Inc.	209.2
PIR Advertising Ltd.	44.9
Planicom Publicité Ltée	1,092.9
Price, Rubin and Partners Inc.	222.8
Publi-Média Inc.	747.9
Publicité Intercom	20.0
Reidcorp	61.6
Richmond—GGS Advertising	427.0
Ronalds-Reynolds & Co. Ltd.	2,535.7
Rowntree Advertising Ltd.	50.0
RVHA Advertising Ltd.	63.4
Sainte-Marie, Gilles et Associés	800.0
Stringham & Grant Tandy Inc.	666.1
St-Alexander Advertising Ltd.	56.5
Vickers and Benson Ltd.	4,146.3
Warwick Bradshaw Inc.	398.9
Wilshar Advertising Ltd.	121.2
Adcom Research Ltd.	79.9
Crop Inc.	14.2
The Canadian Gallup Poll Ltd.	50.5
Commercial Associates Ltd.	2.7
Publithèque	4.4
Krohn Advertising Ltd.	7.4
Creative Concepts	44.7
JPL Productions	4.5
Centre de Recherche	25.0
Sub total	$21,037.6
Media	
CMC—Canadian Media Corporation	36,446.4
Richmond GGS	1,650.0
Day Personnel	850.0
Travel Times	248.1
Dir-Ad	87.6
MacLean Hunter	63.9
Canadian Wood Energy Institute	30.2
Tele-Direct	9.7
	$39,385.9
Grand Total	$60,423.5

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 1,450 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that Question No. 1,450 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

GOVERNMENT'S ADVERTISING BUDGET FOR PAST TEN YEARS

Question No. 1,450—**Mr. Beatty:**

1. By organization, what was the government's advertising budget for each of the ten years beginning in the fiscal year 1970-71 and concluding with the anticipated budget for 1980-81 and, in each case (a) for what program was the advertising designed (b) what agency or agencies performed the work and was a formal contract signed with the agency and, if not, in which cases were contracts not signed and for what reason?

2. Have there been any instances where one organization reserved media time or space with the intention of turning it over to a second organization within the government and, if so (a) what were the organizations involved (b) on what date did such an occurrence take place (c) for what reason was such a course of action followed (d) what was the cost of the time or space purchased and how was it ultimately used?

Return tabled.

[*English*]

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

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

[*English*]

Mr. Stevens: Madam Speaker, I rise on a point of order. I once again ask the parliamentary secretary if he has forgotten question No. 2,042, which was asked on January 29, 1981. If the parliamentary secretary has forgotten what the question was, it stated:

1. What was the total cost of the Prime Minister's December-January world tour?

2. What percentage of the total cost of the trip will be paid by the Canadian taxpayer?

Would the parliamentary secretary indicate why this question is still not answered?

Mr. Smith: Madam Speaker, I will look into the matter on behalf of the hon. member. I know that I have done so before, but I will make a further inquiry. Of course, I was so busy lately assembling the material in the response to the question which I tabled today—it weighed about ten pounds—that I

have been slightly preoccupied. However, I will look into the matter again.

Mr. Stevens: Madam Speaker, while the parliamentary secretary is looking into that, he might also look into why questions Nos. 3,216, 3,217, 3,218, 3,219 and 3,220, which also asked about other trips on the part of our emperor, the Prime Minister, to various parts of the world, have not been answered. These include a trip to New York in March, 1981, a trip to Algeria in May, 1981, a trip to Washington in July, 1981, a trip to Australia, Korea and The Philippines in September and October, 1981, and a trip to Cancun, Mexico, in October, 1981.

• (1510)

None of these questions has been answered in spite of the fact that they were asked almost a year ago. As we now know that the Prime Minister is planning extensive new trips, I think it is time the Canadian public were informed what these trips are costing them.

Mr. Smith: Of course I will be happy to look into those matters on behalf of the hon. member, but lest anyone think the government does not take these questions seriously, I should point out that as of today 3,527 questions have been answered during this session.

Mr. Taylor: Madam Speaker, I do not want to interfere with the happiness of the hon. member, since every time I ask a question he says he is so happy to look into it, but I wonder if he would make me happy and let me have an answer. When may I expect an answer to question No. 2,329?

Mr. Smith: I would be more than happy to look into that matter on behalf of the hon. member and I will do so with holy haste.

GOVERNMENT ORDERS

[*English*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House resumed from Monday, August 2, consideration of Bill C-124, respecting compensation in the public sector of Canada, as reported (with amendments) from the Standing Committee on Miscellaneous Estimates, and motion No. 4 (Mr. Murphy).

Mr. Rod Murphy (Churchill): Madam Speaker, perhaps before you leave the chair I could ask a question with regard to a ruling you made the other day. You indicated at that time that you were ruling Motion No. 1 out of order, and that at some later time I would be allowed to speak to that. I wonder when that time would be.

Mr. Epp: Not now.

Madam Speaker: That time has passed, I am afraid. When I gave the groupings of the different amendments which were up for debate, I ruled Motion No. 1 out of order and indicated that, if the hon. member wanted to make argument I was prepared to listen to him. I believe we have now gone through these motions up to Motion No. 7 or 8, if I am not mistaken, and therefore if the hon. member wanted to present an argument about Motion No. 1, he ought to have done that at the very beginning, especially considering the nature of the particular motion which has to do with the title of the bill. So I am afraid that the time at which the hon. member could bring argument has passed. I am very sorry that he did not take advantage of the offer I made to him at that time, but the time has passed and I suppose it would not be very useful to discuss Motion No. 1.

Mr. Murphy: Madam Speaker, I may have been misled inadvertently by your own statement. It is reported on page 19866 of *Hansard* of July 30, 1982, where in the second last paragraph on that page you say, referring to myself:

> Unless the hon. member wishes to present argument on this point later, I intend to rule Motion No. 1 as not acceptable.

As we were going on to Motion No. 2 immediately afterwards, I presumed, maybe wrongly, that "later" was not immediately, that later referred to some time in the future. It certainly is the intention of this caucus to pursue the matter of the title of this bill. We believe that the present title does not really talk about the substance of the bill, and that the title that we have suggested, which says basically that it outlaws collective bargaining, allows the government to break collective agreements that it has already signed and so forth, is the real purpose of this bill and should be the title of this bill.

I would be in the Speaker's hands for her to indicate when "later" really is, because I certainly went on the advice of what she said at that time.

Madam Speaker: Later was certainly later, but I gave no indication of how late that was. The hon. member must realize, since we do take up motions in the order in which they are numbered, that later meant that these objections had to be raised before we discussed that particular motion. I will quote what I said in my ruling on page 19866 of *Hansard*, July 30, 1982:

> The long title sets out, in general terms, the purposes of the bill and should be amended only if and when amendments of substance are made to the bill which would necessitate as a consequence changes to that title.

Therefore, unless the bill is substantially changed I could not see any reason for changing that title. Therefore, my ruling has to stand. I am sorry that the hon. member did not raise his arguments earlier because I would have been more than happy to listen to them then; but I am afraid the time has passed.

Mr. Murphy: On that same point, I guess I have a problem because again reading from what you said on page 19866 of *Hansard*:

Unless the hon. member wishes to present argument on this point later, I intend to rule Motion No. 1 as not acceptable.

There is no other reference to Motion No. 1 in your ruling. So you give an indication that I can speak later. You say that you intend to rule this out of order, but you do not rule that. My understanding was that you gave notice of your own intent.

Madam Speaker: I am not as good as the hon. member at interpreting English, but "I intend to rule" is a soft way of saying "I rule". I do not like to stand up here and be too affirmative, but I am sure the hon. member should have understood that that was my intention and was my ruling at that particular time.

Mr. Mark Rose (Mission-Port Moody): Certainly, Madam Speaker, I can see how the hon. member might have been confused by your ruling; I am confused by the explanation. Surely the House is the master of its own destiny, and if the hon. member wishes to argue whether or not Motion No. 1 is out of order, this House through its generosity and fair mindedness could by unanimous consent permit the hon. member to put his argument at this moment.

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I listened very carefully to the words of the hon. member for Mission-Port Moody (Mr. Rose) and if that would help the House in its dilemma we would be quite prepared to give unanimous consent so he can put his argument.

Madam Speaker: It is quite a dilemma because I have just given an interpretation of what my ruling said, and in my view it meant that I had ruled. If the House did not understand what I meant, I suppose there is nothing wrong with being generous. If the House generously wants to allow the hon. member to give his argument on Motion No. 1, I am sure we can listen to him; but in the interest of the House I would ask him to be brief. Subsequently I will look at his argument and rule on it in a definitive manner.

Mr. Murphy Thank you, Madam Speaker, and I thank the House as well.

It is our position that the title of the bill should reflect the substance of the bill. We believe as a result of suggestions in this bill and government amendments made to the bill that it is much better to have the bill named in such a way that the general public and the people affected by the bill clearly know what it means. Because of that we have argued, both in committee and we are now arguing in this House, that this bill should properly be entitled "An Act to break contracts, lower real wages and outlaw collective bargaining in the public sector of Canada".

• (1520)

That is the motion that we have moved. We sincerely believe that that would make the real intent and effect of the bill very clear to all Canadians. The titles offered by the government, both the long title and the short title, say noting on these very important factors in the bill and, as a result, many Canadians do not know what the government, together with the official opposition, are doing with regard to the bill.

I do not wish to speak longer on this subject. I do not want to delay debate because only one and a half sitting days remain for debate on the entire bill. But I would ask Your Honour to rule that titles should reflect the actual substance of a bill.

Madam Speaker: I need not rule. That is a requirement. Titles should reflect the substance of a bill. I am afraid that the suggestion which the hon. member is making is that titles should be argumentative, as well. I decided that the suggestion in Motion No. 1 was argumentative, and I ruled it out of order on that ground. The hon. member has not given me an argument to change my mind. Therefore, I do rule that motion No. 1 is out of order.

Mr. Murphy: Madam Speaker, I understand that I have three minutes left in which to conclude my argument with regard to Motion No. 4 which stands in my name. The intent of that motion is to restore collective bargaining rights to employees of the Canadian Pacific railway system and to employees of the other four railways the government has decided to include in the bill, although all five of those railways are in the private sector. We will present a similar motion later on which would also state that Canadian National should be excluded from the provisions of this bill.

It is our belief that the railway system is a very important sector in the Canadian economy. Through good management in negotiation arrangements involving Canadian Pacific, Canadian National, the other companies and the unions, we have managed to have railway peace over the last number of years in this country. Therefore, not only do we find the bill itself to be repugnant, but we also find it very dangerous that the government will break a collective agreement which has already been reached between the railways and their unions. After negotiations have already been settled and after an agreement has been signed by the respective parties, I think it is very dangerous to break it.

This will result in many problems for Canadians in the future, not only for the companies and the unions, but also for farmers and communities which rely on those railways. That is because at the end of this wage control period, the members of those unions will want to catch up. For each of the next two years, they will lose 6 per cent and 5 per cent. At the end of that time, they will want to catch up. I and fellow members of my caucus cannot see how we can have railway peace two years hence when all those workers will suddenly attempt to catch up and regain the wages to which they had already agreed but which have been lost strictly because of the government's action.

We therefore argue that the amendment with regard to CP and our later amendment with regard to CN must pass. I would hope that Conservatives and Liberals from all parts of the country who are concerned about the transportation system would support our amendments.

Mr. David Berger (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, it gives me a great deal of pleasure to speak in the debate on Bill C-124, particularly because of the comments by hon. members from both opposition parties in the debate yesterday, which I had the opportunity to hear. Each hon. member from the opposition parties told us how the Canadian economy would be radically different if the government followed their prescriptions or if they were in power. They said it would be much improved and we would not be encountering today's unfortunate problems.

These prescriptions reminded me of a recent article in *Forbes* magazine. The article, an interview of the French historian, Fernand Braudel, was captioned "Inflation; poverty; dying industries: The crisis is universal, a great historian tells *Forbes*. Politicians who promise quick cures are fools or liars."

I believe that anyone listening to the debate in the last day or two and hearing these prescriptions from the two opposition parties would come to the rather rapid conclusion that we have plenty of fools and liars in the House. An illustration is the state of the auto industry in North America. We are all familiar with the problems it has had in the past several years involving imports and its production of automobiles which are not up to world standard. As a result, there have been tremendous lay-offs throughout the industry. There have been many studies of the problems of that industry. One which I recently had the opportunity to read was carried out for the task force on employment opportunities in the 1980s. This study, entitled "The Medium-Term Employment Outlook in the Canadian Automotive Industry", discussed the state of the industry and tried to predict the number of persons who would be employed in that industry in Canada over the course of the next ten years.

In 1980, the Canadian automotive industry employed approximately 98,000 workers. The study forecast that in 1985, not allowing for offshore procurement, it would employ somewhere in the neighbourhood of 64,000 to 73,000 workers, which would mean a decrease of approximately 34,000 workers, if one wants to take the lower limit. Allowing for offshore procurement, that is, if the automotive industry were to purchase parts from foreign countries, the automotive industry would employ only something in the neighbourhood of 53,000 to 60,000 workers in 1985. By 1990, even a further reduction is predicted. The forecast, again not taking into account offshore procurement, is that approximately 50,000 to 55,000 workers would be employed; or allowing for offshore procurement, only 41,000 to 45,000 would be employed.

• (1530)

You have there, Mr. Speaker, an authoritative study which predicted that even under the best of circumstances the Canadian automobile industry will employ in ten years from 1980, which is eight years from now, approximately half the number of workers it employed in 1980. I quote from the conclusion of this study:

> Essentially we are looking at an industry whose size and work force in North America will contract, even if the same number of vehicles are purchased, because of changes in production technology.

I defy the members of the opposition to tell us how they, if they were in power, would change this employment outlook. The problems which the Canadian economy is facing today are complex. They require all the ingenuity that Canadians can muster in order to solve them. To suggest that interest rates can be magically lowered, as is often proposed by the New Democratic Party, or that all of our problems can be solved by less government intervention, is foolish.

Recently we had an example of how the prescriptions or preconceived notions of the New Democratic Party fit in with reality in the study on bank profits. The two members of the NDP who sat on that committee walked out of the committee hearing when it turned out that the facts did not fit the ideas they had when the hearing started. As my colleague said, their attitude is "don't confuse us with the facts".

We had a similar example of the prescription of the Progressive Conservative Party, that less government intervention will solve all the problems. The best example I can cite is Chrysler Corporation. Because of the structural problems I was referring to and because of bad management and a failure to keep up with advanced technology in other countries, it was on the verge of bankruptcy several years ago. Governments in the United States and Canada decided that, given the importance of the automobile industry in North America, the number of people it employed and the subsidiary industries that relied upon the help of that industry, it was necessary to provide certain loan guarantees and government support in order to get that company back on its feet. Assistance was given only when it was assured the company had a plan and ideas to restructure itself and improve its techniques in order to produce more efficient cars which the public would be willing to buy. Naturally those in the Conservative Party abhorred that kind of government intervention. They felt the government should not get involved. Even today when the government sees fit to help other companies experiencing similar difficulties, we hear the same cry—"No, the government should not get involved".

What is the proof of the pudding? Several weeks ago Chrysler Corporation announced the largest last quarter profit in the past four or five years and seems to be well on the road to recovery. That is proof that simplistic solutions from the Conservative Party do not provide the answers to the ills of the Canadian economy.

This bill proposes that increases in wages of public servants be limited to 6 per cent and 5 per cent over the next two years. As could very well be expected, the plan has been vilified by both of the opposition parties and by members of the press. Jack McArthur, in a column in the Montreal *Gazette* of July 2, 1982, stated as follows:

> It's not possible to have one group of Canadian workers and organizations heading for long toward a chilly austerity not noticeably suffered by the remainder. Over time, that would bring an indigestibly large number of economic distortions, demonstrations, strikes, resentments and political difficulties.

He has criticized our program. It is clear that the circumstances which he cites support our program. Certain parts of

the economy are suffering from the recession and from the transformation that is taking place in our society. They have been asked to bear the burden solely, without help from other segments of the economy.

There are two good reasons for supporting this program and this legislation. The first is on the basis of equity and the second on the basis of competition. As I was mentioning, certain industries are being asked to bear the burden of this recession and the structural changes taking place in Canadian society. Other sectors, such as the public sector, are not subject to market forces. They are removed from competition. The workers do not negotiate under the same constraints as those in areas of the economy that are subject to competition.

In those areas of the economy that are not subject to competition and the kind of technological change which is hurting certain sectors of the economy, it is only logical that those most fortunate people be asked to contribute to the improvement and restructuring of those parts of the economy undergoing such difficulties. In a few moments I will get into some of the efforts the government is making to help with the restructuring of the industries to which I was referring.

• (1540)

As I mentioned earlier, the second reason for supporting this legislation is competition. Certain sectors are facing competition from industries overseas and in the United States. I am familiar with a number of companies which bid on contracts in the United States or in other countries. I am sure all hon. members are familiar with similar companies in their constituencies or in their areas of the country.

As I mentioned yesterday in the few brief remarks I made, 30 per cent of Canada's gross national product comes from exports, whereas only 10 per cent of the gross national products of the United States and Japan are dependent on exports. This indicates the extent to which Canada has had to trade in order to survive. I am familiar with certain companies which in recent years have had to bid on contracts in the United States. They have had to put up with wage increases which have far exceeded increases in productivity and far exceeded the level of wage increases in the United States.

There is a particular company of which I am aware which has a plant in an area of Montreal and another plant in the state of Vermont. Some time ago I was talking with the president of that company—this was before the recent devaluation of the Canadian dollar—and he told me that he paid his workers in the plant in Vermont approximately $4 per hour less, all things being considered, including the exchange rate, yet the workers in the two plants were doing essentially the same work. Recently this company had to go through wage negotiations again. As we know, settlements in the United States have recently been in the order of 4 per cent or 5 per cent in some industries, but the Canadian workers in this particular company asked for increases of something in the order of 10 per cent. The president of the company said no, he would not go beyond 6 per cent, and he encouraged the workers to follow the lead which had been taken by the Government of Canada and to understand the extent to which their jobs were dependent upon showing restraint. I am happy to say they agreed to that. They agreed to increases of 6 per cent, and hopefuly this company will continue to prosper and grow.

What would have been the case if the government had not changed its policy, if we were going along oblivious to the difficulties being experienced by many sectors of the economy and allowed increases in the order of 10 per cent or 11 per cent? It would certainly be a very difficult situation. It would be almost untenable for people in more competitive industries and those open to international competition to go to their workers and ask them to accept something less.

I think I have demonstrated that this program can be supported both on the basis of equity and for competitive reasons.

I believe my time is up. I wanted to say a few words about the national training program which has just been adopted by the government. The hon. member for Rosedale (Mr. Crombie) described it as the most significant piece of legislation we will pass in this session. Unfortunately, I did not have a chance to get into that. I hope to come back to that at an early opportunity, and I thank hon. members for this opportunity to express my views on this subject.

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, I rise to speak on Bill C-124, respecting compensation in the public sector of Canada and, particularly, Motion No. 4 which we have moved and which would strike out lines 6 to 17 on page 3 and substitute certain words to which I would like to refer, because the bill is very deceiving as it now reads. The bill is legislation respecting compensation in the public sector of Canada but, because of actions taken by the President of the Treasury Board (Mr. Johnston):

> This part applies to employees of Canadian Pacific Limited and its subsidiaries who are employed in the operation of a railway and to the employees of the following:
>
> (a) Ontario Northland Railways;
>
> What is public about that?
>
> (b) Algoma Central Railway Company;
>
> What is public about that?
>
> (c) Toronto Terminals Railway Company; and
>
> (d) Shawinigan Falls Terminal Railway Company.
>
> What is public about that?

Mr. Blaikie: Let's make them public. Let's nationalize them.

Mr. Parker: We know Ian Sinclair came to Ottawa to head the private sector in pushing this bill through. In my speech the other day on one of the other clauses I questioned the hon. member for Rosedale (Mr. Crombie) and the hon. member for Vancouver South (Mr. Fraser) about meetings they had with railway representatives. The government has added to this bill the railways I have cited with the consent of the Conservative

Party, and the result for employees of these railways will be misery. The hon. member for Rosedale said that the New Democratic Party is not acting in a responsible way and that we are in serious trouble. Yes, we are in serious trouble, and one of the reasons is that since 1978, almost $30 billion has been spent on takeovers by large multinational corporations. Half that, a staggering $14 billion, was spent in the first nine months of 1981, but not one job was created by those takeovers.

Ian Sinclair is chairman and chief executive officer of Canadian Pacific Enterprises Limited, and the list of his directorships goes on and on. However, I will name only one. He is a director of the Royal Bank of Canada. It is interesting to note that other corporate elite tied into Canada's corporate structure also sit on the boards of directors of the Bank of Montreal and other major banks across Canada. This corporate elite is neatly tied together to dictate interest rate policy and other policies to the government. The Conservative Party is following suit with the corporate elite right down the line. Members of the Conservative Party want to steal money from workers while these takeovers take place.

Small businessmen are losing their businesses because all this money is tied into big multinational takeovers. The boards of directors of banks have clearly directed bank money into takeovers which have not created one job but have taken money away from small businessmen. A small businessman who walks into a bank wanting to borrow money finds that the money is already taken by the big corporate elite for the purpose of takeovers but not for the purpose of creating one job. I brought this matter up in committee and was told that this was done in the energy field. What energy is involved in the Hudson's Bay Company taking over Zeller's? Where are the extra jobs in such programs?

• (1550)

Another interesting gentleman sits on the board of directors of CP Rail, the Hon. John Turner, a former minister of finance with the Liberal government. Let me list his directorships. He is a partner in McMillan, Binch which is located in the Royal Bank Plaza in Toronto; a director of Canadian Investment Fund, Ltd.; Canadian Pacific Ltd.; Credit Foncier; MacMillan, Bloedel Ltd.; Marathon Realty Co. Ltd.; Massey-Ferguson Ltd.; Sandoz (Canada) Ltd.; The Seageam Co. Ltd.; Wander Ltd. Those are the directorships he holds. We begin to see the tie-in between the Liberal government, the former Conservative government and who they represent.

We heard members of the Conservative Party say how concerned they are about jobs. If they are so concerned and if the government is so concerned, then why do they not tell Ian Sinclair to build his ships in Canada and man them with Canadian merchant marines instead of flying the flag of another country? Those are the kinds of programs that should be put in place in order to put people back to work.

I want to speak about the bill as it affects workers, Mr. Speaker. I feel that members of this House do not understand the problems there are in the railways industry. The President of the Treasury Board has no knowledge of what is going on in the Department of Labour. He has literally smashed Part III, Part IV and Part V of the Canada Labour Code.

Over the last few years the unions on the railways and in many Crown corporations have been negotiating contracts on actual problems and actual costs. They agreed to build a COLA clause into the last two contracts to provide that the money agreed to would be collected the following year. In other words, if the cost of living went up the year after, then they got an increase; but if it did not, then they received nothing. Of course, the cost of living is going up. The government knows that it will continue going up, so now it is going to freeze the wages of the people concerned.

If that is done, then what happens to the local union representation on the railway system? What happens to the people representing the workers and who have to deal with their problems? When you take away the initiative of having something to bargain for, the initiative to deal with health and safety problems, and you tell the workers these are monetary problems and cannot be dealt with, it is no wonder that people are reluctant to join the union executive.

I want to talk about the slides that come down the mountains, Mr. Speaker. When they shoot the slides down and the trains come down the hill and they wait, a clause in the railway workers' agreement says that after ten or eleven hours of duty they are entitled to go home. But many dedicated employees will wait and continue to carry out their duties. What kind of working relationships will there be when there is this kind of hardship?

When Mr. L. A. Hill, who is manager of Canadian Pacific's western lines at Vancouver, was superintendent of the Revelstoke division, he wrote a letter commending the workers for their dedication during very, very serious snow conditions. That took place in a spirit of co-operation, not a spirit of confrontration, Mr. Speaker. The government has presented this bill to the House in a spirit of confrontation. How does it expect the workers of Canada to accept it and then perform beyond what is required of them when takeovers are taking place, excessive profits are being made and CP steamships are flying the flag of another country and manning its ships with workers from another country? All this is in the interest of profit and not in the spirit of building Canada. Yet the workers of Canada are being asked to try to help rebuild. The government's policies have destroyed Canada. In a manufacturing economy we have to start to build and put things back together. We have to hire employees, invest in the unemployed and put them back to work.

I should like to talk about other things that have taken place with the railway trade unions, Mr. Speaker. There is the problem of the grievance procedure. Who is going to devote his time to a local grievance committee which is 100, 200 or 300 miles away from the general chairman? This job of representing 200 or 300 employees carries no remuneration. Safety problems such as those with the Connaught tunnel where exhaust fumes overtook some employees and resulted in their being taken to hospital in the past cannot be discussed at a distance. A bill such as this requires that a monetary value be

placed on such incidents, and then it is declared to be a monetary issue and the workers are told to find the best solution they can to the problem.

I want to talk about train derailments on the CNR, CP Rail and the other railways. Employees go out to try to clear the track and get the trains moving again. Some of them work as long as 24 or 36 hours without rest in wet, cold and miserable conditions. An agreement has been signed, sealed and delivered by the unions and companies and voted on by the membership, yet legislation can take it away. Is that democracy? I call it hypocrisy.

Those are the things that this bill will do, Mr. Speaker. It will destroy the basis on which we have built a free collective bargaining system. I should have liked to ask the chief mediation officer, Mr. Kelly, for whom railway workers have the deepest respect, if he had been allowed to come to the committee, how he was going to deal with some of these problems. I would have liked to ask the labour relations officer who came to Revelstoke to investigate an illegal dispute over hours of work and meals on the job about all these things.

The grain people were blaming the railway workers and the railway workers were blaming the railways, while the truth of the matter was that so much traffic was coming in from the coalfields in the Kootenays, there was so much grain, so much potash and so much sulphur all arriving together, that the workers had reached their limit.

The labour relations officer went to investigate. The workers defied the law and they were told that although their problems were recognized they would have to wait until their bargaining unit went through the proper process. They pleaded with the judge and told him that they realized they had broken the law but they had to bring the issue to someone's attention. However, they were fined $500 each under the Canada Labour Code. Now the Canada Labour Code is going to be butchered in half. How are you going to have accountability from mediation officers, labour relations officers and the Minister of Labour (Mr. Caccia) when the President of the Treasury Board starts bringing in legislation that he knows nothing about? He denies the committee the right to have the Minister of Labour and his officials appear before that committee.

• (1600)

I want to say, and I say it with the deepest of thoughts, that I can see some very, very serious problems arising as a result of this legislation. I hope I am wrong. I hope to goodness I am wrong. We have had a free collective bargaining system working which recognized the cost of living. Our trade unions have operated in a responsible way and have said: "We recognize the problem; therefore, we will not put in our demands. But at the end if there is a cost of living clause, we expect to get it." People have been getting the cost of living increases. But what is going to happen in January when these workers are not only told that their wages on which they have a signed contract will be rolled back but also that their COLA clause has been destroyed? If the cost of living continues to rise, what do you think is going to happen, Mr. Speaker? I can see the framework within each local union starting to disintegrate.

Why would anyone in their right mind want to take a position on a local trade union when his hands would be tied behind his back? How do you think this person would feel when he is faced by literally 200 or 300 members who plead for something to be done? Members approach their union representative on faith. You hear them say "I have my ten hours in; I want to get home. I was in Field for over 14 hours, I want to get home." Who in their right mind would take on those kinds of responsibilities?

When the AIB guidelines were in force, some of those things were recognized. They were serious. You cannot and you must not dictate policies when you have had the freedom of collective bargaining.

The trade union movement, especially in the railways, has come a long way working with the Ministry of Labour, working with various departments, whether in mediation, in conciliation or in labour relations. People had a feeling they would be heard. When things fail, there was a railway arbitration system to which they could go. People accept decisions of arbitrators. Yet almost 90 per cent of the time the arbitrator rules in favour of the company, but people accept these decisions because they were made through an arbitration system. Representatives of the railways, the labour unions and companies come to an agreement and they accept the arbitrator's decision. They feel that at least their case was heard.

How many cases will get that far now? The local process will be gone. The general chairman's authority will be criticized by every worker who will say: "You can do nothing for me. The bill is in front of us. Everything is tied up. What can you do for us? The law has been passed. We are severely dealt with. Where do we go from here?" Those are the kinds of problems this bill will create.

There is one more myth which I would like to refer to before I close. It concerns productivity. I refer to the U.S. bureau of labour statistics which in 1981 stated that hourly wages in manufacturing were 11 per cent lower in Canada than in the United States. Let us look at longer-term figures. Let us take a look at ten major western nations, including Canada. Every single country had higher manufacturing wage increases than Canada between 1975 and 1980. Here is the list: in Great Britain, manufacturing wage increases top 115 per cent; France up 104 per cent; Belgium up 100 per cent; Italy up 93 per cent; Japan up 93 per cent; West Germany up 91 per cent; Holland up 85 per cent; Sweden 76 percent; the United States up 56 per cent, and Canada up 48 per cent. Canadian workers are not pricing themselves out of the market. That is a myth which this government and the Conservative Party are trying to spell out across Canada. I think it is time the government started to deal with the serious problems of our economy. The government should not be taking it out on the workers and stealing money from the workers' pockets.

Mr. Peter Lang (Kitchener): Mr. Speaker, I am happy to have the opportunity to speak on the issue of six and five. I

believe this measure is one of the most important directions the government has taken in terms of getting the country back on the road to economic recovery.

An issue with this much intervention is bound to raise some controversy. Therefore, we must ask the question: Is it necessary? There are three very strong reasons why it is necessary. First is inflation. We have been fighting inflation in the western world through the mechanism of high interest rates.

Mr. Deans: And it has not worked.

Mr. Lang: High interest rates on their own are being used to curtail the money supply in an effort to reduce aggregate demand and to bring down inflation.

Mr. Deans: That has not worked either.

Mr. Parker: One failure after another.

Mr. Lang: This measure deals with one cause of inflation, but there are other causes of inflation. There is the cost-push element of inflation with which we have not been able to deal in a voluntary manner until this point. The government has now introduced the six and five restraint. There is support in the country for it. I know that because I hear support for it in my riding, not only from businessmen or people in the academic world but from people in the public service, to whom this policy applies and who are making the sacrifice.

Mr. Parker: Read your own study paper.

Mr. Lang: People are supporting this restraint because they see a concrete direction being taken to get inflation down and, therefore, interest rates, which is the number one problem facing this country.

Second, we have to take this direction and make this six and five restraint work because of Canada's competitive level. Almost one-third of our gross national product depends on trade. If this country is not competitive in trade, it means higher unemployment, less economic growth and a drop in our standard of living. We have to decide whether we want to remain a competitive country.

The previous speaker listed a number of statistics through which he tried to show that Canada was still as competitive or even more competitive than the United States and other countries in western Europe. Over the last two years that has not been the case, particularly when it concerns our greatest competitor, the United States, with which we have 70 per cent of our trade.

Mr. Rose: What do we sell them?

Mr. Lang: Wage settlements in Canada are running 5 per cent higher than in the United States.

Mr. Althouse: Wages are lower and that is what counts.

Mr. Lang: It is easier to take the popular stand. It might be a little harder to get up and say: "Look, if we don't restrain ourselves right now, you are going to lose your jobs." People and workers know that, and that is why they are supporting the six and five policy.

Mr. Rose: Which workers?

Mr. Deans: You are abusing their trust.

Mr. Blaikie: Tell us about the doctors. Are they willing to take six and five?

• (1610)

Mr. Lang: We are having a problem with corporate liquidity. We are finding that the rate of return on common shares and on common equity for corporations is less than their debt expenses. To put that into layman's language, there is less money coming in than there is going out in the corporate sector.

Mr. Deans: That is because of your high interest rate policy.

Mr. Lang: If hon. members opposite would listen, I would indicate that if that continues, it does not take many brains to know that these corporations will go under.

Mr. Rose: Right.

Mr. Lang: This is the reason we have to get interest rates and inflation down. In my view there is no excuse for trying to nickel and dime to death a very direct and positive measure which gives momentum to getting inflation down so that we can get interest rates down. We do not have time to dilly-dally any longer.

I would like to share with hon. members some of the views of Mr. Henry Kaufman, the economic guru of Wall Street, concerning how long we can last with interest rates so high. He gave us six months before suggesting that major corporations all through North America will be in serious danger of bankruptcy. We do not have time to waste on the fallacious or spurious arguments which have been raised. We have a solid six and five program which the people are supporting.

I challenge members of the opposition to get behind this measure so that we as Canadians can get inflation down, can maintain our competitive position in international markets, and can avoid the corporate liquidity crisis which we are facing. These are the three reasons that I believe this six and five bill is necessary.

It is also important that the bill be equitable. We have heard criticism from the opposition that we are picking on public servants, that they are the only ones who will be bearing the burden of the fight against inflation. Members of the opposition forget their own rhetoric. They forget the fact that small businesses have been bearing a very heavy burden in the fight against inflation. They forget that farmers have been bearing a very heavy burden in the fight against inflation. They forget that labour in the private sector, far from being able to obtain a raise of 6 per cent, are losing their jobs. They forget that home owners are having to renew their mortgages at rates which put a tremendous strain on their budgets, at tremendous

sacrifice to them. The public service is not the only one bearing the brunt.

We must keep in mind that there is much greater job security in the public service. This is not something we have to back up with statistics because we know it, but it can be backed up statistically. There is much greater job security in the public sector than in the private sector. In exchange for that job security, we are asking that the increases—not cutbacks—in the salaries be limited to 6 per cent next year and 5 per cent the following year. Many public servants in my riding are supporting this measure. In fact, I can count on one hand the number of complaints I have received. I have had more telephone calls of support. As most of my colleagues will know, it is rare that people will telephone in support of anything. Usually they are telephoning to complain. That is the general case, and as Members of Parliament we all know it.

On this issue people are telephoning us in support because they want some direction. They want to see the government taking a direct course of action which will have positive results in the near term, because they know that time is critical. For the first time in the last year we have seen representatives of business supporting the measures of government. We have seen bankers supporting measures. Even the occasional media person has supported them. People are beginning to realize that it is time we stopped this conspiracy of negativism that everything is wrong, that everything the government has done is wrong, that everything the Prime Minister (Mr. Trudeau) does is wrong. People do not buy that any more. They want to see constructive action.

Despite the lack of popularity of the Liberal Party at this time, of which we are all aware, this measure has received support because it is a good one and it gives direction. People in their intuition are sensing that we are on the road to turning the economy around.

I ask hon. members opposite to read the July report of OECD. This is an international organization, as hon. members are aware, of western world countries, gathering economic information to give governments an idea of how to co-ordinate their efforts to deal with the international economic problems facing us. In the economic analysis of the report they listed one of the main problems in Canada's economy as the lack of co-operation among various sectors. They talked about the confrontational attitude between business and labour, between government and business, and between government and labour.

I see that Mr. Speaker is signalling that my time is running out.

The Acting Speaker (Mr. Blaker): I would not want to mislead the hon. member. As he and perhaps other hon. members know, from time to time I indicate to hon. members who are speaking that they have some minutes remaining. I made an error. The hon. member's time will expire at 4.26 o'clock, so I am informed, and I apologize for misleading him.

Mr. Lang: Thank you, Mr. Speaker. The major problem in the report of this international organization, compiled by international economists, is the lack of constructive co-operation. We in the House should really take that to heart and listen to what outsiders are saying. We should go beyond our own sphere.

Mr. Murphy: What if they say "resign"?

Mr. Lang: I hear the hon. member opposite. This is the kind of thing which will not lead to one more job being created, which will not lead to the interest rate being reduced by one point, which will not lead to the inflation rate being reduced by one point, or will not contribute in any way to economic recovery.

The fact is that the government was elected by the people of Canada. It is a majority government with a mandate for four years. If opposition members do not like a measure which the government has taken, they can oppose it. All I am asking is that they do it in a constructive manner rather than calling names and saying "resign". They should put forward their alternative proposals and, if they are good, people will buy them. That would be good for them politically. Rather than sitting on the fence and avoiding taking any position because they might lose a vote, they should take a position. They might find that people will say "Yes, they are putting forward alternatives".

• (1620)

We in Canada have many advantages over some other countries. I want to deal with this just for a couple of minutes because one of the major criticisms that has been levelled at us is that we are spending wildly and with abandon. If members read the July OECD report they will see government expenditures in Canada before World War II were running at about 10 per cent as compared to the GNP. Between World War II and 1970 that increased to 20 per cent. In the last ten years we have been holding the line between 20 per cent and 23 per cent.

These are international statistics. There is no bias in them. There is no reason for them to be biased toward the opposition or towards the government.

An hon. Member: We know that is right.

Mr. Lang: Maybe the NDP knows that it is right, but it is one of the major criticisms that the Conservatives have been levelling at the government and I think it is time we stood up and said: "Look, here are the statistics; read them and you see that this accusation is not a valid one."

Therefore, I ask the opposition not to try to discredit the government's attempt at bringing restraint into the economy by the fallacious criticism that we have been spending wildly, with abandon. The statistics do not bear it out and I am the last one that would be suggesting this, because I think I am fairly well known as being much in favour of reducing any government waste or fat.

The second myth that is being generated is that we cannot have an economic recovery until we get the deficit down to $10

billion or $5 billion; that the deficit is wildly out of proportion. I would like to point out that hon. members take a look again at the OECD July report. They will find that the country in the western world that has had the lowest inflation, the lowest interest rates, the lowest unemployment rate and the strongest economic growth consistently over the last 20 years has had a greater deficit compared to GNP than Canada; and that country is Japan. Japan has much less in terms of resources or advantages than Canada has. It was only 35 years ago that they had no economy, that they had to start over from nothing due to the devastation of the war. We all know that they do not have natural resources.

What does the July OECD report say? Why has Japan been able to have such a strong economy performance? One of the major things they have is again co-operation among business, labour and government and a general willingness of the people to see that their economy is going to be a strong one. The second major area in which Japan has had a tremendous advantage or head start on most countries in the western world is that it has recognized that we are in the third industrial revolution of history.

In the seventeenth century we had the first industrial revolution with the steam engine. In the 1870s we had the second industrial revolution, with electricity coming on line and with the combustion engine. We are now in the middle of the third industrial revolution, a revolution of technology and computers that will impact on every sector of society. The major reason that the Japanese have been able to get a head start is through this co-operative effort of sharing information and working with the various sectors of their society.

I suggest that the 6 per cent and 5 per cent measure puts Canada in a position where we can take part in a recovery, where we will have an opportunity at that time to improve the co-operative effort between sectors, which is part of the six and five program, and again get on board the technological revolution that is occurring now and can lead to tremendous prosperity. We have many more resources, human and natural, than Japan.

Mr. Tom McMillan (Hillsborough): Mr. Speaker, I am pleased to be participating in this, the debate at the report stage of Bill C-124, an act respecting compensation in the public sector of Canada. My pleasure, though, is not derived from any sense that the bill is a good one. In fact, the legislation is not only bad; it is also grossly unfair.

I say unfair because the bill discriminates wildly against one group of workers in the country, namely public employees, by forcing them to carry virtually single-handedly the burden of the government's restraint program. Maximum permissible increases in wage rates for them are to be set at 6 per cent in the first year of application and 5 per cent in the second, regardless of whether an individual is a $14,000 a year janitor or a $75,000 a year deputy minister.

Equally offensive to my party is that the principle of collective bargaining, including the right to strike, is being effectively suspended in a most unfair way as the government moves to impose unilaterally conditions of employment on its own employees.

We are now debating Motion No. 4. Regarding that motion, we on this side accept the principle of restraint embodied in the bill, even to the extent of the proposed 6 per cent and 5 per cent ceilings. We think that while increases in the total payroll of the public service should not exceed those percentages, collective bargaining rights should be retained to resolve issues like the particular pay packet of individual employees, as well as health, safety, grievances and other general issues.

My party does not object to the government's goal of restraining wages and prices in Canada to combat inflation. Indeed, we have been pressing the government all along to act, especially in the area of curbing its own voracious appetite to spend taxpayers' money. What we object to most in Bill C-124, however, is the arbitrary way the government has decided to impose restraint.

There are essentially two problems. There are others, but there are two in particular. First, the government has singled out public employees to bear the lion's share of the burden of the restraint program, as if, magically, by restraining their salaries alone, inflation would somehow automatically recede. Secondly, even within the public service, the burden will be borne unevenly from one employee to another, for the program is essentially regressive.

Mr. Speaker, allow me to deal first with the fact that public employees are being asked to carry more than their share. Public employees constitute a relatively small proportion of the total work force—conventional wisdom notwithstanding. The government's program applies to employees in line departments of government, to Members of Parliament and senators and their staffs, to employees of Crown corporations, to the RCMP, to judges, and to Armed Forces personnel. In all, some 500,000 people are affected.

• (1630)

I admit that this number is not insignificant but the total is small compared to the whole work force in the country, which numbered 12,192,000 in June, if I remember correctly. Even if the salary of every public employee in the country was slashed to $1, inflation would not disappear. Obviously, the government believes it needs a convenient whipping boy to blame for its mismanagement of the economy and to demonstrate that it has finally converted to restraint. Therefore, the public service is being made the scapegoat.

Once again we have evidence that the government is motivated, not by the public interest but by its own narrow, partisan interest. Opinion polls have demonstrated that civil servants are currently out of favour with the public. Highly publicized strikes in certain sectors, notably at the post office, and among air traffic controllers and others, have left a bitter taste with many people throughout the land. It does not matter, it seems, that most labour disputes in the public sector are settled amicably and without strikes. Unfortunately, the image of public employees is, unfairly I submit, at an all-time low. True to form, the government thinks that it can reverse its

plummeting fortunes coast to coast by flexing its muscles at the expense of the public service. Doctor Gallup and Mr. Goldfarb have told the government that those people are unpopular, so the government has decided to do battle with them in order to court public favour. That is exactly what Bill C-124 is all about. It is a public relations job.

After spending the country into bankruptcy during the last 14 years, the government has suddenly chosen to make restraint the rallying cry in its fight to win back public support. People can see behind the facade of this feigned conversion. They instinctively and intuitively recognize the essential unfairness of it all. The government is slapping 6 per cent and 5 per cent ceilings on allowable salary increases in the public service, no matter what the income level might be in a particular case.

For the high rollers at the upper levels of the income ladder, 6 per cent would mean an allowable increase of $4,000 or more, which is not a small bundle even in these times of debased currency. By contrast, the lowly junior secretary or maintenance person who receives 6 per cent on a $14,000 salary gets a paltry $840, which is hardly enough to pay the daycare bill of a single parent for half a year.

I wholeheartedly agree with the hon. member for Kingston and the Islands (Miss MacDonald), who said during her excellent speech on Friday, that people at the lower end of the salary scale should be allowed a higher percentage increase than those at the upper end. In this respect, I would perhaps go even further. I believe the low-income group should be permitted increases on a sliding scale, beginning with something close to a full cost of living adjustment at the very lowest level. All these matters could be considered, within the constraints of the over-all 6 per cent and 5 per cent ceiling, through the normal collective bargaining system and not imposed on by the government on the public service. In this manner allowable increases could be less as one went up the income ladder. Obviously, increases could not be too great, except at the lower level, because the general 6 per cent and 5 per cent restraint ceiling must be respected. But in the case of the highest paid public servants—those earning $50,000 or more—salaries could be held down and perhaps even close to the existing levels. In a sense, such an approach applies the principle of the progressive income tax system by calling on the strongest among us to carry the heaviest load.

As the amendment at present before us and the amendments to be introduced later by our party later contemplate, the approach that I have in mind will help spread the sacrifice to be made in the name of restraint more evenly while preserving the cherished principle of collective bargaining. Rather than a scheme being imposed on the public service by the government, individual salary ranges and other matters such as health benefits—if consistent with the over-all objective of 6 per cent and 5 per cent limits—could be worked out following careful negotiations between both sides, instead of being imposed on one side by the other.

Of the 215,643 regular full-time employees of the federal government, which does not include employees of Crown corporations or other such agencies although they are also covered under Bill C-124, 13 per cent earn less than $15,000, about 40 per cent earn less that $20,000, while well over half—60 per cent to be exact—earn less than $25,000. In all, 75 per cent earn less than $30,000. That is not a lot of money.

These figures belie the widespread notion that public employees are highly paid. They are not. Most of them are struggling with the same kind of income-related pressures faced by virtually everyone else in society. The problem is particularly acute for women in the public service. While 39 per cent of the total number of men in this sector earn $23,000 or under, 79 per cent of the total of women earn $23,000 or under. In its present form, Bill C-124 will perpetuate inequities such as this.

My riding of Hillsborough, which includes the capital city of Prince Edward Island, Charlottetown, and the small villages and towns surrounding it—

Mr. Baker (Nepean-Carleton): A great part of the country.

Mr. McMillan: It is a great area, as the hon. member for Nepean-Carleton (Mr. Baker) has rightly pointed out. There are many federal public employees in that riding in addition to provincial civil servants. I know many of them personally and others at least as acquaintances. My work as an MP requires me to work hand in hand with these people and their counterparts elsewhere in the Atlantic region, especially in regional head offices, and in Ottawa. My experience is that public employees are the most maligned group in society and no doubt partly due to their own deficiencies in the public relations area. They could be doing a great deal more than they are to present themselves as the hardworking, industrious and resourceful people they are in fact. Nevertheless, they are commonly perceived as being underworked, overpaid and too plentiful for all the good they do. However, the truth is that we in Canada have the best public service in the world, with the possible exception of Britain from which our public service has inherited its traditions of dedication and professionalism.

In my view, the extent to which the public service is taken for granted by Canadians is, in reality, a measure of how efficiently our public employees do their job; unobtrusively yet competently. By the same token, only when they are on strike, which is rare, do we sometimes realize how dependent we are on the services these fine people provide. Sure, there are exceptions, just as there are in any enterprise, be it public or private. Understandably, there will be more such underachievers in government, if government is the largest employer in a given community, just by virtue of their large presence in that community. But I know that, proportionately, government harbours as many diligent, competent and qualified employees as can be found in any field in the country. I defy anyone to demonstrate otherwise.

• (1640)

That, I think, is in the spirit of the motions that we are now debating at report stage of the debate on Bill C-124. Many people would be amazed to learn, as I have through my work,

how effectively public employees actually perform, frequently well beyond the call of duty. By requiring public employees to bear the lion's share of the burden of the government's restraint program, instead of including them in an over-all package of wage and price restraint, sensitive to the low-income people in particular, the government is both reflecting and contributing to the conventional myth that those people are responsible for the double-digit inflation in the country. Nothing could be further from the truth. The blame for our inflation, the blame for our unemployment, the blame for our debased dollar, the blame for investment capital fleeing our country from coast to coast, rests squarely with the political mismanagers in the federal cabinet, especially the Prime Minister (Mr. Trudeau), who has been calling the shots for the last 14 years.

At the heart of the inflation problem, in particular, has been the government's 14-year spending spree which has seen government expenditures soar an incredible 630 per cent since the Prime Minister took office in 1968. The deficit of the federal government this year is several billion dollars more, probably as high as $7 billion more, than the total budget of the government in the Prime Minister's first year in office. Having increased its total spending this past year by some 20 per cent, having racked up a deficit of $19.6 billion in the current year alone, 80 per cent higher than forecast as recently as seven months earlier, the government now expects everyone, public servants and the general public alike, to settle for no more than 6 per cent and 5 per cent increases in their salaries.

Nothing else has contributed to inflationary pressures in Canada as much as has the government's overspending. That overspending is largely the result of the establishment of costly programs like metric which the public neither wants nor needs, as well as waste in the administration of programs which the public does want and does need. Little of the overexpenditure relates to bloated salaries of public employees or their numbers, except at the highest levels.

What we need is a resolve by the government, throughout the cabinet, to devise a total economic package, including low interest rates, to get people producing, selling and working again. Only when the one million unemployed in Canada are back in the labour force earning salaries, only when they are gainfully employed and paying income tax on those salaries, will we see a marked reduction in the federal deficit and in the multibillion dollar costs of our current unemployment insurance and welfare programs. The government should be attacking the unemployment problem in the country. Instead, it is attacking public employees whose formidable skills should be marshalled with those of the private sector in a real war against the serious economic crisis facing us all.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, I am pleased to be able to speak in support of Bill C-124 and also in support of the motion before us, which I have not heard anyone discuss very much. It deals with allowing the CN and CP and other railway employees to be treated with equality since they are part of one national, industrial collective bargaining system across the country. I would like to give notice of the fact that this is the motion before the House. In general, my remarks pertain to CP employees, who are really included in Motion No. 4.

The bill itself is a very important piece of legislation, not so much for what it does, because it does not do a great deal, but because it is where we begin to restrict the growth of wage costs and some administrative prices. It is important for what it wants the country to do as an example, if we are successful in making the bill work. For the last several months I have heard hon. members on both sides saying that the government should resign, resign, resign, call an election, put a new government in power, and then all the problems would go away.

Mr. Friesen: Is there unanimous consent?

Mr. McRae: I have not heard any significant contribution from either party. Neither one has stated how it would go about changing this very difficult world we are in today if it were in power.

Mr. Taylor: No energy policy. No metrication.

Mr. McRae: It reminds me of a statement H. L. Menken made after he had spent a good deal of time at the Scopes trial. In reference to complex problems and simple answers, he made the statement "For every complex problem there is a solution that is simple, neat and wrong." The solutions that I find coming from the other side are simple, neat and wrong. For instance, we heard from hon. members opposite the first thing they would do if they were in power.

Mr. Deans: They are supporting you.

Mr. McRae: I do not want anyone to say I am not relating my remarks to the motion or the bill, but what I am saying is that the solution to our problems is very complex. The solution they would offer—

Mr. Crombie: —is simple.

Mr. McRae: Their simple solution, number one, is to get rid of the National Energy Program and tone down FIRA. They say that would solve all the problems. I cannot even remember if they had a second solution. Beyond that, there is really discussion about spending. However, they do not mention any programs. They talk about following Reaganomics. We will discuss that later, but basically they feel that the whole problem in the United States and the whole world stems from the National Energy Program and FIRA and that it would be solved if we would only get rid of the National Energy Program and trim FIRA, in one of the most innocuous operations possible.

Mr. Crombie: We are discussing Bill C-124.

Mr. McRae: If one asks members in the opposition what they would do about interest rates, why, they would do the same thing. Not long ago the Leader of the Opposition (Mr.

Clark) made the statement that he would do exactly the same thing with interest rates.

Mr. Baker (Nepean-Carleton): We would make them climb more equitably.

Mr. McRae: This particular bill is not simple or neat and it is not wrong. It would begin a recovery program in the country by doing one very significant thing. It would attempt to bring inflation down to a single-digit percentage, like 7 per cent or 8 per cent. It would start with salaries but it also embrace prices. We talk about Air Canada keeping their prices down and we discuss Bell prices.

• (1650)

Mr. Orlikow: Mr. Speaker, I rise on a point of order. I wonder if the hon. member would permit a question?

Mr. McRae: I will be glad to permit a question at the end of my remarks. I am not sure I want to accept a question now. The hon. member has not heard my dissertation. Once he has, I will be glad to answer a question based on it. Therefore, we can come back to this question at the end.

What we are trying to do with this bill is to get ourselves to the point where the inflation rate in this country is brought down to 6 per cent or 7 per cent. Some say this bill will not do that. Certainly it will not. This bill is the government's start in that direction. If the government does not do this, then why would anyone else? One has to give an example, to make a start.

If, and I am hopeful this "if" will come true, we are successful in convincing other sectors of the Canadian economy that this is the right direction and wages, prices and inflation are brought down, at that time the 6 per cent and 7 per cent will be the cost of living. Therefore, public servants should not suffer any more than the rest of the population. This is a reasonable approach to this situation.

There is no simple single answer. That is what H. L. Menken was saying when he was dealing with the Scope trial. That is what a lot of economists are saying today. There is not one simple thing you can do quickly. You cannot just spend more, gut the National Energy Program and all your problems will be solved. This is a very complex and dangerous period internationally in terms of economics. The simple act of passing this bill will not really solve all the problems. It is an indication that we want to start solving the problems.

We on this side, and I am sure those on the other side, are concerned about the serious difficulty we have to face, high interest rates. There is a very definite relationship between high interest rates and the rate of inflation. The term "real interest" is the nominal interest rate minus the inflation rate. Traditionally that rate in terms of bank prime should be between 2 per cent and 3 per cent over an historical period of time. That rate is probably 7 or 8 per cent in the United States and 5 or 6 per cent in Canada. It varies depending on the inflation rate and, of course, changes in the interest rate.

Real interest rates are too high; no one says they are not. They should come down. In order to change interest rates significantly, we must bring down the inflation rate. If we get the inflation rate down to 6 or 7 per cent, then we can move. If the expectation is that it will stay down, we can move to considerably lower interest rates. That will have a tremendously stimulating effect on the economy.

This will not be accomplished by any simple means. It was very nice in the fifties and sixties when we could depend on Keynes. We could take some fiscal or monetary measures to stimulate the economy or slow it down, depending on the condition it was in. It was very simple and we could achieve considerable results. We were not always as successful as we might have been, but that was not because of Keynes. In most countries it was because the timing was off a bit.

That does not work any more. The failure of this to work, the reliance on simplistic answers, the simple need but wrong answers that we hear, show that it is that reliance that is wrong. There are some things we can begin to do, and this is one of them.

We often hear that the cause of the problem is government spending. As the hon. member for Kitchener (Mr. Lang) stated earlier, the country with the highest spending in relation to its gross national product is Japan, yet that country has the lowest inflation and interest rates of all industrial nations. There are many reasons which indicate that huge government deficits are not the basic problems that we are facing.

This year we are going to have a deficit of close to $20 billion. It might be a little lower or a shade higher, but it will be in that area. In November it was projected the deficit would be about $10.5 billion. It climbed very rapidly in the last eight months.

The reason for the climb is not an increase in government spending. There has been some increase. Eighty cents of every dollar of that increase in the deficit has been directly due to decreased government revenues. Twenty cents of that dollar is due to increased government expenditures, mostly caused by a world recession. It has been because of a decline in revenue. Most of the increased expenditures have been caused by a global recession. It is not a simple matter to deal with.

Government spending is not the major source of all of the problem. This government will spend approximately $90 billion in the next fiscal year. Only 20 per cent of that amount will be spent on the operation of government, the part this bill deals with, although we are dealing outside of the public sector when we deal with those areas under the Canada Labour Code, as indicated in this motion.

Only 20 per cent of government spending is for the operation of government; defence, the post office, and all other operations of government. The other 80 per cent is transferred to Canadians in one way or another either through the provinces, directly to Canadians through pensions, or in other ways. We should have a good debate in this House about where the money comes from, where it goes and whether that is the way it should be done, rather than a debate on the

amount. Governments such as in Sweden and other countries transfer perhaps 50 per cent of their gross national product from one group to another. That is the debate we should be having. The amount of the transfer is not all that significant.

Again with regard to these simplicities we keep running into, I would like to compare our situation with that in the United States. Not long ago I was criticized for talking about the United States rather than Canada. The economy of this country for many reasons is tremendously dependent on the economy of the United States. One reason is the very large ownership factor. That was one of the reasons we brought in the National Energy Program, which the Tories would love to be rid of. Before that program was brough in, 75 per cent of our oil and gas resources were owned offshore, mostly by American companies. That was a very good reason why we brought in the national energy policy, and it is a very good reason to talk about the American economy and compare it with ours. I think that comparison is important.

• (1700)

One of the statements often made since the budget is that our deficit as a percentage of our gross national product is double the American deficit. That simply is not true. As a percentage of gross national product our deficit is about the same as the American deficit will be. There is a very small difference between the two deficits. The American deficit is $100 billion; we can probably say that is a close estimate, but the American deficit will not be $100 billion in the fiscal year coming up, it will be in the area of $160 billion to $170 billion. The total deficits of both countries will be approximately the same in terms of gross national product. Sometimes we use the ten to one ratio. The ten to one ratio is not adequate because our gross national product is larger than that of the United States. The ten to one ratio does not quite work. However, the deficits of the two countries are very, very similar.

One of the interesting things about the government's deficit is the deficit as a function of savings. The total Canadian gross national product will be about $360 billion in the current fiscal year. The government deficit of $20 billion represents about 5.1 per cent of the total gross national product. At the same time, Canadians have a gross capital formation—savings—in the order of 25 per cent of our gross national product.

I obviously do not like simplicity in this regard, but let me make a simple comparison. A family which spends something in the order of $2,000 more than it earns but actually saves $9,000 in another way is not in bad shape. Basically speaking, if we look at the Canadian economy and see the deficit at $20 billion but our gross capital formation at $90 billion, then we do not see that deficit as being so serious that we cannot live with it. That represents something like 21 per cent or 22 per cent of capital formation. In the United States the figure is closer to 30 per cent. Canadian problems in this respect are not more serious than American problems. They are problems, however, in terms of inflation.

Our inflation rate is still a good deal higher than the American inflation rate. It is probably three or four percentage points higher. It is hard to tell because the American rate has been fluctuating quite a bit in the past couple of months. The American rate has been up considerably, but one can assume about a 4 per cent to 5 per cent difference in the rates. That is the problem this bill and this motion attempt to ease so that we can get interest rates down.

In this comparison there is one area on which we have not spent much time. I think the Minister of National Health and Welfare (Miss Bégin) is one who can accept a lot of praise for her efforts in this respect. As a country we have not cut back significantly—we have not really cut back at all—the amount of money we provide for social services. There has been a very small cut in the old age pension. It is not really a cut; it is a reduction of the increase to 6 per cent for people who presumably have sufficient funds. It is not a cut for those who do not.

I would like to relate a short story about the situation in the United States to give some idea of what is happening there. In the middle of June President Reagan went to Texas and spoke at a testimonial dinner for the governor of Texas. Thirty-five hundred people came out to that testimonial dinner to hear their president, and each laid out $1,000 a plate for this dinner. In the same week that those 3,500 Americans—from Texas, mostly—laid out $1,000 each for a meal, the state of Texas put out a brochure indicating that people should not move to that state because there was a high unemployment rate in the south, particularly in Texas, because with no national energy program the oil industry was in serious trouble throughout the United States. That very week the state of Texas put out a brochure which said that people on welfare would get monthly incomes of $32 for food stamps and an additional $32. That is in a country where 3,500 people are able to lay out $1,000 each for a single meal.

The Government of Canada has not at any stage forgotten its social responsibilities. This government has not reduced expenditures for health, welfare and so forth. We are not cutting these things back. I noted that the social council gave some praise to the government for not doing that. I think that is one of the fundamental differences in the two countries. If this recession becomes worse, the base for any kind of recovery will be the fact that we are funnelling out money for unemployment insurance benefits, solving social problems and making sure people have some money to buy goods.

I could go into much more detail on the American scene than I have done. I am very much afraid that base is disappearing in the United States.

Hon. members opposite offer simple solutions to our problems. As Menken says, they look at a complex problem and come up with a simple, neat, wrong answer. I say this bill is a beginning. It is with this bill that we start to come together as Canadians to reduce our inflation. That is one step. There have to be many steps to solve the problems this country and the rest of the world face.

Mr. Orlikow: Mr. Speaker, I wonder if I can put a question to the hon. member for Thunder Bay-Atikokan (Mr. McRae). The hon. member supports the government's proposal to limit

wage increases in the next two years to 6 per cent and 5 per cent and suggests that—

The Acting Speaker (Mr. Blaker): Order, please. I am not certain whether the hon. member is rising on a point of order or whether he rises to enter the debate. May I inquire whether the hon. member rises on a point of order?

Mr. Orlikow: Mr. Speaker, I rise to ask a question. I wonder if the hon. member for Thunder Bay-Atikokan would permit me to ask him a question.

The Acting Speaker (Mr. Blaker): I thought it might be that. That is why I interrupted the hon. member. The time of the hon. member for Thunder Bay-Atikokan (Mr. McRae) has expired. Consequently, in keeping with our precedents it is necessary for the Chair to seek the unanimous consent of the House in order that the hon. member for Winnipeg North (Mr. Orlikow) might put a question to the hon. member for Thunder Bay-Atikokan. Is that agreed?

Some hon. Members: Agreed.

Mr. Orlikow: Mr. Speaker, the hon. member is supporting the government's proposal that wage and salary increases for public servants in the next two years be limited to 6 per cent and 5 per cent, and suggests that if this were done, along with other things, the rate of inflation could be reduced to 6 per cent. I would like to ask the hon. member how he can argue that the rate of inflation might be brought down to 6 per cent when it is government policy, through an agreement between the Government of Canada and the producing provinces, that the price of energy will go up between July 1 of this year and July 1 of next year by over 30 per cent. That means the cost of transportation, the cost of heating a home, the cost of travelling by car, bus or air must go up. The cost of producing food will go up substantially because of fuel prices. Does the hon. member really believe that the cost of living will be brought down to 6 per cent? Is it not more likely it will be 9 or 10 per cent this time next year?

• (1710)

Mr. McRae: Mr. Speaker, the hon. member has asked a very serious question. If I had had another ten minutes I would have dealt with it. We have a strange situation in the country where one of the large contributing factors to inflation is the rising cost of energy. We have an agreement that our energy prices will go to 75 per cent of world price. At present our price is considerably below world price; it is coming down but our price is going up.

I suggest to the hon. member that if we were to raise our energy price to 75 per cent of world price tomorrow, our inflation would start coming down. It is a ridiculous situation but that is exactly what would happen. The inflation rate would descend and the expectations of higher inflation would also descend.

I think we can accept the fact that three or four percentage points of inflation will still be caused by energy prices. I do not see how we can get around that because of the rather ridiculous situation we are in that other countries are not, since our price is so far below world price.

I hope the government will renegotiate the agreement with Alberta and limit this at some point. It may mean that the costs of operating government may increase because the amount of transfers may have to increase. If government revenues decrease then we may have to find some other tax sources.

I think we have to understand that if we got 75 to per cent of world price for our energy tomorrow, our inflation rate would decline. It is ridiculous but that is the situation.

[*Translation*]

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, many Canadians must be wondering why the House has been sitting practically all summer. Well, I hope they realize that the present government is doing everything it possibly can to remedy the present economic situation.

Obviously, Bill C-124 is not a panacea. In any case, Mr. Speaker, I do not think any parliament, whether here in Canada or anywhere else in the world, has ever been able to come up with the ideal solution to all our ills. We do not claim that this measure is going to be effective on all counts but, as I said before, none of the laws passed by the world's parliaments has ever been perfect. Take old age security, for instance. If we had wanted to be absolutely fair, there are millionaires who certainly do not need the pension and there are other people who need it very badly, so it is impossible to come up with a measure that will please everyone.

Of course, my colleagues opposite—and I am not surprised, since they are fond of criticizing—are opposed to this bill and have said so during the hours this House has been considering this legislation. On the other hand, they have been unable to come up with any tangible solutions. These people are fence-sitters, because they are trying to please everybody. However, there comes a time, Mr. Speaker, when a responsible government must make decisions that, though not necessarily attractive to everyone, are aimed at correcting certain situations. Of course, the New Democratic Party especially is fiercely opposed to this measure to restrict wage increases. We must not forget, however—and I think everyone will agree, the members of the New Democratic Party as well—that the main problem, and this is nothing new, the main problem is, how are we going to fight inflation? We are also agreed that there is a price to pay if we want to fight inflation. And we know that this price is being paid today by the people who are being laid off: the last to be hired are the first to be fired. This price is also being paid by businessmen who are faced with high interest rates and are daily running the risk of losing their shirt. So there is a price to pay, and these are the people who are now paying the price for bringing inflation down to more rational proportions. So what do we do with the public service

where people have practically absolute job security? Is the government supposed to go on handing out wage increases of up to 11 or 12 per cent and let these people who have job security take advantage of the fact that others have to pay the price for bringing inflation down to more rational proportions? Should we let them be a burden to the unemployed and to businessmen who are going bankrupt? Is the government supposed to turn around and give more to people with job security? Is it going to say, "Take your wage increase and take advantage of the fact that others are being squeezed dry in order to reduce inflation? Mr. Speaker, I feel that a Liberal government that has always been proud of the fact that the Liberal Party stands for justice, equity and sharing, would have failed in its duty to the country had it done so.

The reason why Canadians keep re-electing Liberal governments is that the Liberal Party stands up for everyone, for the rich and the poor and the middle class. It stands for justice. That is why we cannot afford to have something like this happen. Of course, if the economy were in very good shape, we certainly would not bother putting restrictions on wage increases. Unfortunately, it is like Petula Clark says in her song: Everyone wants to go to heaven but nobody wants to die! Everybody realizes that these are difficult times, but when they are asked to do their bit, they always want the other person to make the effort.

Of course, we must start somewhere. The New Democratic Party members opposite are saying that if we want to control wages, we should control prices as well. It sounds great, but we must not forget that we are living in a free enterprise and competitive society where prices practically control themselves. My colleagues opposite seem to think this is ridiculous. Well, if a perfect solution could be found, I would be the first to look for it. There is some talk of controlling prices; now, I am not necessarily against price controls, on the contrary. If there were a scientifically proven and effective way to control prices, I would be the first to try it. Unfortunately, introduce price controls and you open up a whole can of worms. And I mean it, Mr. Speaker. For instance, people are complaining that CMHC housing is going up, and during question period we are constantly being urged to control the price of homes and control rents to keep increases at 6 per cent or less.

• (1720)

I would like to remind these people that Canada is a trading country and that CMHC is in the housing business. Of course we could promise not to raise the price of houses by more than 6 per cent, even if that meant we would have the largest deficit ever. We cannot go bankrupt since we are the government. What I mean is, we are competing with the people in the private sector. What is going to happen? We are going to put these people out of business. They will not be able to survive if the government gives them unfair competition. It is unfair because as a government we can absorb deficits indefinitely, but how can we expect the small entrepreneur, who is already losing money if he only raises prices by 9 or 10 per cent, to stay in business if he is restricted to 6 per cent? We have to remember that sort of thing. It sounds wonderful, this clamouring for price controls as well as wage controls, but it is not as easy as it sounds.

Mr. Speaker, I wish Canadians, and not just the people opposite, but Canadians in general, would give some serious thought to what the consequences would be if the government were to impose price controls in all areas. Obviously, if all our businesses were to go bankrupt as a result of excessive controls—it is not that I like to see companies making exorbitant profits, certainly not—but if price controls are excessive, we may be causing companies to go bankrupt. I really doubt that would be in the interest of Canadian workers.

I think that, generally speaking Canadians realize that a start has to be made somewhere, and we on the government side have decided to set an example and start putting our own house in order. We are often accused of minding everybody's business except our own, Mr. Speaker, but I think most governments have this habit of minding other people's business. But this time, it is our business, and it is up to the government to do something about it. The government is responsible for the public service and all Crown corporations, and therefore, in a situation like the one existing today, the government must act. Most public servants agree wholeheartedly with this measure. Of course, Mr. McDermott and the New Democratic Party and cohorts do not agree, but most public servants do. They know perfectly well that this is not a punitive measure, it is anything but, and it is not because we want to impose anything on anyone or because we resent anyone but, as I mentioned earlier, Mr. Speaker, it would be absolutely unfair in our present society for people to be laid off while others enjoy absolute job security and are being granted more money.

Mr. Speaker, if I were a public servant and were earning $12,000 or $15,000 a year, in the circumstances I would rather have my salary increase restricted to 6 per cent than get my 11 per cent increase and be obliged to go on unemployment insurance or welfare. So I want to make it quite clear to all public servants that this is not a punitive measure, on the contrary. We realize that we are working closely with public servants, some of whom are our employees, and we want to treat them with dignity and respect. Of course, some people are going to be rather pleased because like the politicians, the bureaucracy is not necessarily well loved, and it was Balzac who said that the bureaucracy was a monster administered by pygmies. In fact, Mr. Speaker, although many Canadians may see the bureaucracy as a monster, these people often work, without recognition, to enhance the well-being of the entire population. So, these people understand perfectly our position and our reasons for taking this action.

Mr. Speaker, a start had to be made somewhere, and everyone knows that here in Canada we have had some very

good and prosperous years, and we have lived very well. Now we are going through a difficult period, and people should realize that they will have to make an effort to change their lifestyle. In fact, Mr. Speaker, I hope my colleagues will go outside to talk if they are not too much in a hurry; if they really want to talk maybe they could talk outside, it is a bit disturbing, Mr. Speaker, so I would say that a country's economic ups and downs are very similar to the human life or cycle, also just like in the bush: when there is a population explosion of certain animals and then there is an epidemic and they die and the situation goes back to normal. It is about the same in an economy. In good years, businessmen make more profits, they are more generous when business is good and give more substantial wage increases until they realize that they can no longer do so. The economy cannot always follow an upward trend. At some point, you have to face the facts, and this is what happens then.

We have to realize that we may have expected a bit too much. We have a population of 24 million people in Canada and there are 28 million credit cards in circulation. It will give food for thought to many people to know that 28 million credit cards are in circulation and that we have a debt of $200,000 per capita, for every one of our 24 million people, and that the child who is born today has a debt of $200,000. This is the federal, provincial, municipal and corporate debt. It amounts to $200,000 per capita.

I would like to know what opposition members believe would be a normal, acceptable debt for a country like ours. Of course, they will suggest something else because, generally speaking, members of the opposition wait to see what we are about to suggest. They like to play cat and mouse. As soon as we speak up to suggest something, they are against it. If we had suggested something else or made an alternative proposal, they would have recommended the very thing to which they are now opposed. It is obvious that the members opposite have no really constructive proposals to make, but they still stay in the House and delay passage of this bill without reason.

Mr. Speaker, we in the government can always intervene, but each time we do, it is an artificial intervention. We can only postpone the crunch and Canadians are beginning to understand it. Canadians throughout the country are now realizing that each time governments intervene by granting a subsidy here and a subsidy there to help such or such a company to remain in business, to prevent it from going into receivership or from closing its doors and to save jobs, it is a good thing for that specific company, but it is unfair to another one which is well managed. Every time the federal or provincial governments intervene, their intervention is artificial. Canadians generally must apply self-discipline. There are limits to the extent to which governments can put bread in the mouths of each individual. We shall now have to realize that we have had good years and that we must now make an effort and lower the thermostat by one degree if need be to make both ends meet. We shall have to work intelligently, the way it is being done now in European countries.

In the past, Canadian businessmen, for instance, wanted to become millionaires within two years. This is all very well if you can afford it. It does not work like that in Europe. A businessman must stand behind his counter for years. Those are the facts! Workers will also have to be a bit more productive. Employers and businessmen will have to reduce their expenses.

I was in business myself and there were times when money was scarce and I had to get rid of certain items. I was sorry to do so because I thought, "Well, this pickup is nearly paid for and I have to sell it." However, that is what it means to go through a difficult period. Mr. Speaker, I know that the House will pass Bill C-124 this evening and that Canadians in general will understand exactly our position and our decision and I am certain that it will benefit the Canadian economy.

• (1730)

[*English*]

Mr. Terry Sargeant (Selkirk-Interlake): Mr. Speaker, I am certain that Bill C-124 which is before us today will be seen by history as an injust bill, as a hollow gesture at fighting inflation. It will be seen as a bill which attempted to make scapegoats of public employees and other working people in Canada for the disastrous economic policies pursued by the government. It will be seen as a bill through which the government, cheered on by Conservative pretenders in opposition, deliberately sparked a confrontation with labour to deflect attention from the destructive impact of high interest rates, rapidly increasing energy costs, and monopoly control of the marketplace in the Canadian economy. Obviously my colleagues in this party and I stand opposed to the bill. The government has forced it upon the people of Canada and we have no intention of letting it slip by without doing everything in our power to attack the inequities of this contemptible piece of legislation and to support whatever constructive amendments are proposed.

My friends to the right, the Tories, seem to be stumbling over themselves to help the government sell this PR campaign. It is a campaign to try to convince Canadians that attacking collective bargaining and the incomes of working people is what is needed to fight inflation. The government is spoiling for a fight with labour to convince Canadians that it is doing something about the economic crisis. The Tories over here are right behind them, trying to limit the ability of working people to fight back within the realm of the law. Unlike the Conservatives, I do not support attacking the living standards of a typist in Winnipeg who earns $11,353 per year, or the people working in government hospitals who earn only $11,055 per year, in order to encourage Ian Sinclair and his blue chip cronies to take advantage of the 6 per cent world of recovery. That is what the bill is intended to do. Neither do I support an attack on the collective bargaining rights of working people in Canada in order to deflect attention from the government's ruinous economic policies.

The hon. member for Churchill (Mr. Murphy) has moved a number of amendments, seeking to reintroduce real collective bargaining in the bill. The effect of his amendments is to return to those people covered under the bill the right, according to the Canada Labour Code or the Public Service Staff Relations Act, to negotiate a collective agreement and the right to choose between arbitration and strike action to solve disputes which may arise in negotiations. These amendments are constructive ones. They restore not just the appearance of collective bargaining but the very substance of it.

The announcement last Thursday by the President of the Treasury Board (Mr. Johnston) that collective bargaining would soon be permitted in the 6 per cent world of relapse was a crafty piece of public relations, but as we have seen, it really lacks the substance to deal with the charge that the government is undermining collective bargaining in Canada. With limits of 6 per cent and 5 per cent on all forms of pay, benefits and prerequisites, there is very little room for negotiation. All the President of the Treasury Board has given the people of the public service is the privilege of negotiating how their standard of living and working conditions will deteriorate, and then only if the government decides to permit negotiations.

According to the hon. member for Kingston and the Islands (Miss MacDonald), that little statement by the President of the Treasury Board will go a long way toward quelling Tory opposition to the bill. When we scratch the surface, we find that there is really not much Tory opposition to wage controls. Just like their opposition to government economic mismanagement, the Tory opposition to wage controls is a bit of a paper tiger. There is very little to differentiate the Liberals from the Tories in respect of collective bargaining or their remedies for high interest rates, high unemployment and falling productivity in Canada. The Liberals and the Tories want to reintroduce the appearance of collective bargaining rights in the federal public service. That is all it is—the appearance of collective bargaing.

There is precious little for women working for the government who look forward to decent maternity leave provisions. There is precious little for those public service employees nearing retirement who hope for reconsideration of the restraint which will be imposed on their pension incomes. There is nothing for those people hoping for a return to their right to collective bargaining.

What is the purpose of this bill? When he introduced it four weeks ago, the President of the Treasury Board moaned about the 25 per cent to 30 per cent of our productive capacity standing idle. He complained about the one and one-quarter million people unable to find work, and he gnashed his teeth over the businesses and consumers staggering under high interest rates. We must improve our production, he said; and I cannot think of anyone who would disagree with him. Our economy is being ravaged by this recession-cum-depression. It is a dismal picture and it is a picture that we in this corner have been trying to get the government to see for a long time.

• (1740)

We have no doubt it is the ruinous fiscal and monetary policies of this government and the Bank of Canada which have brought this recession upon the heads of Canadians, and the government knows that. It has known that would happen all along. The Prime Minister (Mr. Trudeau) himself has admitted that the object of his government's economic policies is to scare the wits out of Canadians with high unemployment, to reduce their demands on the Canadian economy; and it worked, it did scare the wits out of Canadians, but the only result has been more unemployment, less production and no relief from inflation.

Surely the Liberals cannot be surprised that Canada is now in the grips of a severe recession. They have brought it on intentionally to fight inflation. The Liberal Party, the government of this country, no less than the Tories who snap at their heels, has embraced the monetarist economic policies which are squeezing the life out of western economies everywhere.

The budget introduced in this House on June 28 was a crushing disappointment to the people of Canada. It was a prescription for social chaos and economic disaster. It is another chapter in the decade of Liberal and Conservative economic mismanagement since this crisis began in 1973. This budget held little for Canadians except the same bankrupt principles of monetarism, spiced with a pinch of the voodoo remedies of supply side economics.

The June 28 budget could have been the turning point at which the government abandoned the Conservative economic doctrine of Ronald Reagan and Margaret Thatcher and the Conservative Party of Canada. The government could have turned its back on the unjust economic schemes whose basic tenet is to take from the poor and give to the rich, hoping the rich will be enticed to invest in a more prosperous society. The government could have turned its back on this, but it did not. Instead it gave Canadians a repudiation of the principles of collective bargaining combined with another squeeze on the already falling incomes of ordinary Canadians. It gave Canadians pension cuts and further cutbacks in social services, and so as to sell it the government went scrambling to come up with what it thinks are catchy phrases like solidarity and sharing and a crusade on inflation and the 6 per cent world of recovery.

When the Minister of Finance (Mr. MacEachen) was preparing his budget he brought in what *The Toronto Star* called an old Liberal warhorse to advise him on the revolution of semantics. A revolution of semantics, what a lovely phrase! That is the magic that the Liberals expected to sell this thing they call the plan for recovery. For a party that has not had a new idea in ten years I suppose the best thing that they could come up with is a revolution in semantics.

However, I think the Minister of Finance did not quite need to retain an adviser to stage this revolution. At much less cost and with a good deal more honesty he could have borrowed a phrase or two from the 1979 Conservative budget. No less than the Tories, the Liberals' only remedy for the economic

crisis is the short-term pain for long-term gain or rather, to be more honest, it should be short-term gain for long-term pain.

That is what this budget and Bill C-124 are all about: long-term pain for short-term gain. But it is not the $500,000 a year captains of industry and finance who will be hurting; it is the people of this country who work for the government and, after them, those working in the private sector. They are the ones being asked to be the foot soldiers in the government's crusade against inflation. Not only is their real income to be cut over the next two years, but with the limitations imposed on their right to bargain collectively, their working conditions as well could well deteriorate, while they have little power to demand improvements.

I can see no sense in attacking the wages of working people, wages which have been falling against the cost of living. What makes even less sense is to attack the right to collective bargaining as part of a crusade against inflation. And whether or not the government decides to permit its employees to request negotiations on some parts of their contracts, this bill clearly attacks ferociously their right to collective bargaining under the guise of wage restraint. It is here that the government's logic is most transparent. Attacking collective bargaining may be good sport in the corporate board rooms but in itself the right to bargain collectively really has no impact on inflation.

Last year my party leader received an internal government document spelling out how the government would deal with the economic crisis. Let me quote a paragraph from it. It reads:

> A program of consultation and public relations aimed at changing public attitudes and expectations would be useful, even though the main advantage of the program would be that it would enable the government to be seen doing something about inflation and to lay part of the blame for inflation on the private sector.

So that is what the government is doing now. But it is doing so under the rubric of wage controls, laying the blame for inflation not so much on the private sector as on the working people of this country. But even that same document recognizes that it is not wages which are fuelling inflation. That document says this, and I quote again:

> We are not currently facing wagedriven inflation such as we were in 1975, instead real wages have fallen for four consecutive years.

That document was written last year. Wages have now fallen for five consecutive years. If wages are not the cause of inflation, and the government apparently recognizes that, can a 6 per cent world of recovery really be an honest attack on inflation? I think not.

Wage controls will not bring inflation down; they will not put people back to work. All they will do is to provoke fresh fights between government and organized labour. Union bashing is a popular avocation among some of Canada's editorial writers and conservative economic think tanks such as the Fraser Institute. With its 6 per cent world of recovery, the Liberal government is trying to woo support from the Conservatives. It is trying to show Conservative supporters it can be every bit as neanderthal, economically, as the Tories can.

The last time Canadians had a bout with wage controls was from October 1975 to April 1978. Canadians were told that controls were absolutely essential to get the economy off the rocks. They were to be part of a concerted attack on inflation that would put an end to spiralling prices and give the economy a period of stability during which the government promised to do something about unemployment. After 30 months of controls, what did the government accomplish?

When controls were introduced, the Prime Minister (Mr. Trudeau) predicted they would bring the inflation rate, which was at 10.6 per cent, down to 4 per cent by 1978. Did they do that? We all know they did not. The rate of inflation in 1978 was not 4 per cent at all, it was 9 per cent. From 1975 to 1978, prices in the country rose by 38.9 per cent, but the control guidelines limited wage increases to only 19 per cent.

● (1750)

What about unemployment? In October, 1975, when controls were introduced, the federal unemployment rate in this country was 7.2 per cent. After 30 months of supposed stability during which the government said it would do something about unemployment, the unemployment rate actually increased to 8.6 per cent. That has to be a discouraging record for the proponents of wage controls, for the Liberals across the floor and for the Conservatives on my right.

The Canadian economy does not need restraint to get back on track. It does not need an attack on collective bargaining. It needs a major shift in economic planning by the government of this country.

Whether the government of this country is formed by Liberals or Conservatives, the only solution Canadians can expect is more long-term pain for short-term gain. The Conservatives are fond of accusing this party of being in collusion with this government, but the record of the House shows that it is the Conservatives who have supported this government's policies most often by votes in this very House. If there is an alliance brewing in this country, it is between the two parties of big business. When it comes to economic planning, the only difference between the two is a difference in style.

Was it not the Leader of the Opposition (Mr. Clark) who said that the wage controls proposed in the June 28 budget were a step in the right direction? Was it not the member for St. John's West (Mr. Crosbie), after accusing the government of being adrift, who admitted that the Tories would not get elected if they now told the public what they would do if they were in government?

What kind of remedy does this Liberal-Tory alliance prescribe for the Canadian economy? They have made the war on inflation their number one priority and have bravely accepted the high and rising levels of unemployment and the farm and small business bankruptcies as the cost of licking inflation. To increase productivity in Canada, they want to strangle the economy with high interest rates, more unemployment and low productivity.

If that is not enough, they want to strangle the economy further by reducing domestic consumption through the imposi-

tion of wage controls and the deindexation of pensions. In both cases their solution rests on a fundamental redistribution of income away from working people and senior citizens, away from farmers and fishermen and from small businesses to the already rich and powerful.

I think I have made it clear that we find the economic solutions put forward in this bill totally lacking. We find the bill which we are debating today to be unjust. It is a charade designed to hoodwink Canadians into believing the government is doing something positive about the economy. The amendments which we proposed and for which we are asking support of the House later this evening, would only address some of the excesses of Bill C-124. While we believe these amendments should be accepted, we cannot accept the plan for economic recovery that makes working people scapegoats of a government that is trying to get us to believe its hype about a crusade on inflation.

* * *

BUSINESS OF THE HOUSE

PROPOSED DISPOSITION OF BILL RESPECTING SEXUAL OFFENCES

Mr. Robinson (Burnaby): Mr. Speaker, I rise on a point of order with respect to a very important matter about which I would like some information. There has been a disposition among members from all three parties to deal with legislation which would overhaul Canada's rape laws. As the Minister of Justice (Mr. Chrétien) will know, we have been working very hard in the Justice Committee to bring forward legislation in this area. Canadian women have waited far too long for these overdue changes.

I want to ask the Minister of Justice, if I may, whether there is a disposition on the part of the government to move forward on this important matter because we, on our part, are prepared to proceed at six o'clock with a two-hour debate to deal with this very important legislation.

Mr. Chrétien: Mr. Speaker, I agree with what the hon. member just said. We have worked for many months on this bill. We had many sessions last week that went late into the night. We have made an agreement that there will be a new bill to deal with the change in the rape laws of Canada and the child abduction laws. There was a disposition among the official representatives of the three parties to pass it between six o'clock and eight o'clock.

Further to that, in discussions this afternoon which we had with the two spokesmen of the opposition parties, we agreed to some amendments that will be acceptable to all of us. I could not accept these amendments in the committee because the drafting came quite late. We have now found some new wording, and there is a proposed agreement that two amendments per party will be allowed in order to permit some flexibility to all of us.

That was the understanding which we had. I am told by the House leader—I hope it is not true—that unfortunately the official opposition apparently no longer wants to agree to that. Of course I am very sorry about this because some of the members of the opposition parties have worked very hard on it and were very keen. They even twisted my arm somewhat, but now they cannot twist the arm of their own party. It is a sad state for a party which wants to form the government some day.

The Acting Speaker (Mr. Blaker): I assume the hon. member for St. Catharines (Mr. Reid) is rising on the same point of order.

Mr. Reid (St. Catharines): Yes, Mr. Speaker. I am simply prepared to say that we acknowledge the many months of effort which the committee has put into making an attempt to reach some consensus with respect to what would go in the bill. But the document which I have in my hand is Bill C-"blank" which will be coming before the House for the first time when it is introduced. The bill is dated today. This is the third printed document that was submitted to the committee and will ultimately be submitted to the House for consideration.

The justice and legal critic for the official opposition has taken the position on many occasions that it is the government's responsibility to bring in a bill to the House so as to let us know what we are up against. As far as we are concerned, we are prepared to discuss the bill whenever the minister is prepared to present it to the House for consideration.

Mr. Deans: Mr. Speaker, I want to see the bill proceeded with. While we were prepared, and continue to be prepared, to give the unanimous consent necessary to allow the bill to proceed through all stages during a two-hour period this evening, we would also be prepared to do likewise tomorrow evening. We understood that the bill would be coming forward in the state that it is currently in. We were not taken by surprise; I do not think anyone was taken by surprise.

I recognize that it is not the normal practice for the House of Commons to receive a bill on the same day on which it is dealt with through all stages, but I also recognize that there is a great deal of demand from those most affected by it in the public, and they have made it clear that they would like to see the bill proceeded with and not delayed. With that in mind, we were prepared, and continue to be prepared, to deal with this bill.

Since there seems to be some dispute about proceeding with it, I would suggest that perhaps the prudent thing to do would be to delay until tomorrow at six o'clock. We should try between now and then to come to an agreement between the various members of the House to see if the matter can proceed tomorrow before the adjournment as we have already determined should occur.

[*Translation*]

Mr. Chrétien: Mr. Speaker, all members agree about tomorrow night. We will certainly consider that. I am dis-

appointed because I thought we had agreed for six o'clock. However, I see that the official opposition wants additional time to get its act together. Well, so much the better if they can march to the same tune tomorrow between six and eight o'clock. We will certainly consider that very seriously. The difficulty we are facing is that the Senate has already begun its preliminary study of the bill and I think that the official opposition will have to tell the Progressive Conservative Senate leader to toe the line because I think he does not see it quite that way. So, tomorrow between six and eight o'clock. I would certainly be in favour of that, but we shall see if the opposition can rally its members to reach an agreement, such as we on this side have come to after concerted efforts. I see that even the hon. member for Burnaby (Mr. Robinson) agrees with me. Since he does, Mr. Speaker, that creates a precedent of which we should take full advantage.

• (1800)

[*English*]

Mr. Lawrence: I rise on the same point of order, Mr. Speaker.

The Acting Speaker (Mr. Blaker): Order, please. Hon. members always have the right to be aware of and to make use of the Standing Orders. I do not think it would be in order for the Chair not to see the clock much longer. Standing Orders require that the Chair recognize the clock. In an attempt to balance the interests of the House, if an hon. member wishes to put a motion on the floor which could be dealt with, then perhaps the Chair's duty would be to not see the clock. But I want to warn hon. members that there are some who may call upon the Chair to apply the Standing Orders, and the time is approaching. In order to pursue the matter, I will—

Mr. Pinard: Six o'clock!

The Acting Speaker (Mr. Blaker): I will recognize—

Mr. Pinard: I rise on a point of order, Mr. Speaker. I see that we have reached an agreement with the NDP, but we might have an agreement with the Tories later.

Mr. Crosby: Progressive Conservatives.

Mr. Pinard: The Conservatives. Obviously the Tory member does not agree that we sit between 6 p.m. and 8 p.m. to deal with that bill. I will therefore consult with the House leaders later today or tomorrow but, for the time being, I think that our time is being wasted. So I call it six o'clock.

Mr. Lawrence: Mr. Speaker, may I ask either the Minister of Justice (Mr. Chrétien) or the House leader a question?

The Acting Speaker (Mr. Blaker): The Chair has no choice now. One hon. member has called it six o'clock. I would have recognized the hon. member for Durham-Northumberland but—

Mr. Lawrence: I think you are putting his rights ahead of mine.

The Acting Speaker (Mr. Blaker): Well, then, I will ask hon. members to—

Mr. Deans: Would you guys stop fighting?

The Acting Speaker (Mr. Blaker): Order, please. I would ask hon. members to extend a certain courtesy to the hon. member for Durham-Northumberland who, after all, was on his feet prior to six o'clock. I will then recognize the time as being six o'clock.

Mr. Lawrence: Mr. Speaker, my point in rising was merely to ask a question. The Minister of Justice has indicated that a brand new bill is available to hon. members of the House with respect to the whole question we are discussing. Most hon. members who have asked for a copy of that bill have not been able to get a copy. The second point is that with no new bill before us, the Minister of Justice then came along and said, within the last ten minutes, that he has agreed to new amendments which none of us has seen. My question to the Minister of Justice, if he were still in the House and had not been rude enough to leave, would simply have been: when will we see the amended bills—plural—and the amendments to which he referred so that we could properly discuss them?

An hon. Member: Your critic has it.

Mr. Chrétien: I am here, I am here!

Mr. Lawrence: Where have you been for the last year and a half?

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Blaker): Order, please. The Chair extended a particular courtesy to the hon. member for Durham-Northumberland, with the consent of hon. members, I thought. I will now make a ruling. Because it was a question by the hon. member for Durham-Northumberland, the Chair will not extend further consideration except to the Minister of Justice, and following that the Chair will call it six o'clock, unless there is unanimous consent to proceed otherwise.

Mr. Chrétien: I just said that the amendments have been given to the critic of the party opposite, the hon. member for St. Catharines (Mr. Reid), and we discussed the matter with him after two o'clock. He knows all the amendments I have been willing to accept. He proposed one amendment to us. I think that we have agreed to proceed with it. The NDP have also proposed some amendments. So for those who are interested in the bill and who have been present in committee, there were some informal discussions. All the information is in the hands of the critic of the official opposition and it is for him to communicate it. It was agreed that the bill was to be tabled for first reading in the House by unanimous consent. I cannot table it because the matter is in the hands of the opposition

and there is no more deal. When there is a deal, it will be tabled.

The Acting Speaker (Mr. Blaker): May I suggest, with great respect to any hon. member who seeks the floor on a point of order, that it is now six minutes after six o'clock. Accordingly, I call it six o'clock and do now leave the chair until 8 p.m.

At 6.06 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

* * *

[*English*]

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House resumed consideration of Bill C-124, respecting compensation in the public sector of Canada, as reported (with amendments) from the Standing Committee on Miscellaneous Estimates, and Motion No. 4 (Mr. Murphy).

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. When the House took recess at six o'clock, the Chair had given the floor to the Parliamentary Secretary to the Secretary of State.

Mr. Jean Lapierre (Parliamentary Secretary to Secretary of State): Mr. Speaker, when we adjourned for dinner, I was about to tell the House how pleased I was to take part in this debate in early August in a session that will certainly turn out to be the longest ever. I want to say why I feel that it is our duty as parliamentarians to be here at the very time, when hundreds of Canadians have an opportunity to come and follow our proceedings and see just how seriously all parties in the House deal with the economic issue. I think that all Canadians fully realize that exceptional measures must be taken if we are to come to grips with the crisis that is currently undermining the country. Within the parameters of this debate on Bill C-124, I think we must warn all Canadians not to be taken in by such prophets as those of the New Democratic Party who claim to have magic and easy solutions. These are hardly times when irresponsibility, complacency and particularly petty politics are acceptable. I would suggest that the times we are going through are too important for the 1,250,000 idle Canadians who can only hope and entertain the thought that their government does not forget them. The magic solutions advocated by the New Democratic Party simply do not wash in economics or in sociology because, if we were to endorse their theory, everything would be a cinch, we would simply spend more money.

They fail to say where the money would be coming from but, as far as they are concerned, the way out is to spend more money. We heard them during the sittings of the committee when they claimed that the solution is not to cut back the salaries of the public servants, but to give them more money to enable them to spend and keep the economy rolling. If we were to do that, we would find ourselves in a situation where the Canadian people would have to pay a very steep price for a small minority, which happens to be among those who enjoy the best protection in the country. The real issue is that the time may not have come yet for the New Democratic Party to pay its debts to the unions that provide its financing. It would be better to let those unions realize the seriousness of the crisis and enable them to join the collective effort aimed at restoring in Canada an acceptable and profitable level of economic activity for all Canadians. There is no simple formula to curb inflation. To be here today and propose a—

• (2010)

An hon. Member: And the high interest rates?

Mr. Lapierre: If you will remain silent, I will talk about high interest rates later on. I did not interrupt you when you had the floor. Mr. Speaker, we all wish for a higher standard of living, we would all like to see Canadians live in a world of opulence, but the fact is that the standard of living is related to individual responsibility. We often have misconceptions about our wealth. People think that we are going to pull through this crisis because Canada is a wealthy country and that nobody will have to make personal sacrifices, but the reality is something else again. We have been deluding ourselves for the past five, six, seven or eight years by telling one another that the public coffers were bottomless. Today we are faced with the sad reality: Canadians can no longer contribute as generously as in the past to government programs. They simply cannot pay too many taxes and yet, at the same time, they expect the government to come up with solutions. Those who now bear the brunt of the economic crisis are mainly young people and women who make up the majority of the unemployed. They are also businessmen on the brink of bankruptcy because they cannot compete any longer on some markets.

It seems to me that if we went along with what the New Democratic Party is suggesting, the rest of the people would suffer, while unionized civil servants would be protected. It seems to me also that the Canadian people now have neither the means nor the desire to protect anybody. What they want is economic leadership. They want their government and all its elected representatives to lead the way. They rely on firmness and a sincere desire to end the crisis once and for all and to wrestle to the ground this inflation which would destroy us all sooner or later. When Mr. Karl Beigie appeared before our committee, he gave three causes for inflation. He mentioned, of course, that the main cause is increased costs. It is a fact

that energy costs have increased tremendously over the past ten years.

Labour costs have increased as well, and caught in a vicious circle, we say, "Because of the higher cost of living, give us more money without bothering about productivity!" And whenever we get an automatic pay increase of 12 or 13 per cent, does it really reflect an increase in productivity? And we realize that in the past few years in Canada, in spite of significant pay increases in every sector of the economy, there has been no corresponding rise in productivity; in fact, productivity has stagnated. Mr. Beigie felt also that the Canadian dollar in the 50's had been overvalued, although other economists may feel differently; yet, in his view and as he sees economic reality, from the moment the Canadian dollar found its true value, the cost of imported goods increased accordingly and fed inflation. We often hear people say that the value of the Canadian dollar should be set in such a way that it is worth one dollar to Canadians buying on the domestic market. A dollar is always worth a dollar, but because of the great many imports we buy—we have become more sophisticated customers, we appreciate imported and choice cheeses and other similar products—we are, as I said, sophisticated consumers, and this also feeds inflation, because our dollar is worth 80 cents U.S. and we import a tremendous amount of goods, this causes costs to rise.

Mr. Beigie referred also to a new phenomenon, namely, state control over increasingly larger areas of the economy. Under popular pressure, probably with the best intentions in the world, governments have taken an active part in the marketplace, have become involved in dozens of social and economic programs of every shape and form which are becoming increasingly costly for the Canadian taxpayer and the Canadian economy as a whole. We have also contributed to the spiralling increase in the cost of living by individually and collectively deciding to protect ourselves against it by indexing social benefits to the cost of living; so, we have made monsters of programs which originally were quite modest but are now costing us an arm and a leg, Mr. Speaker, something that is forcing us to lower our expectations. We have to ask ourselves whether Canada can keep on spending, even with the best intentions in the world. But can the Canadian people still afford all those expenditures without complaining; are those expenditures synonymous with growth? We feel that growth can never be achieved unless we change our ways. The last few years have proved it beyond a doubt; unfortunately, that experience has made its victims: we must now turn to those victims, and the government must take drastic measures to remedy the situation.

Salaries, which I mentioned a moment ago, no longer bear any relation to productivity; it is a forgotten element of our language, an element none of the unions which came before the committee even mentioned. They merely said: We need more! But they did not relate what they deserve to what they produce; that notion is unfortunately too often overlooked, which explains our problems in world markets. Yes, over the past five years, our productivity has been stagnating and the cost of labour at all levels of government has increased. We should ask ourselves what the rate of productivity is in government services. With all the resources of his staff, the Auditor General of Canada has assessed the productivity of the public service at 60 per cent compared with the private sector. I do not want to generalize because there are of course public servants who have a productivity of 110 percent. Others, unfortunately, must have a lower than average productivity, which would mean lower than 60 per cent, but none of those who appeared before the committee to speak on behalf of public servants mentioned productivity. I believe that other Canadians are becoming more and more concerned about productivity, whether in the private sector or in some public agencies, and they are becoming increasingly aware of the importance of being more productive if we want to keep our markets open.

The bill now under consideration is really part of a general restraint policy. Parliament has been asked to vote on this matter which is the most urgent of all the legislative and administrative measures put forward by the Minister of Finance (Mr. MacEachen), because if we want to convince everyone that the government means business, that it wants to practise what it preaches and that we are not just long on rhetoric when we talk about tightening our belts, we have to show the Canadian people that we are going to impose restraint first on ourselves, the members of the House of Commons and the Senate, on our own staff and on the public service in the hope that other public agencies and the private sector will follow our lead to give jobs back to those who need them so much and to bring down inflation, which in turn will bring interest rates down. I am convinced that with this bill we shall lead the way in this fight against inflation. Bill C-124 should be seen rather as a model for all Canadians to copy from. It is but one component of a general policy. If the government were to suggest that Bill C-124 will solve all our problems, I do not think the Canadian people would take it seriously. It is all very well to control wages, but prices too have to be controlled.

The Minister of Finance and the President of the Treasury Board (Mr. Johnston) have made many announcements concerning prices because these two factors are interrelated. If we look at the recent announcement made by the Minister of Public Works (Mr. Cosgrove)—if my hon. colleague would care to listen and learn, he would see that when the government talks about price control, it does mean business—no rent paid to the Canadian government—and we know how many housing units it controls in Canada—will be increased by more than 6 percent. Many other prices will be regulated and I am already convinced that the same will apply to Bell Canada and many others if we want this program to be effective.

All members of this House have to take this program seriously. If they are here only to score political points, as our colleagues of the New Democratic Party seem to be doing, if they are here to make sure that the program will not work, they are not discharging their responsibilities as the people's representatives who must see to the best interests of the whole population and not just clean up the slate with those who contribute to their party fund. I believe that it is important for all Canadians to realize that the New Democratic Party made no contribution whatsoever to the debate during consideration of the bill in committee. Most of its members did not even vote on the proposed amendments. They did not vote for a very simple reason, they wanted two things: first, to have an unblemished record; second, to pay their debts to the unions which fund them. Gentlemen, you succeeded. Now, Mr. Speaker, we must return to the Progressive Conservative Party which in spite of its differences of opinions with us has realized that this was not the proper time to play politics.

They have also realized that they should provide some leadership. Mr. Speaker, Canadian municipalities have been wiser than the New Democratic Party. The municipal representatives who are as qualified as we are have understood the message. They are aware that this is not the time for politicizing but to resolve the issue. They have decided to join us in the struggle against inflation. Many businessmen and union members understood. Of course, the executives of some unions which you so well represent do not understand because they are afraid. They want to justify their existence. And my hon. colleagues say that it is at the expense of workers. We are taking that step specifically to assist workers because the unemployed were former union members whom unfortunately the unions are now betraying. We are helping those people to make sure that they will re-enter the labour market and they will surely not do so thanks to your co-operation and your example.

This program, Mr. Speaker, does not discriminate amongst Liberal, Conservative or NDP ridings. The program is fair for everyone. All public employees will be subjected to restrictions. Canadians generally believe in such a program because they feel it is quite realistic. If the creation of 25 jobs in the Public Service was announced, you would see many applicants. There is no ... an hon. member is laughing over there. He knows that a large number of Canadians would like to become public servants specifically to enjoy security of employment which cannot be found in the private sector and to receive salaries which are ... I am convinced Mr. Speaker that the hon. member is trying to prevent us from making our comments and make me run out of time.

Mr. Blaikie: There is no security of employment at the CN, my friend.

Mr. Lapierre: I hope you are going to call them back to order Mr. Speaker. In my opinion, that program is quite fair. It allows all unions—and there is no exception in the program, everyone is restricted to raises of 6 per cent and then 5 per cent—

Mr. Blaikie: What about the 3,200 laid-off employees?

Mr. Lapierre: And also our staff Mr. Speaker. I hear my hon. colleague who tries to get stirred up because my staff is restricted to 6 and 5 per cent.

Mr. Munro (Esquimalt-Saanich): And your staff also.

Mr. Lapierre: There is nothing more normal Mr. Speaker. I am not interested in promoting a minority. My staff understands it quite well.

The Acting Speaker (Mr. Corbin): Order. I regret to have to interrupt the parliamentary secretary, but the time allotted to him has now expired.

• (2020)

[*English*]

Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

The Acting Speaker (Mr. Corbin): All those opposed to the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Corbin): Pursuant to Section 11 of Standing Order 75, the recorded division on Motion No. 4 stands deferred.

The next question is on Motion No. 8.

Mr. Rod Murphy (Churchill) moved:

Motion No. 8

That Bill C-124, An act respecting compensation in the public sector of Canada, be amended in Clause 7 by striking out lines 4 to 8 at page 6 and substituting the following therefor:

"extended under Section 4 may amend any terms and conditions of the collective agreement or arbitral award other than wage rates or other terms and conditions of the compensation plan pursuant to the provisions of any act regulating collective bargaining between those parties or persons."

Mr. F. Oberle (Prince George-Peace River) (for Mr. Crombie) moved:

Motion No. 9

That Bill C-124, An act respecting compensation in the public sector of Canada, be amended in Clause 7 by striking out lines 1 to 8 at page 6 and substituting the following therefor:

"7. (1) Subject to subsection (2), parties to a collective agreement, or the persons bound by an arbitral award, that includes a compensation plan that is extended under Section 4 may, by agreement, amend any terms and conditions of the collective agreement or arbitral award, provided any amendment to the compensation plan takes effect

(*a*) on the day immediately after the day the plan would, but for Section 4, expire, or

(*b*) on the day the first increase in wage rates on or after June 29, 1982 would, but for Section 8, occur under the plan,

or on the anniversary of the day referred to in paragraph (*a*) or (*b*), as the case may be.

(2) The total value of the compensation, including wage rates and all other benefits and perquisites, weighted and averaged in the manner prescribed by the Treasury Board, provided for in any compensation plan included in a collective agreement or arbitral award that is amended pursuant to subsection (1) shall not, in the twelve month period of the plan following the first such amendment, exceed by more than 6% the total annual value of the compensation under the previous compensation plan for the same employees, and the total of the compensation in the twelve month period of the plan following the second such amendment shall not exceed by more than 5% the value thereof in the first twelve month period of the plan.

(3) In the event of a dispute in the application of this section, the provisions of sections 155 to 159 of the *Canada Labour Code* apply *mutatis mutandis*."

Mr. Rod Murphy (Churchill) moved:

Motion No. 10

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended in Clause 7 by adding immediately after line 8 at page 6 the following:

"(2) Where the parties fail to agree, the parties shall retain the right to employ the dispute resolving mechanisms included in the Public Service Staff Relations Act or the Canada Labour Code, whichever is applicable."

Motion No. 11

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended in Clause 7 by adding immediately after line 8 at page 6 the following:

"(2) Notwithstanding any other provision of this Act, parties to a collective agreement or arbitral award may bargain collectively with respect to paid maternity leave as if this Act had not been passed."

He said: Mr. Speaker, I find it interesting at this time—

The Acting Speaker (Mr. Corbin): I apologize to the hon. member for Churchill (Mr. Murphy). I recognize the hon. member for Prince George-Peace River (Mr. Oberle) on a point of order.

Mr. Oberle: Mr. Speaker, it has occurred to us that since the House order reads that Motions Nos. 9, 10 and 11 should be grouped for debate and voted upon in the manner described in the circular issued by the Chair, you might wish to recognize a member from the official opposition first. Extra generous time was given to the party to our left this afternoon. Those of us who have been here all day heard the debate go all across the ball park. I think it would be time for other people to offer a balanced point of view.

The Acting Speaker (Mr. Corbin): I think the point raised by the hon. member who has just spoken is well taken. I beg the indulgence of the House respecting the hon. member for Churchill. In view of the fact that the motions have been grouped for debate according to an earlier decision of Madam Speaker, I think it would be in order for the Chair to have recognized the hon. member for Prince George-Peace River earlier.

• (2030)

Mr. Kelly: Mr. Speaker, I rise on the same point of order just so I understand what is happening. If the hon. member opposite in the official opposition speaks first, I assume he will have 40 minutes. Will the member from the New Democratic Party also have 40 minutes?

The Acting Speaker (Mr. Corbin): The Standing Orders provide for the mover of a motion at report stage to have 40 minutes. The same rule applies to any member moving a motion on behalf of another member. Both the official opposition speaker and the speaker for the New Democratic Party, since they have both moved motions, each will be entitled to 40 minutes.

Mr. Murphy: Mr. Speaker, I rise on the same point of order. I was identified. There had been consultations earlier today explaining that it is the New Democratic Party's motion that comes up for debate first. That procedure has been followed by each and every occupant of the chair with respect to this bill. It is our position that since you recognized me, in accordance with the procedures of this House I should be the first speaker.

Mr. Baker (Nepean-Carleton): Mr. Speaker, I too rise on the same point of order. I think you made a ruling just a few moments ago and I think you made it on the basis of equity and fairness in terms of the debate. I think it was quite appropriate that you made it and quite supportable on that basis, certainly on the basis that you made a ruling and as well with respect to the equitable distribution of speakers among the three parties in the House.

The Acting Speaker (Mr. Corbin): I thank the hon. member for Nepean-Carleton (Mr. Baker) for his contribution. I am afraid the Chair has put the House in this situation. The Chair, of course, cannot take cognizance of private negotiations. I am not aware of what goes on in the House privately or behind the curtains. I am afraid the point made by the hon. member for Prince George-Peace River is a valid one. The Chair apologizes to the House for the situation, and I do now recognize the hon. member for Prince George-Peace River.

Mr. Murphy: Mr. Speaker, I rise on a point of order. I would like some reassurance. You have already recognized me. If you recognize a member of the Conservative Party for 40 minutes and if you recognize a member of the Liberal Party for 40 minutes, what happens is that the two parties that agree with this bill will monopolize the rest of the House time. In your capacity as Speaker you have already recognized me.

Without the unanimous consent of the House I do not see how you can take away that recognition.

The Acting Speaker (Mr. Corbin): On that point the Chair may share the concern of the hon. member for Churchill. The Chair does not provide for the length of the speeches; the Standing Orders provide that. At this stage, having ruled, I think we ought to get on with the debate. Once again, I recognize the hon. member for Prince George-Peace River.

Mr. Heap: What a rotten deal.

Mr. Keeper: What about fair play?

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I will probably not use the 40 minutes allocated to the speaker of the party introducing an amendment. It is my pleasure on behalf of my colleague, the hon. member for Rosedale (Mr. Crombie) to introduce Motion No. 9 and to speak as briefly as possible on this motion and the debate before us.

All of us realize that our country is in very serious and dire economic straits. We share this dilemma, admittedly, with a number of other countries in the western world. But nowhere in the world, particularly in the western world among the people with whom we trade, is this crisis as deep, as profound and as devastating as is our experience here in Canada.

We say that inflation is the cause of this serious problem. Up to this point it has been a favourite pastime of this government and of other important and powerful players in the economy, like the corporate sector and unions, to say that inflation is crippling our economy, destroying our freedom and destroying our ability to manage the resources of this great country in the manner best suited to our needs. We hear it said, "Let us all now step out and fight inflation". This is what is being preached throughout the land. But we also hear it said, "If I am not right there when we get started, just get started without me and don't wait. Somebody make a beginning."

But we have to come to grips with the problem of inflation to restore once again confidence and faith in our country and to give substance, belief and foundation to the great security systems that we have, and to the social contracts that we have planned and put in place for ourselves. As we all know, the government is in a position today where in some instances it is defaulting on social contracts in which it has entered. One example is the removal of indexation, which is part of the last instalment in the federal budget. That was a social contract. Another is the question of collective bargaining, which has caused all of us some difficulty and which has invited the wrath and the anger of our friends in the New Democratic Party.

As we all know, the best security system in the world and the best security system any government could offer is a job and peace of mind, knowing that one's savings will not be ravaged by inflation or a government's economic mismanagement.

Every speaker who has participated in the debate following the budget, particularly those who have participated in this debate, are to blame for the situation that we are in. Members on all sides are to blame. We sought to attach blame for the incredible situation that we have got ourselves into. Even the government would have to admit that not all of the misery dispensed has been imported from some other part of the world. We have managed to shoot ourselves in the foot quite ably by ourselves. It was not the Americans or any other country that told us we should have a Foreign Investment Review Agency which, at the moment, does nothing else but scare and frighten away the scarce and much needed investment capital. No one in the rest of the world told us that we should have a National Energy Program, which has literally destroyed and probably rendered impotent the most vital sector in our economy today. These wounds are self-inflicted and the misery that results from them is distributed not in a very fair and equitable manner. As we all know, there are some people who actually profit from inflation and there are some people who actually profit from the misery of others.

We hear our friends to the left speak about equity, fairness and the equal distribution of wealth. They always say that, without accepting an equal share of the misery and the hardship and the determination to straighten out the mess. The necessity for that also applies to my friends on the left.

We know who is to blame. It is now believed that the term ministerial responsibility is really a contradiction because we see no examples of ministerial responsibility. Certainly in the last two or three years, none of our ministers of the Crown or the Prime Minister (Mr. Trudeau) have accepted any blame for anything. They brought in a budget in November. In June they returned and said that they had made a little mistake. They have rendered thousands of small businesses insolvent and have thrown the country into bankruptcy. They said that they had made a little miscalculation; they thought the deficit was to be $10 billion and it turned out to be $20 billion. Now they say they have seen the light and have some new ideas. They ask us to hang on, that they will show us something different.

• (2040)

We all know that if there were any ministerial responsibility left, or if any of them were willing to accept ministerial responsibility, the Minister of Finance (Mr. MacEachen) would have had to offer his resignation and let someone else try something fresh. This goes as well for the Minister of Energy, Mines and Resources (Mr. Lalonde) who fought tooth and nail a couple of years ago to bring in the National Energy Program, which was to secure energy self-sufficiency by the year 1990 and to ensure above 50 per cent Canadian ownership content. Now we know that neither of these goals will be achieved. But has the Minister of Energy, Mines and Resources resigned? Of course no, because as we all know the term "ministerial responsibility" is not in fact a contradiction in terms.

I did not want to use the time available to me to attach blame to any one of the players in the economy, because I assumed that at least those who are in the chamber this

evening and, indeed, most people who take the time to turn on their television sets to watch our debates know full well who is to blame and where the buck should stop.

I compare our situation to a ship which has run aground. Luckily there was no loss of life, but the ship is sitting on a sandbank and we are all floating away in lifeboats. When you are in a lifeboat, you do not make judgments or hold court on who is to blame for the predicament. What we do is all get together to try to make the best of the situation. We look at what the options are. Our aim is to stay alive as an important industrial nation in the world and as an equal and respected partner in the community of the western economy. In so doing, we have to make some fundamental commitments to change the way we have behaved as partners in the economy within our country. Again, it is up to the government to take the lead in showing some new direction.

Anyone listening to the debate over the last couple of days would know that it is simply not true that there were no constructive suggestions by the opposition to help the government find its way out of the dilemma. There is no easy and simple solution. This is a fact with which we all agree. But some constructive suggestions have been made in terms of Bill C-124, which was designed to portray the government as finally accepting some responsibility and showing the lead without, in the very initial period, imposing restrictive and comprehensive measures to force everyone into a certain stream.

The government has said that it will restrain itself and its employees to a wage package which will not exceed 6 per cent this year and 5 per cent the following year. Of course there are various complications with such an approach. Many of our friends and colleagues have pointed out some of these problems. The misery which a senior civil servant in the $90,000 to $105,000 range will have to suffer with a 6 per cent increase in his salary will of course be much easier to bear than that of a public servant in the $12,000 per year range. Usually both have to buy their groceries in the same supermarket, and yet one will receive a $6,000 increase and the other might receive a $700 increase in one year.

I have looked at the total package and have listened with great care to the defence of the government in support of this so called 6 per cent world. I am still very uneasy because I happen to think that the idea could work, if the government did not limit this restraint to its own public servants and, incidentally, to our own employees. It is grossly unfair that employees of Members of Parliament should have their salaries rolled back. I am not entirely convinced the arguments of the New Democratic Party with respect to this bill, which they are vehemently opposing in general, are correct. At the outset they said that regardless of whether we accept or reject their amendments, they are opposed to this kind of approach. I happen to think, as is always the case with socialists, that the greatest of all human failings, greed, applies to them more than it does to capitalists. They are really more interested in the 6 per cent reduction of their own salaries than anything else. It would be an exercise in intellectual honesty if they admitted it. I personally do not think that Members of Parliament are overly generously rewarded, but I do not think that a system such as the one proposed would work unless we took the lead and showed some restraint. If this restraint were carried throughout the system, I think it would work.

Naturally I am disappointed already because we learned that the government has found ways to protect certain of its friends from the impact of this measure. We are told that regulatory agencies will be given certain guidelines. They can award to Crown corporations or to regulated industries increases in their charges and tariffs in excess of 6 per cent, but any such settlement or benefit to a Crown corporation will have to be reviewed by cabinet. There is no doubt in my mind—and I have watched the government now for ten years—that there will be certain friends who will convince the government that their input costs have been too great; that if they are tied to the 6 per cent rate they will have to reduce services, which will be harmful to its political welfare; and that they should be allowed to make additional charges. We have seen examples of this already.

It will be interesting to see how Bell Canada, other regulated Crown corporations and private agencies will be treated in response to their demands. When I say that I support and think the program will work, I qualify it by those comments. If we stick to our guns, when we return to our constituencies businessmen will be able to see their telephone rates, hydro bills and natural gas bills, restricted to a 6 per cent increase if the government forgoes further increases in gasoline prices. In other words, if all regulated industries, products and services dispensed throughout the country are restricted to a 6 per cent increase, the program would have an excellent chance of working.

I cast my mind back to the time when I managed a business. Certainly, if I could have seen the government taking initiatives with conviction and strength, I would have had no problem convincing employees working in my firm that the time had come for all of us to follow the lead because there was a chance we could come to grips with some of the serious problems faced by the nation.

• (2050)

Let me come to the problem of one of the shortcomings in this bill which is the collective bargaining process. As we know, the bill introduced certain restrictions to this process of collective bargaining. Reasonably one could ask, "What is the sense of bargaining if you already know that you are tied to a 6 per cent ceiling?" The ceiling will become the floor and the floor will become the ceiling, so everybody will get a 6 per cent increase. Surely no one is going to bargain for anything less. So what is the sense of bargaining collectively?

If we were convinced this is a program that will work and will legislate this program into place, what was the reason for saying then that you cannot bargain collectively? It follows logically, except of course that there are other things that unions and groups of workers bargain for. We have certain commitments to affirmative action programs, for instance. I

have said that the bill is unfair in terms of the great differential in the wage scale where we have senior bureaucrats earning in excess of $100,000 and we have some employees of the federal government who are in the very lowest of pay scales. Therefore there could have been a process of collective bargaining to close this gap and to make some necessary adjustments. There are some legitimate problems that the women's groups have made us aware of and that are involved in this affirmative action program. Maybe there is room for some collective bargaining to overcome and straighten out some of these problems. Unfortunately, the government moved to restrict the process of collective bargaining, and that is terribly unfortunate because certain groups who are crucial to making this program work will, for that reason, opt out.

If you cast your mind to the time in 1974 when my party proposed a program of wage and price controls you will recall that we had intended to introduce a 90-day freeze. When I think back to that particular election campaign, I remember that it was not very difficult for me to get people to join us in that campaign because we were able to make the commitment that for 90 days the price of gasoline, butter, bread and whatever you needed to buy would not increase. There was no need to set up a monitoring agency or police force because if anyone in any supermarket or anywhere else increased their prices it was quite obvious that it would not have taken more than 30 seconds for someone to know that someone else had been breaking the law.

You will also recall that after that 90-day freeze we had proposed an 18-month period of adjustment, and that is precisely the kind of adjustment that we had in mind, because, as we all know if we want to be honest with ourselves, we have established in our society and in our economy certain elites. Those are, first of all, the corporate or the public elite, the government and its friends, the bureaucracy, insensitive, stubborn, with ravenous appetites for our tax dollars, and, as I have already said, accountable to no one. That is a certain elite and I am not including in that elite the lower paid public servants who are performing throughout our country a very useful, vital and essential service to all of us.

Then there is the other elite and that is the corporate elite. That is mainly the control sector of the economy. Those are the people who, again in a monstrous and ravenous way, have gobbled up all the available resources of the country, not to create new jobs, not to create new enterprises, but to use all the money that our banks have available, and even some the government had available that it had taken from other taxpayers, to gobble up existing companies, to enlarge their sphere of influence and to concentrate and to integrate their large corporate entities.

One cannot blame the large corporations for doing that because no one in their right mind would start any new enterprise today at a time when there is such uncertainty about where the government is going and what the future intent of the government will be in becoming involved as an active partner in the economy.

If the National Energy Program and Canagrex are any indication of what the government intends to do in the future, I certainly, if I were free to do so tomorrow, would not start a new business in this country. I suppose that a lot of large corporate decision-makers have come to the same conclusion. So what do they do? Instead of expanding their plants, creating new jobs, doing research and development to produce new products and getting out in the world to sell these products, they have simply engaged in an exercise which I call corporate cannibalism by gobbling up other companies and enlarging their sphere of influence in that way.

That has had a devastating effect on the economy, particularly since the banks were willing partners in this scheme of corporate cannibalism. Some banks are in such dire straits today. There is no question about that, because of loans they have handed out to Dome Petroleum and to other major companies which are, for all intents and purposes, insolvent today, that they have to call back loans made to small businessmen who are paying their interest and struggling away, despite the adversity and the difficulties that they are encountering.

We have this corporate elite. It is usually the regulated sector of the economy. The government tells them to what extent they can increase the cost of their services or the products they produce, and the government has them completely regulated in every way. Unfortunately, if we compare our corporate sector with that of the United States, we find that our large corporations have always been very willing to be regulated by government. The reason is that they felt there is a certain amount of security in that, because should they get into trouble the government will give out, offer letters of comfort, loan guarantees or even cash. As long as they are big enough, as long as they employ a lot of people, the government will come to their aid.

And their judgment was right. If you look at Dome Petroleum, no one in their right mind really believes that this government will allow Dome Petroleum to go under. They have been too willing and too helpful in bringing the National Energy Program about, and friends always help each other, so the government will bail out Dome Petroleum. Unfortunately, the government of course will not be able to bail out everybody, so it has to be very selective in the way that these bailouts are being conducted. Some peple who have the ear of certain ministers will, of course, get help and others will be allowed to go under and die.

• (2100)

The third elite is the labour elite. When one looks into the background of this elitism which is in charge of our economy, one finds that the one third of our labour force, numbering approximately 12.2 million, that is unionized, is employed by the corporate elite of which I have spoken. While it is not fair to say this about all organized labour, to a great extent the organized one third component of the labour force that is

unionized works for the corporate elite. The corporate managers no longer understand, and certainly this government has long forgotten, the most basic principles of a free market economy, which is supply and demand, or the invisible hand which regulates the economy. I have said before in the House that the invisible hand has become the invisible handshake. It is the invisible handshake between Dennis McDermott, the CP group of companies and these large corporations whose products are regulated but whose future is protected by the government, the third partner in the elitist conspiracy.

The present situation is that this blue chip elite, made up of corporations, is now in dire straits. These are the same corporations which the government is now calling in to advise it this fall on what it should do in terms of developing better measures to turn the economy around. I shudder to think what the outcome of that dialogue will be. However, these people are now in dire straits. The corporate elite is not producing any revenues for the government, so it is defaulting on its social contract. The corporate elite is in dire straits because it can no longer increase its prices according to what the union demands because the government wants to regulate the end price of their products. This reaction has caused our ship to run aground.

When the system is running smoothly and everyone is able to eat, has a place to live and can afford to go on a vacation once a year, even the low-paid paid worker, then of course no one complains. But the corporate elite and the labour elite are now being asked to take a share of the misery that our present economic circumstances dictate. Therefore they are squealing. The squeals are heard no louder than those of our friends to the left, the New Democratic Party. That party represents no one else in the House but one partner in that group of elite. That is, labour. They are upset because of this attack on collective bargaining.

To conclude, I would like to focus on that particular component. I firmly believe that as long as our unions insist, so stubbornly on adhering to this adversary process in which they like to engage, we will not be able to repair the damage that has been done to our economy on a permanent basis. As long as this juvenile and outdated method of collective bargaining in industrial relations continues we will simply be unable to devise and chart a plan of economic recovery.

I would yet have to meet a union boss who would not much rather sit in the boardroom to help make decisions that would ensure the health and welfare of the company and create new wealth, which could ultimately be passed on to the employees of that company, than sit in the lunchroom and plot how to destroy the company and hinder any effort on the part of the corporate managers to create new wealth. I would yet have to meet a union leader who would not much rather discuss profit-sharing, for example. However, if he had to discuss profit-sharing with his boss he would also have to accept the responsibility of working together with his boss to create wealth and profit before sharing it.

That is why we call people who never appear to have anything and want to share it with everybody else socialist. You cannot distribute wealth that you have not first created. That is as true for the smallest business as it is for the largest corporation. It is certainly true for the managers who are in charge of looking after the public interest.

I am not blaming the corporations for our present situation or for their contribution to our present problems. I am not saying that the unions are to blame. As I have said, the buck stops at one place only, and that is here, at the treasury benches across the aisle.

If the corporate sector behaves responsibly there is no need to compete with it in the public interest. We should proceed as does every other country, which is to make laws and regulations within which the corporate sector must operate. If free enterprise has been the basis of the prosperity of a nation such as ours, it then must operate within certain principles of the free enterprise system. This means competition. Perhaps we should be considering competition laws, or anti-trust laws as they are called in the United States. When a corporate entity becomes too integrated or monopolistic, or when a group of corporations become too oligopolistic, a government should intervene and force them to divest themselves of certain holdings to assure the maintenance of fair competition.

The blame belongs to the government for its deliberate policy of neglect which allows this kind of situation to occur and for giving the banks the leeway which they have to plan with the corporations in the scheme of corporate cannibalism.

The unions are not to blame for the power which is not due to any group of workers. Under present circumstances, two thirds of the workers are not unionized and do not have an opportunity to be unionized because the large unions are not interested in those who work in the private sector and have to compete in the free market economy. They are the ones who are paying the bills.

I am not blaming the unions, either for the power they have, which is a power, if one can imagine it, to compel every person who works in the federal or provincial public sector to be in the union. Every person who wants a job with the federal or provincial government is compelled to belong to the union. We have a great chartered principle of democracy called freedom of association which was entrenched in our Constitution, in the wisdom of those who supported the entrenchment of certain aspects and principles of democracy. This applies to every Canadian except to members of unions. They have no choice. They either belong or they do not work for the federal or provincial government or the CP group of companies or any other large integrated corporate entities. It would also include any large industry where wages are usually double those in unregulated industries, like the construction industry, teachers, and so on. Those are the people who are compelled to belong to unions.

• (2110)

That is totally inconsistent with one of the most cardinal principles of democracy. When we speak about embarking or setting out on a road of economic recovery, and we look around at the rest of the world, at Japan, Sweden, or Germany, and we ask why it is that some of the problems we are experiencing are not experienced in those parts of the world,

we may find that it might well be for reason. For instance, it is said that Sweden is mainly a socialist country and West Germany is certainly a socialist country. Yet that cardinal principle, freedom of association, is respected. In fact, I have statistical comparisons. In the West German labour force, it is precisely one third of the work force which has chosen to belong to unions. But every person who works, any worker in any sector of the economy, has the opportunity to belong to a union, because a union does not obtain certification from any of the provincial governments or the federal government unless it makes itself available for membership to every person who works.

Would your Honour agree with me that that would be a much better system? Would union leaders in this country not be much more responsible if they had to compete for the affection of their members instead of behaving as if they lived in some kind of one-party democracy to which some of the Iron Curtain socialist countries subscribe? Would Your Honour not believe that a fellow like Dennis McDermott would think twice before he stood on the steps of this place and said that, "The next time we meet, we will be meeting inside if these turkeys in there do not behave"? Would Your Honour not believe that a fellow like that would have to think twice before he said that because otherwise he may well see mass resignations?

I happen to think that the workers in the country, at least the people who support me, the people with whom I sit in the lunchroom, the people who have worked for me over the years, have as much at stake in this economy and in the future of this great country and love this country as much as you and I do, and they want to do as much for it as you and I do, and do not want to be irresponsible. They do not want to break the laws of this country deliberately. Certainly, they do not appreciate their leaders doing and saying things which are irresponsible and derisive.

Therefore I say that before the NDP gets up in this House and fights for the survival of the collective bargaining process, a process to which I subscribe wholeheartedly, but under different management and circumstances, its members should seek counsel among themselves and say what it is about this collectivism that they are defending. It is the kind of collectivism which operates in socialist countries behind the Iron Curtain, this kind of one-party collectivism, this one-party democratic process where people can elect someone but the choice is limited to one party.

I would like to conclude with just one sentence. It does not make sense for us to criticize this bill if we are not prepared to take the lead ourselves in setting some goals and objectives which will be reasonable and will signal to the rest of the country that we, ourselves, are serious. We have said that we will reduce our own salaries by 6 per cent. We have said that we will insist that the people who work for us will restrain themselves to a 6 per cent increase. I think that that is a signal, and if we are earnest and serious about it, the rest of the country might follow.

Mr. Rod Murphy (Churchill): Mr. Speaker, after hearing the last anti-union tirade, I am in some ways grateful that I am able to speak after that rather negative representation made by the representative of the Conservative Party. Since the hon. member for Rosedale (Mr. Crombie) allowed the hon. member who just spoke to speak as his replacement with regard to his amendment, I presume that what the hon. member for Prince George-Peace River (Mr. Oberle) stated is the policy of the Conservative Party when it comes to unions in this country. I find that interesting. I only have about 15 minutes in which to speak, if I am also to allow the President of the Treasury Board (Mr. Johnston) to contribute in the time remaining. I find it interesting that very few of the Liberal or Conservative members from whom we have heard in this debate have really spoken about the effects of this legislation. When it comes to collective bargaining, there is an assumption in the country that the government has moved to allow collective bargaining actually to take place. Let me read from the bill which is before us. Clause 7 states:

> The parties to a collective agreement, or the persons bound by an arbitral award, that includes a compensation plan that is extended under section 4 may, by agreement, amend any terms and conditions of the collective agreement or arbitral award other than wage rates or other terms and conditions of the compensation plan.

What that government position means is that not only must the employees want to negotiate, they must also seek leave and permission of their employer before they can even start negotiations. That means that Ian Sinclair's workers at Canadian Pacific must receive his permission before they can open negotiations. That means that the employees of the various Crown corporations must seek the permission of those Crown corporations before they can negotiate. That means that workers who work for the public service, for the people of Canada, will have to receive the permission of the various ministers and of the President of the Treasury Board before they can even open negotiations. That goes against every principle of negotiating under the laws of this land, against the right to negotiate, not only one's salary but the other terms and conditions of one's work. That is a right which cannot be arbitrarily denied by one's employer, be it government, Crown corporation or private sector company.

We should consider the Conservative amendment because they have spoken as though they had some new solutions, as though they had a different approach to the whole debate. Amendment No. 9 states:

> Subject to subsection (2), parties to a collective agreement, or the persons bound by an arbitral award, that includes a compensation plan that is extended under section 4 may, by agreement, amend any terms and conditions—

That is, with the exception of money. Again, the Conservative Party members, who parade in this House as the people who are fighting to bring back collective bargaining rights, are admitting by their own amendment that collective bargaining will only occur with the gracious permission of the employer. So let us not have any more hypocrisy in this House. Let us have the truth from the Conservative Party. The Tories will vote for the bill, but their amendment will not restore collective bargaining. Their amendment will not even guarantee that workers will have the right to open negotiations.

Let us presume that the negotiation procedure has been opened, that negotiations on non-monetary items have proceeded, and that there is still some sort of dispute or deadlock. What would happen under the provisions of this bill? Under the provisions of the bill as it now stands, nothing would happen. If the workers and the employers disagree, there would be no solution to the impasse.

• (2120)

In committee, the President of the Treasury Board said that perhaps they could agree to voluntary arbitration. It is very unlikely that employers will agree to voluntary arbitration on items they cannot negotiate with their employees. They had just gone through a process of negotiation. They have not come to any resolution of the disputes they have. Now, according to the President of the Treasury Board, they may try voluntary arbitration. Obviously that is not a solution.

What does the Conservative amendment say? It says that these measures could go to binding arbitration, as long as there is no talk about money. They deny the right to strike, which is guaranteed to many workers under the Public Service Staff Relations Act and the Canada Labour Code. In other words, they are against legislation presently existing on the books of this country.

They also say by their amendment that maternity leave, pensions and other items that are negotiated must come under the 6 per cent. That is the position in the amendment they put forward.

The hon. member for Kingston and the Islands (Miss MacDonald) stated in the House last Friday that negotiating within the 6 per cent is a good idea. It allows for maternity leave, for pensions and for workers at the top of the scale to get 2 per cent and for those at the bottom to get 9 per cent. That in principle sounds wonderful to the Conservative Party. They fail to recognize that within most collective bargaining agreements, the range is not that wide. You are talking about somebody earning $20,000 receiving a 2 per cent increase and somebody earning $10,000 receiving a 9 per cent increase.

That is the reality of what the Conservative Party is saying. It sounds great. You get the impression from the hon. member for Kingston and The Islands that somebody earning $80,000 or $90,000 would settle for a 2 per cent increase in order to help someone earning $10,000. In reality, with most collective bargaining agreements the spread is not that much and they tend to be lumped together. The low-paid tend to be lumped within one collective agreement and the high-paid within another. Therefore, the 6 per cent solution is no solution at all.

As the hon. member for Vancouver East (Mrs. Mitchell) said, the people who will suffer tend to be in the bargaining unions which basically represent women workers, those with low salaries. They are the bargaining units that tend to represent those in the cleaning or clerical jobs, those who, according to the Public Service Commission annual report of 1981, earn between $10,000 and $15,000. Thirteen per cent of the government workers fall in that range and 29.3 per cent fall in the range between $15,000 and $20,000.

In that 43 per cent range you find most of the poorly paid workers, most of whom are women. How are they going to resolve the problems they face with the Conservative and Liberal 6 per cent solution?

It is interesting at last to see the minister responsible for the Status of Women in the chamber. It is unfortunate that she has not said one word in this debate. It is unfortunate that the Liberal members on the Miscellaneous Estimates Committee who studied this bill clause by clause would not allow the minister responsible for the status of women to appear in person, regardless of what her position is on this legislation.

Mr. Kristiansen: She has one more chance.

Mr. Murphy: Yes, I will sit down in five minutes. I challenge the minister to get up in this House and state her position on this bill. Our position is that the laws passed by Parliament, the Canada Labour Code and the Public Service Staff Relations Act should be used to complete each and every set of negotiations. The government may have some guidelines of 6 per cent and 5 per cent or it may change that guideline to 10 per cent and 9 per cent, depending on what happens to the cost of living. However, the regular laws of this land which allow unions and companies to open negotiations and negotiate in order to come to some dispute-resolving method if negotiations break down are the procedures which should be followed in his country.

I wish to quote from a letter from the Minister of Labour (Mr. Caccia) to *The Globe and Mail*. It is very nice to see him in the Chamber. His letter reads in part:

> The right to strike is one of the important cornerstones of a free and democratic society . . . There is clearly room for greater co-operation between unions and employers, and Parliament has entrusted to Labour Canada the responsibility for assisting in the development and maintenance of constructive relationships.

Parliament has entrusted that responsibility to Labour Canada. Where was the Minister of Labour when this bill was being debated? He did not speak once in the last month during this debate. Nor did he appear before the committee. That same Liberal majority refused to allow that minister to appear, if he had the courage to do so. We will never know because the Liberal majority prevented that. It is interesting to see his remarks on the right to strike, it being an important cornerstone in a free and democratic society. It is important to note that this bill denies and takes away the right of those groups within the Crown corporations and, in some cases, government workers.

Collective bargaining has not been restored. The Conservative Party does not wish to restore it. The Liberal government will make sure it is not restored. The Minister of Labour will remain silent.

Our Amendment No. 11 in my name and the name of the hon. member for Vancouver East guarantees that maternity leave can be negotiated and also guarantees that it will not be considered part of the 6 per cent and 5 per cent. In our amendments Nos. 2 and 11 we exclude maternity leave from the

definition of compensation and from the 6 per cent ceiling that this government wishes to impose.

It is our belief that this basic human right, which speaks to the very heart of equality and is of concern to so many families, cannot be ignored by this Parliament. I challenge all members, whether Conservative or Liberal, to get up in this House and support an amendment which guarantees that maternity leave can be negotiated and that it will not come from the pockets of the very poorly paid workers within that bargaining unit.

• (2130)

We have suggested similar treatment for pensions in Motion No. 2 and in Motion No. 14. We have said that pensions must be excluded from the definition. We have said that workers in their last two years of work will make sacrifices in addition to limiting increases in their wages to 6 per cent and 5 per cent for the next two years. They will be making sacrifices each and every day of their lives, and so will their families. Their spouses will be sacrificing each and every day of their lives. Most pensions which are adequate—and they are not for the most part in the country—are based on the last five years' income. By restricting the incomes of workers in the last two years of their employment we are restricting their incomes for the rest of their lives. In addition to that, the 6 per cent and 5 per cent provisions of this bill will exclude the right of unions to negotiate to strengthen weak pension plans. These are reasonable amendments made with restraint in mind with the recognition that there is some need for government leadership on this issue, but this bill does not provide that leadership. It does not even come close to providing it.

I recognize my time is limited. I would like to say one more thing before sitting down. I remind the Conservative members of what their leader said in an interview published last Thursday. I remind them of this because they will be voting in 15 minutes. Their leader said:

> I would reject controls. And I wouldn't allow my PMO to be issuing rumours that they were coming in while I was saying that they weren't. I think that controls won't work.

I agree with the Right Hon. Leader of the Opposition (Mr. Clark), and I will be very interested to see how he and his colleagues will vote in 15 minutes.

Hon. Donald J. Johnston (President of the Treasury Board): Mr. Speaker, I have just a few minutes in which to raise a few points in response to the comments of the hon. member for Prince George-Peace River (Mr. Oberle) and the hon. member for Churchill (Mr. Murphy). I would also like to leave a few minutes—unfortunately, they will be very few—to my friend, the hon. member for Capilano (Mr. Huntington), who has indicated some interest in making some comments before the debate closes this evening.

Much has been made by my friend, the hon. member for Churchill, of the fact that Bill C-124 would restrict collective bargaining. We agree that it would indeed restrict collective bargaining, and we tried in the course of the committee hearings—I would like at this point to thank the members who participated in those hearings for their very constructive contributions—to open up the collective bargaining process through the amendment to Clause 7. This now permits parties to negotiate non-monetary items—the one which immediately springs to mind is the issue of health and safety—during the course of a collective agreement.

I suggest that the hon. member for Churchill and his colleagues have tended to discount the significance of that provision. I suggest to hon. members that it indeed restores one of the most important aspects of collective bargaining and preserves collective bargaining during the period when the program envisaged by the bill is in effect.

We have heard much exaggeration. I cannot help but go back for a moment to the principles of the ILO to which I referred the other day. Those principles are found at page 19873 of *Hansard* for July 30. The following statement is made in the ILO Geneva-77 principles at page 15:

> —the (ILO) supervisory bodies have not ignored the serious problems that may arise in certain circumstances in the economic field, and they have accordingly stated that it would be difficult to lay down an absolute rule concerning voluntary collective bargaining because, under certain circumstances, governments might feel that the economic position of their countries called at certain times for stabilization measures during the application of which it would not be possible for wage rates to be fixed freely through the medium of collective bargaining. Nevertheless, any such restriction should be imposed as an exceptional measure and only to the extent that is necessary, without exceeding a reasonable period, and it should be accompanied by adequate safeguards to protect workers' living standards.

I cite that again because clearly the program of wage restraint introduced by the government in Bill C-124 is indeed on all fours with the criteria set forward in that statement from the ILO.

Let me turn for a moment to the specific amendment which stands in the name of the hon. member for Rosedale (Mr. Crombie). It is argued that that amendment would do more than what we have proposed in terms of providing for a degree of collective bargaining during the period of this program. In fact, if one looks carefully at the proposed amendment—and I see the hon. member for Rosedale in the House—one will see that in many important respects the amendment is more stringent and places more of a strait-jacket on the parties than what we have proposed in our amendment, which also stands on the Order Paper. Specifically, the proposed amendment of the hon. member for Rosedale suggests a total compensation approach within the limits of 6 per cent and 5 per cent. Our own amendment is very flexible in that it does not propose such criteria. I have stated that it is the government's intention that when parties—employers and employees—are able to reach an agreement within the over-all criteria of 6 per cent and 5 per cent, they can be released from the application of the law or the law can be terminated with respect to that particular group by order in council. In the case of the amendment put forward by the hon. member for Rosedale there is a strict adherence of total compensation to the six and five approach. I suggest this means that any incremental adjustments which would otherwise be available, particularly to those groups at the lower end of the pay scale, would have to be included, under the terms of this proposal, in the 6 per cent and 5 per

cent, and therefore this would make it impossible to provide some of these groups with compensation to which they would otherwise be entitled in accordance with the government's proposal.

Specifically, I refer to the example of clerks which was raised in committee. It is clear that in the case of clerks in certain instances there will be incremental payments moving clerks toward job rates which could be as much as 3 per cent, thereby in certain cases, at the lower end of the scale, providing for compensation increases in a given year of as much as 9 per cent. It was specifically to prevent incremental steps taking place at the higher end of the scale that an amendment was introduced by the government in committee which is found in Clause 6(5) where it states:

Employees or groups of employees whose salary range as of June 29, 1982 has a maximum that equals or exceeds forty-nine thousand five hundred dollars shall not—

For the period of the program.

—be entitled to the merit increases or performance awards that would, but for this subsection, form part of their compensation plan.

This includes incremental increases. Under the proposal of the hon. member for Rosedale lower paid groups, those who earn less than $49,500—I think of clerks in particular, who have often been cited by the hon. member for Kingston and the Islands (Miss MacDonald)—would not be entitled to receive incremental increases except within the 6 per cent and 5 per cent total compensation package which, I suggest, is much more stringent than our proposed approach under the amendment which has been tabled by the government. The amendment proposed by the hon. member for Rosedale is considerably less fair to lower paid groups.

• (2140)

I presume it is for one of these reasons that the hon. member for Kingston and the Islands lauded the amendment which was tabled by the government last Thursday night. I referred earlier to her comments as reported in last Friday's *Citizen* where she said that the announcement goes a long way toward quelling Tory opposition to the bill. She said that the federal government had done a complete somersault on the bill during the past few days and that the amendment should help workers at the lower end of the wage scale. She said, "I think it will give much more equity within the six and five limit."

I was struck and pleased by the objectivity of her comments, notwithstanding the fact that there was also a Tory announcement which was also directed toward opening up the collective bargaining process.

In any event, Mr. Speaker, I suggest that the intent of our amendment, to permit groups to strike their own deal, reach their arrangements within the six and five limit and then be released from the application of the law through an order of the governor in council, is much more appropriate, much more flexible and much more equitable and also preserves in total collective bargaining within the six and five limit.

It is true that the Tory amendment also suggests that there should be a system of arbitration making reference to the Canada Labour Code in the proposed amendment and specifically, as I recall, to certain sections, namely Sections 155 to 159 of the code which are for the adjudication of dispute purposes and not for the arbitration of interest purposes, and use those sections to settle disputes between the parties.

I suggest that arbitral awards during the period of this program would very likely establish precedents which would be unacceptable and which would not have taken place in the normal course of collective bargaining. These awards would undoubtedly prove more expensive in the longer term. We saw an arbitral award earlier this week in the Province of Ontario, which greatly extended maternity leave benefits, for example, during this period of restraint. Our purpose is to restrain costs, not increase costs, and I suggest that arbitral awards could increase costs during the duration of this program.

Nor only that, Mr. Speaker, but I suggest that many parties would object to the imposition of compulsory arbitration during this period, where we have provided a means of sound, firm and fair collective bargaining.

I would also remind hon. members that with respect to binding arbitration under the Canada Labour Code, I am advised that there is no appeal to a higher authority. Therefore, I submit that any form of arbitration—and I have much more to say on this subject—would be most inappropriate.

I must leave at least a moment to my friend, the hon. member for Capilano, to make at least some comments. I regret that the clock does not permit me to offer him more time for his comments.

Hon. Ron Huntington (Capilano): Mr. Speaker, I should like to thank the President of the Treasury Board (Mr. Johnston) for the courtesy of allowing me a minute to offer a few remarks. I wish him well with the voluntary restraint program which he is appealing to the country to accept in Bill C-124.

When he talks about the arbitration aspect of this bill I have to wonder why he has not given the House of Commons and its staff the opportunity for arbitration through the Commissioners of Internal Economy. Instead of having Treasury Board reach its arms and tentacles into the management of the affairs of the House of Commons, surely the arbitration of pay for the staff that serves individual members of the House should come under the Commissioners of Internal Economy and not under Treasury Board. It is most unnatural and unjust that Treasury Board should roll back awards that have already been granted to the staff that serves members of the House of Commons.

It is most unfair that Treasury Board would take this action against a small group of unorganized employees who serve us without tenure, work long hours into the night and sometimes early in the morning—this unorganized group is saving the government about $480,000 per year through this Treasury Board action. The government wastes more than 200 times that amount on advocacy advertising.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being 9.45 p.m., pursuant to the order made Monday, August 2, 1982, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the report stage of the bill now before the House.

The question is on Motion No. 9 in the name of the member for Rosedale (Mr. Crombie). Is it the pleasure of the House to adopt the motion? All those in favour of the motion will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Corbin): Pursuant to Standing Order 75(11), the recorded division on the proposed motion stands deferred.

[*English*]

Mr. Rod Murphy (Churchill) moved:

Motion No. 12

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended by striking out Clause 8.

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

Some hon. Members: Yea.

The Acting Speaker (Mr. Corbin): All those opposed to the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Corbin): Pursuant to Standing Order 75(11) the recorded division on the proposed motion stands deferred.

Mr. Rod Murphy (Churchill) moved:

Motion No. 14

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended in Clause 9 by adding immediately after line 19 at page 7, the following:

"(3) For the purpose of calculating pension benefits payable under any Act of Parliament to employees to whom this part applies, subsection (1) shall be deemed to increase wage rates proportionally to increases in the consumer price index for the calendar years corresponding most nearly to the periods referred to therein."

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

Some hon. Members: Yea.

The Acting Speaker (Mr. Corbin): All those opposed to the said motion please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Corbin): Pursuant to Standing Order 75(11) the recorded division on the motion stands deferred.

• (2150)

Mr. Rod Murphy (Churchill) moved:

Motion No. 15

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended by striking out Clause 12.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Corbin): Pursuant to Standing Order 75(11), the recorded division on the proposed motion stands deferred.

Mr. Rod Murphy (Churchill) moved:

Motion No. 16

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended in Clause 12 by striking out lines 14 to 16 at page 8 and substituting the following therefor:

"an annual increase in wage rates that is greater than the latest annual increase in the consumer price index that is available at the date of the increase in wage rates."

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Corbin): Pursuant to Standing Order 75(11), the recorded division on the proposed motion stands deferred.

[*Translation*]

The question is now on Motion No. 17 in the name of the President of the Treasury Board (Mr. Johnston).

Hon. Donald J. Johnston (President of the Treasury Board) moved:

Motion No. 17

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended in Part III by adding immediately after the heading "Commencement" at page 11 the following:

"16. The Governor in Council may, by order, terminate the application of this Act in respect of an employee or a group of employees to which this Act applies."

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

The Acting Speaker (Mr. Corbin): Pursuant to Standing Order 75(11), the recorded division on the proposed motion stands deferred.

The question is now on Motion No. 18 in the name of the member for Churchill (Mr. Murphy).

Mr. Rod Murphy (Churchill) moved:

Motion No. 18

That Bill C-124, An Act respecting compensation in the public sector of Canada, be amended in Schedule II

(*a*) by deleting at page 17,

"Canadian National Railways, as defined in the *Canadian National Railways Act*"

(*b*) by deleting at page 20,

"VIA Rail Canada Inc."

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Corbin): Pursuant to Standing Order 75(11), the recorded division on the proposed motion stands deferred.

Order, please. The House will now proceed with the deferred recorded division on motions at the report stage of Bill C-124 respecting compensation in the public sector of Canada.

Call in the members.

● (2215)

[*English*]

Mr. Pinard: Madam Speaker, we all know there are many motions to be voted on tonight. To avoid too many recorded divisions and to save time, we have discussed among House leaders and other representatives of different parts of the House and have agreed to follow, in the presence of the Clerk, a certain pattern for the voting procedure tonight. Therefore, once in a while I will have to rise on a point of order and mention the terms of the agreement. The first one is that we think that if Your Honour would ask for unanimous consent, you would obtain it to vote on Motion No. 3.

Madam Speaker: Do we have unanimous consent to vote on motion No. 3?

Some hon. Members: Agreed.

Madam Speaker: The question is on Motion No. 3 standing in the name of the President of the Treasury Board (Mr. Johnston).

The House divided on Motion No. 3 (Mr. Johnston) which was agreed to on the following division;

(*Division No. 236*)

YEAS

Messrs.

Allmand	Comtois	Fox
Axworthy	Corbin	Frith
Bachand	Corriveau	Garant
Beauchamp-Niquet (Mrs.)	Cosgrove	Gauthier
Bégin (Miss)	Cousineau	Gendron
Berger	Cullen	Gimaïel
Blais	Cyr	Gourd (Argenteuil-Papineau)
Bloomfield	Dawson	Gourde (Lévis)
Bockstael	De Bané	Gray
Bossy	de Corneille	Henderson
Bujold	Deniger	Herbert
Bussières	Dingwall	Hervieux-Payette (Mrs.)
Caccia	Dion	Hopkins
Campbell (Miss) (South West Nova)	Dubois	Hudecki
Campbell (Cardigan)	Dupras	Irwin
Chénier	Duquet	Isabelle
Chrétien	Erola (Mrs.)	Johnston
Collenette	Ethier	Joyal
	Ferguson	Kaplan
	Fisher	
	Fleming	
	Flis	

Messrs.

Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Massé
Masters
McCauley
McRae
Munro
(Hamilton East)
Nicholson
(Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tobin
Trudeau
Veillette
Watson
Weatherhead
Whelan
Yanakis—117.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Bosley
Breau
Broadbent
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Cook
Cooper
Corbett
Crombie
Crosby
(Halifax West)
Darling
Daudlin
Deans
de Jong
Dionne
(Northumberland-
Miramichi)
Domm
Ellis
Epp
Fennell
Forrestall
Fretz
Friesen
Fulton
Gamble
Gass
Gilchrist
Guilbault
Gurbin
Gustafson
Hawkes
Heap
Howie
Huntington
Ittinuar
Jarvis
Jelinek
Keeper
Kempling
Kilgour
King
Knowles
Kristiansen
Kushner
Lawrence
Lewis
MacDonald
(Miss)
Manly
Marceau
Mazankowski
McCain
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell
(Mrs.)
Munro
(Esquimalt-Saanich)
Murphy
Neil
Nowlan
Nystrom
Oberle
Orlikow
Parker
Robinson
(Burnaby)
Rose
Sargeant
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shields
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Towers
Waddell
Wilson
Wright—90.

● (2225)

Madam Speaker: I declare the motion carried.

Motion No. 3 (Mr. Johnston) agreed to.

Mr. Pinard: Madam Speaker, I think there is unanimous consent for you to call Motion No. 5. The vote on Motion No. 5 will dispose of Motions Nos. 2, 6 and 7. The same tally will apply to Motions Nos. 4, 8, 10, 12, 14, 15, 16 and 18, and the votes will be recorded separately in *Hansard*.

Madam Speaker: Does the House agree that we now call Motion No. 5?

Some hon. Members: Agreed.

The House divided on Motion No. 5 (Mr. Murphy) which was negatived on the following division:

(*Division No. 237*)

YEAS

Messrs.

Althouse
Anguish
Benjamin
Blackburn
Blaikie
Broadbent
Deans
de Jong
Fulton
Heap
Ittinuar
Keeper
Knowles
Kristiansen
Manly
Miller
Mitchell
(Mrs.)
Murphy
Nystrom
Orlikow
Parker
Robinson
(Burnaby)
Rose
Sargeant
Skelly
Waddell—26.

NAYS

Messrs.

Allmand
Andre
Appolloni
(Mrs.)
Axworthy
Bachand
Baker
(Nepean-Carleton)
Beatty
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bosley
Bossy
Breau
Bujold
Bussières
Caccia
Campbell
(Miss)
(South West Nova)
Campbell
(LaSalle)
Campbell
(Cardigan)
Chénier
Chrétien
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Collenette
Comtois
Cook
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Cousineau
Crombie
Crosby
(Halifax West)
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Domm
Dubois
Dupras
Duquet
Ellis
Epp
Erola (Mrs.)
Ethier
Fennell
Ferguson
Fisher
Fleming
Flis
Forrestall
Fox
Fretz
Friesen
Frith
Gamble
Garant
Gass
Gauthier
Gendron
Gilchrist
Gimaïel
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Gurbin
Gustafson
Harquail
Hawkes
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Howie
Hudecki
Huntington
Irwin
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kaplan
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald
(Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mazankowski
McCain
McCauley
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
McRae
Munro
(Esquimalt-Saanich)
Munro
(Hamilton East)
Neil
Nicholson
(Miss)
Nowlan
Oberle
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shields
Smith
Speyer
Stevens
Stewart

Messrs.

Tardif
Taylor
Tessier
Thacker
Tobin
Tousignant
Towers
Trudeau
Veillette
Watson
Weatherhead
Whelan
Wilson
Wright
Yanakis—187.

● (2235)

Madam Speaker: I declare the motion lost.

Motion No. 5 (Mr. Murphy) negatived.

Motions Nos. 2, 6 and 7 negatived.

The House divided on Motion No. 4 (Mr. Murphy) which was negatived on the following division:

(*Division No. 238*)

YEAS

Messrs.

Althouse
Anguish
Benjamin
Blackburn
Blaikie
Broadbent
Deans
de Jong
Fulton
Heap
Ittinuar
Keeper
Knowles
Kristiansen
Manly
Miller
Mitchell
(Mrs.)
Murphy
Nystrom
Orlikow
Parker
Robinson
(Burnaby)
Rose
Sargeant
Skelly
Waddell—26.

NAYS

Messrs.

Allmand
Andre
Appolloni
(Mrs.)
Axworthy
Bachand
Baker
(Nepean-Carleton)
Beatty
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bosley
Bossy
Breau
Bujold
Bussières
Caccia
Campbell
(Miss)
(South West Nova)
Campbell
(LaSalle)
Campbell
(Cardigan)
Chénier
Chrétien
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Collenette
Comtois
Cook
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Cousineau
Crombie
Crosby
(Halifax West)
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Domm
Dubois
Dupras
Duquet
Ellis
Epp
Erola (Mrs.)
Ethier
Fennell
Ferguson
Fisher
Fleming
Flis
Forrestall
Fox
Fretz
Friesen
Frith
Gamble
Garant
Gass
Gauthier
Gendron
Gilchrist
Gimaïel
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Gurbin
Gustafson
Harquail
Hawkes
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Howie
Hudecki
Huntington
Irwin
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kaplan
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald
(Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mazankowski
McCain
McCauley
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
McRae
Munro
(Esquimalt-Saanich)
Munro
(Hamilton East)
Neil
Nicholson
(Miss)
Nowlan
Oberle
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shields
Smith
Speyer
Stevens
Stewart
Tardif
Taylor
Tessier
Thacker
Tobin
Tousignant
Towers
Trudeau
Veillette
Watson
Weatherhead
Whelan
Wilson
Wright
Yanakis—187.

Madam Speaker: I declare the motion lost.

Motion No. 4 (Mr. Murphy) negatived.

The House divided on Motion No. 8 (Mr. Murphy) which was negatived on the following division:

(*Division No. 239*)

YEAS

Messrs.

Althouse
Anguish
Benjamin
Blackburn
Blaikie
Broadbent
Deans
de Jong
Fulton
Heap
Ittinuar
Keeper
Knowles
Kristiansen
Manly
Miller
Mitchell
(Mrs.)
Murphy
Nystrom
Orlikow
Parker
Robinson
(Burnaby)
Rose
Sargeant
Skelly
Waddell—26.

NAYS

Messrs.

Allmand
Andre
Appolloni
(Mrs.)
Axworthy
Bachand
Baker
(Nepean-Carleton)
Beatty
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bosley
Bossy
Breau
Bujold
Bussières
Caccia
Campbell
(Miss)
(South West Nova)
Campbell
(LaSalle)
Campbell
(Cardigan)
Chénier
Chrétien
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Collenette
Comtois
Cook
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Cousineau
Crombie
Crosby
(Halifax West)
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Domm
Dubois
Dupras
Duquet
Ellis
Epp
Erola (Mrs.)
Ethier
Fennell
Ferguson
Fisher
Fleming
Flis
Forrestall
Fox
Fretz
Friesen
Frith
Gamble
Garant
Gass
Gauthier
Gendron
Gilchrist
Gimaïel
Gourd
(Argenteuil-Papineau)

Messrs.

Gourde (Lévis)
Gray
Guilbault
Gurbin
Gustafson
Harquail
Hawkes
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Howie
Hudecki
Huntington
Irwin
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kaplan
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald (Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mazankowski
McCain
McCauley
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
McRae
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Neil
Nicholson (Miss)
Nowlan
Oberle
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Smith
Speyer
Stevens
Stewart
Tardif
Taylor
Tessier
Thacker
Tobin
Tousignant
Towers
Trudeau
Veillette
Watson
Weatherhead
Whelan
Wilson
Wright
Yanakis—187.

Madam Speaker: I declare the motion lost.

Motion No. 8 (Mr. Murphy) negatived.

The House divided on Motion No. 10 (Mr. Murphy) which was negatived on the following division:

(*Division No. 241*)

YEAS

Messrs.

Althouse
Anguish
Benjamin
Blackburn
Blaikie
Broadbent
Deans
de Jong
Fulton
Heap
Ittinuar
Keeper
Knowles
Kristiansen
Manly
Miller
Mitchell (Mrs.)
Murphy
Nystrom
Orlikow
Parker
Robinson (Burnaby)
Rose
Sargeant
Skelly
Waddell—26.

NAYS

Messrs.

Allmand
Andre
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bosley
Bossy
Breau
Bujold
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Collenette
Comtois
Cook
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Cousineau
Crombie
Crosby (Halifax West)
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Domm
Dubois
Dupras
Duquet
Ellis
Epp
Erola (Mrs.)
Ethier
Fennell
Ferguson
Fisher
Fleming
Flis
Forrestall
Fox
Fretz
Friesen
Frith
Gamble
Garant
Gass
Gauthier
Gendron
Gilchrist
Gimaïel
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Gurbin
Gustafson
Harquail
Hawkes
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Howie
Hudecki
Huntington
Irwin
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kaplan
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald (Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mazankowski
McCain
McCauley
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
McRae
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Neil
Nicholson (Miss)
Nowlan
Oberle
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Smith
Speyer
Stevens
Stewart
Tardif
Taylor
Tessier
Thacker
Tobin
Tousignant
Towers
Trudeau
Veillette
Watson
Weatherhead
Whelan
Wilson
Wright
Yanakis—187.

Madam Speaker: I declare the motion lost.

Motion No. 10 (Mr. Murphy) negatived.

The House divided on Motion No. 12 (Mr. Murphy) which was negatived on the following division:

(*Division No. 243*)

YEAS

Messrs.

Althouse
Anguish
Benjamin
Blackburn
Blaikie
Broadbent
Deans
de Jong
Fulton
Heap
Ittinuar
Keeper
Knowles
Kristiansen
Manly
Miller
Mitchell (Mrs.)
Murphy
Nystrom
Orlikow
Parker
Robinson (Burnaby)
Rose
Sargeant
Skelly
Waddell—26.

NAYS

Messrs.

Allmand
Andre
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bosley
Bossy
Breau
Bujold
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Collenette
Comtois
Cook
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Cousineau
Crombie
Crosby (Halifax West)
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Domm
Dubois
Dupras
Duquet
Ellis
Epp
Erola (Mrs.)
Ethier
Fennell
Ferguson
Fisher
Fleming
Flis
Forrestall
Fox
Fretz
Friesen
Frith
Gamble
Garant
Gass
Gauthier
Gendron
Gilchrist
Gimaïel
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Gurbin
Gustafson
Harquail
Hawkes
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Howie
Hudecki
Huntington
Irwin
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kaplan
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald (Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mazankowski
McCain
McCauley
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
McRae
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Neil
Nicholson (Miss)
Nowlan
Oberle
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Smith
Speyer
Stevens
Stewart
Tardif
Taylor
Tessier
Thacker
Tobin
Tousignant
Towers
Trudeau
Veillette
Watson
Weatherhead
Whelan
Wilson
Wright
Yanakis—187.

Madame Speaker: I declare the motion lost.

Motion No. 12 (Mr. Murphy) negatived.

The House divided on Motion No. 14 (Mr. Murphy) which was negatived on the following division:

(*Division No. 245*)

YEAS

Messrs.

Althouse
Anguish
Benjamin
Blackburn
Blaikie
Broadbent
Deans
de Jong
Fulton
Heap
Ittinuar
Keeper
Knowles
Kristiansen
Manly
Miller
Mitchell (Mrs.)
Murphy
Nystrom
Orlikow
Parker
Robinson (Burnaby)
Rose
Sargeant
Skelly
Waddell—26.

NAYS

Messrs.

Allmand
Andre
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bosley
Bossy
Breau
Bujold
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Collenette
Comtois
Cook
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Cousineau
Crombie
Crosby (Halifax West)
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Domm
Dubois
Dupras
Duquet
Ellis
Epp
Erola (Mrs.)
Ethier
Fennell
Ferguson
Fisher
Fleming
Flis
Forrestall
Fox
Fretz
Friesen
Frith
Gamble
Garant
Gass
Gauthier
Gendron
Gilchrist
Gimaïel
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Gurbin
Gustafson
Harquail
Hawkes
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Howie
Hudecki
Huntington
Irwin
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kaplan
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald (Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mazankowski
McCain
McCauley
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
McRae
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Neil
Nicholson (Miss)
Nowlan
Oberle
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Smith
Speyer
Stevens
Stewart
Tardif

Messrs.

Taylor	Towers	Whelan
Tessier	Trudeau	Wilson
Thacker	Veillette	Wright
Tobin	Watson	Yanakis—187.
Tousignant	Weatherhead	

Madam Speaker: I declare the motion lost.

Motion No. 14 (Mr. Murphy) negatived.

The House divided on Motion No. 15 (Mr. Murphy) which was negatived on the following division:

(*Division No. 246*)

YEAS

Messrs.

Althouse	Ittinuar	Nystrom
Anguish	Keeper	Orlikow
Benjamin	Knowles	Parker
Blackburn	Kristiansen	Robinson
Blaikie	Manly	(Burnaby)
Broadbent	Miller	Rose
Deans	Mitchell	Sargeant
de Jong	(Mrs.)	Skelly
Fulton	Murphy	Waddell—26.
Heap		

NAYS

Messrs.

Allmand	de Corneille	Isabelle
Andre	Deniger	Jarvis
Appolloni	Dingwall	Jelinek
(Mrs.)	Dion	Johnston
Axworthy	Dionne	Joyal
Bachand	(Chicoutimi)	Kaplan
Baker	Dionne	Kelly
(Nepean-Carleton)	(Northumberland-	Kempling
Beatty	Miramichi)	Kilgour
Beauchamp-Niquet	Domm	Killens (Mrs.)
(Mrs.)	Dubois	King
Bégin (Miss)	Dupras	Kushner
Berger	Duquet	Lachance
Blais	Ellis	Lajoie
Bloomfield	Epp	Lalonde
Bockstael	Erola (Mrs.)	Landers
Bosley	Ethier	Lang
Bossy	Fennell	Laniel
Breau	Ferguson	Lapierre
Bujold	Fisher	Lapointe
Bussières	Fleming	(Charlevoix)
Caccia	Flis	Lapointe
Campbell	Forrestall	(Beauce)
(Miss)	Fox	Lawrence
(South West Nova)	Fretz	LeBlanc
Campbell	Friesen	Leduc
(LaSalle)	Frith	Lefebvre
Campbell	Gamble	Lewis
(Cardigan)	Garant	Loiselle
Chénier	Gass	Lumley
Chrétien	Gauthier	MacBain
Clark	Gendron	MacDonald
(Yellowhead)	Gilchrist	(Miss)
Clarke	Gimaïel	MacEachen
(Vancouver Quadra)	Gourd	MacGuigan
Collenette	(Argenteuil-Papineau)	Mackasey
Comtois	Gourde	MacLaren
Cook	(Lévis)	MacLellan
Cooper	Gray	Malépart
Corbett	Guilbault	Maltais
Corbin	Gurbin	Marceau
Corriveau	Gustafson	Massé
Cosgrove	Harquail	Masters
Cousineau	Hawkes	Mazankowski
Crombie	Henderson	McCain
Crosby	Herbert	McCauley
(Halifax West)	Hervieux-Payette	McCuish
Cullen	(Mrs.)	McDermid
Cyr	Hopkins	McKinnon
Darling	Howie	McKnight
Daudlin	Hudecki	McLean
Dawson	Huntington	McMillan
De Bané	Irwin	McRae

Messrs.

Munro	Prud'homme	Speyer
(Esquimalt-Saanich)	Regan	Stevens
Munro	Reid	Stewart
(Hamilton East)	(Kenora-Rainy River)	Tardif
Neil	Roberts	Taylor
Nicholson	Robinson	Tessier
(Miss)	(Etobicoke-Lakeshore)	Thacker
Nowlan	Rompkey	Tobin
Oberle	Rossi	Tousignant
Olivier	Roy	Towers
Ostiguy	Savard	Trudeau
Ouellet	Schroder	Veillette
Parent	Scott	Watson
Pelletier	(Hamilton-Wentworth)	Weatherhead
Pepin	Scott	Whelan
Peterson	(Victoria-Haliburton)	Wilson
Pinard	Shields	Wright
Portelance	Smith	Yanakis—187.

Madam Speaker: I declare the motion lost.

Motion No. 15 (Mr. Murphy) negatived.

The House divided on Motion No. 16 (Mr. Murphy) which was negatived on the following division:

(*Division No. 247*)

YEAS

Messrs.

Althouse	Ittinuar	Nystrom
Anguish	Keeper	Orlikow
Benjamin	Knowles	Parker
Blackburn	Kristiansen	Robinson
Blaikie	Manly	(Burnaby)
Broadbent	Miller	Rose
Deans	Mitchell	Sargeant
de Jong	(Mrs.)	Skelly
Fulton	Murphy	Waddell—26.
Heap		

NAYS

Messrs.

Allmand	Cook	Flis
Andre	Cooper	Forrestall
Appolloni	Corbett	Fox
(Mrs.)	Corbin	Fretz
Axworthy	Corriveau	Friesen
Bachand	Cosgrove	Frith
Baker	Cousineau	Gamble
(Nepean-Carleton)	Crombie	Garant
Beatty	Crosby	Gass
Beauchamp-Niquet	(Halifax West)	Gauthier
(Mrs.)	Cullen	Gendron
Bégin (Miss)	Cyr	Gilchrist
Berger	Darling	Gimaïel
Blais	Daudlin	Gourd
Bloomfield	Dawson	(Argenteuil-Papineau)
Bockstael	De Bané	Gourde
Bosley	de Corneille	(Lévis)
Bossy	Deniger	Gray
Breau	Dingwall	Guilbault
Bujold	Dion	Gurbin
Bussières	Dionne	Gustafson
Caccia	(Chicoutimi)	Harquail
Campbell	Dionne	Hawkes
(Miss)	(Northumberland-	Henderson
(South West Nova)	Miramichi)	Herbert
Campbell	Domm	Hervieux-Payette
(LaSalle)	Dubois	(Mrs.)
Campbell	Dupras	Hopkins
(Cardigan)	Duquet	Howie
Chénier	Ellis	Hudecki
Chrétien	Epp	Huntington
Clark	Erola (Mrs.)	Irwin
(Yellowhead)	Ethier	Isabelle
Clarke	Fennell	Jarvis
(Vancouver Quadra)	Ferguson	Jelinek
Collenette	Fisher	Johnston
Comtois	Fleming	Joyal

Messrs.

Kaplan	Maltais	Reid (Kenora-Rainy River)
Kelly	Marceau	Roberts
Kempling	Massé	Robinson (Etobicoke-Lakeshore)
Kilgour	Masters	Rompkey
Killens (Mrs.)	Mazankowski	Rossi
King	McCain	Roy
Kushner	McCauley	Savard
Lachance	McCuish	Schroder
Lajoie	McDermid	Scott (Hamilton-Wentworth)
Lalonde	McKinnon	Scott (Victoria-Haliburton)
Landers	McKnight	Shields
Lang	McLean	Smith
Laniel	McMillan	Speyer
Lapierre	McRae	Stevens
Lapointe (Charlevoix)	Munro (Esquimalt-Saanich)	Stewart
Lapointe (Beauce)	Munro (Hamilton East)	Tardif
Lawrence	Neil	Taylor
LeBlanc	Nicholson (Miss)	Tessier
Leduc	Nowlan	Thacker
Lefebvre	Oberle	Tobin
Lewis	Olivier	Tousignant
Loiselle	Ostiguy	Towers
Lumley	Ouellet	Trudeau
MacBain	Parent	Veillette
MacDonald (Miss)	Pelletier	Watson
MacEachen	Pepin	Weatherhead
MacGuigan	Peterson	Whelan
Mackasey	Pinard	Wilson
MacLaren	Portelance	Wright
MacLellan	Prud'homme	Yanakis—187.
Malépart	Regan	

Madam Speaker: I declare the motion lost.

Motion No. 16 (Mr. Murphy) negatived.

The House divided on Motion No. 18 (Mr. Murphy) which was negatived on the following division:

(*Division No. 249*)

YEAS

Messrs.

Althouse	Ittinuar	Nystrom
Anguish	Keeper	Orlikow
Benjamin	Knowles	Parker
Blackburn	Kristiansen	Robinson (Burnaby)
Blaikie	Manly	Rose
Broadbent	Miller	Sargeant
Deans	Mitchell (Mrs.)	Skelly
de Jong	Murphy	Waddell—26.
Fulton		
Heap		

NAYS

Messrs.

Allmand	Campbell (Miss) (South West Nova)	Crombie
Andre	Campbell (LaSalle)	Crosby (Halifax West)
Appolloni (Mrs.)	Campbell (Cardigan)	Cullen
Axworthy	Chénier	Cyr
Bachand	Chrétien	Darling
Baker (Nepean-Carleton)	Clark (Yellowhead)	Daudlin
Beatty	Clarke (Vancouver Quadra)	Dawson
Beauchamp-Niquet (Mrs.)	Collenette	De Bané
Bégin (Miss)	Comtois	de Corneille
Berger	Cook	Deniger
Blais	Cooper	Dingwall
Bloomfield	Corbett	Dion
Bockstael	Corbin	Dionne (Chicoutimi)
Bosley	Corriveau	Dionne (Northumberland-Miramichi)
Bossy	Cosgrove	Domm
Breau	Cousineau	Dubois
Bujold		Dupras
Bussières		Duquet
Caccia		

Messrs.

Ellis	Killens (Mrs.)	Nicholson (Miss)
Epp	King	Nowlan
Erola (Mrs.)	Kushner	Oberle
Ethier	Lachance	Olivier
Fennell	Lajoie	Ostiguy
Ferguson	Lalonde	Ouellet
Fisher	Landers	Parent
Fleming	Lang	Pelletier
Flis	Laniel	Pepin
Forrestall	Lapierre	Peterson
Fox	Lapointe (Charlevoix)	Pinard
Fretz	Lapointe (Beauce)	Portelance
Friesen	Lawrence	Prud'homme
Frith	LeBlanc	Regan
Gamble	Leduc	Reid (Kenora-Rainy River)
Garant	Lefebvre	Roberts
Gass	Lewis	Robinson (Etobicoke-Lakeshore)
Gauthier	Loiselle	Rompkey
Gendron	Lumley	Rossi
Gilchrist	MacBain	Roy
Gimaïel	MacDonald (Miss)	Savard
Gourd (Argenteuil-Papineau)	MacEachen	Schroder
Gourde (Lévis)	MacGuigan	Scott (Hamilton-Wentworth)
Gray	Mackasey	Scott (Victoria-Haliburton)
Guilbault	MacLaren	Shields
Gurbin	MacLellan	Smith
Gustafson	Malépart	Speyer
Harquail	Maltais	Stevens
Hawkes	Marceau	Stewart
Henderson	Massé	Tardif
Herbert	Masters	Taylor
Hervieux-Payette (Mrs.)	Mazankowski	Tessier
Hopkins	McCain	Thacker
Howie	McCauley	Tobin
Hudecki	McCuish	Tousignant
Huntington	McDermid	Towers
Irwin	McKinnon	Trudeau
Isabelle	McKnight	Veillette
Jarvis	McLean	Watson
Jelinek	McMillan	Weatherhead
Johnston	McRae	Whelan
Joyal	Munro (Esquimalt-Saanich)	Wilson
Kaplan	Munro (Hamilton East)	Wright
Kelly	Neil	Yanakis—187.
Kempling		
Kilgour		

Madam Speaker: I declare the motion lost.

Motion No. 18 (Mr. Murphy) negatived.

[*Translation*]

Mr. Pinard: Madam Speaker, further to the same discussions, we suggest that you call Motion No. 9.

Madam Speaker: The question is now on Motion No. 9.

The House divided on Motion No. 9 (Mr. Crombie), which was negatived on the following division:

(*Division No. 240*)

YEAS

Messrs.

Andre	Cooper	Forrestall
Baker (Nepean-Carleton)	Corbett	Fretz
Beatty	Crombie	Friesen
Bosley	Crosby (Halifax West)	Gamble
Clark (Yellowhead)	Darling	Gass
Clarke (Vancouver Quadra)	Domm	Gilchrist
Cook	Ellis	Gurbin
	Epp	Gustafson
	Fennell	Hawkes
		Howie

Messrs.

Huntington
Jarvis
Jelinek
Kempling
Kilgour
King
Kushner
Lawrence
Lewis
MacDonald
(Miss)
Mazankowski
McCain
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
Munro
(Esquimalt-Saanich)
Neil
Nowlan
Oberle
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shields
Speyer
Stevens
Stewart
Taylor
Thacker
Towers
Wilson
Wright—59.

● (2240)

[*English*]

Madam Speaker: Therefore I declare the motion lost.

Motion No. 9 (Mr. Crombie) negatived.

Mr. Pinard: Madam Speaker, we now suggest that you call Motion No. 11 and that the same tally will apply to Motion No. 13.

Some hon. Members: Agreed.

The House divided on Motion No. 11 (Mr. Murphy) which was negatived on the following division:

(*Division No. 242*)

YEAS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Bosley
Broadbent
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Cook
Cooper
Corbett
Crombie
Crosby
(Halifax West)
Darling
Deans
de Jong
Domm
Ellis
Epp
Fennell
Forrestall
Fretz
Friesen
Fulton
Gurbin
Gustafson
Hawkes
Heap
Howie
Huntington
Ittinuar
Jarvis
Jelinek
Keeper
Kempling
Kilgour
King
Knowles
Kristiansen
Kushner
Lawrence
Lewis
MacDonald
(Miss)
Manly
Mazankowski
McCain
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell
(Mrs.)
Murphy
Nowlan
Nystrom
Orlikow
Parker
Robinson
(Burnaby)
Rose
Sargeant
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shields
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Towers
Waddell
Wilson
Wright—79.

NAYS

Messrs.

Allmand
Appolloni
(Mrs.)
Axworthy
Bachand
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Breau
Bujold
Bussières
Caccia
Campbell
(Miss)
(South West Nova)
Campbell
(LaSalle)
Campbell
(Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Dubois
Dupras
Duquet
Dionne
(Northumberland-
Miramichi)
Dubois
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Fox
Frith
Garant
Gauthier
Gendron
Gimaïel
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Allmand
Althouse
Anguish
Appolloni
(Mrs.)
Axworthy
Bachand
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Benjamin
Berger
Blackburn
Blaikie
Blais
Bloomfield
Bockstael
Bossy
Breau
Broadbent
Bujold
Bussières
Caccia
Campbell
(Miss)
(South West Nova)
Campbell
(LaSalle)
Campbell
(Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Cyr
Daudlin
Dawson
Deans
De Bané
de Corneille
de Jong
Deniger
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Dubois
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Fox
Frith
Garant
Gauthier
Gendron
Gimaïel
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Heap
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kaplan
Keeper
Kelly
Killens (Mrs.)
Knowles
Kristiansen
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Manly
Marceau
Massé
Masters
McCauley
McRae
Miller
Mitchell
(Mrs.)
Munro
(Hamilton East)
Murphy
Nicholson
(Miss)
Nystrom
Olivier
Orlikow
Ostiguy
Ouellet
Parent
Parker
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Burnaby)
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rose
Rossi
Roy
Sargeant
Savard
Schroder
Skelly
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Veillette
Waddell
Watson
Weatherhead
Whelan
Yanakis—154.

Messrs.

Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Veillette
Watson
Weatherhead
Whelan
Yanakis—128.

Madam Speaker: I declare the motion defeated.

Motion No. 11 (Mr. Murphy) negatived.

The House divided on Motion No. 13 (Miss MacDonald) which was negatived on the following division:

(*Division No. 244*)

YEAS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Bosley
Broadbent
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Corbett
Crombie
Crosby (Halifax West)
Darling
Deans
de Jong
Domm
Ellis
Epp
Fennell
Forrestall
Fretz
Friesen
Fulton
Gurbin
Gustafson
Hawkes
Heap
Howie
Huntington
Ittinuar
Jarvis
Jelinek
Keeper
Kempling
Kilgour
King
Knowles
Kristiansen
Kushner
Lawrence
Lewis
MacDonald (Miss)
Manly
Mazankowski
McCain
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Murphy
Nowlan
Nystrom
Orlikow
Parker
Robinson (Burnaby)
Rose
Sargeant
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Towers
Waddell
Wilson
Wright—79.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Breau
Bujold
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Fox
Frith
Garant
Gauthier
Gendron
Gimaïel
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Veillette
Watson
Weatherhead
Whelan
Yanakis—128.

● (2250)

Madam Speaker: I declare the motion defeated.

Motion No. 13 (Miss MacDonald) negatived.

[*Translation*]

Mr. Pinard: Madam Speaker, still further to the same negotiations, we suggest you call Motion No. 17.

Madam Speaker: The question is now on Motion No. 17 in the name of the President of the Treasury Board (Mr. Johnston).

The House divided on Motion No. 17 (Mr. Johnston) which was agreed to on the following division:

(*Division No. 248*)

YEAS

Messrs.

Allmand
Andre
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bosley
Bossy
Breau
Bujold
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Collenette
Comtois
Cook
Cooper
Corbett
Corbin

Messrs.

Corriveau
Cosgrove
Cousineau
Crombie
Crosby (Halifax West)
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Domm
Dubois
Dupras
Duquet
Ellis
Epp
Erola (Mrs.)
Ethier
Fennell
Ferguson
Fisher
Fleming
Flis
Forrestall
Fox
Fretz
Friesen
Frith
Garant
Gauthier
Gendron
Gimaïel
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Gurbin
Gustafson
Harquail
Hawkes
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Howie
Hudecki
Huntington
Irwin
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kaplan
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald (Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mazankowski
McCain
McCauley
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
McRae
Munro (Hamilton East)
Nicholson (Miss)
Nowlan
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Smith
Speyer
Stevens
Stewart
Tardif
Taylor
Tessier
Thacker
Tobin
Tousignant
Towers
Trudeau
Veillette
Watson
Weatherhead
Whelan
Wilson
Wright
Yanakis—181.

NAYS

Messrs.

Althouse
Anguish
Benjamin
Blackburn
Blaikie
Broadbent
Deans
de Jong
Fulton
Gamble
Heap
Ittinuar
Keeper
Knowles
Kristiansen
Manly
Miller
Mitchell (Mrs.)
Murphy
Nystrom
Orlikow
Parker
Robinson (Burnaby)
Rose
Sargeant
Skelly
Waddell—27.

● (2255)

Madam Speaker: I declare the motion agreed to.

Motion No. 17 (Mr. Johnston) agreed to.

Hon. Donald J. Johnston (President of the Treasury Board) moves that Bill C-124, an Act respecting compensation in the public sector of Canada, as amended, be concurred in.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: All those in favour will please say yea.

Some hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five members having risen:

Madam Speaker: Call in the members. Shall we dispense with the bells?

Some hon. Members: Agreed.

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

(*Division No. 250*)

YEAS

Messrs.

Allmand
Andre
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bosley
Bossy
Breau
Bujold
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Collenette
Comtois
Cook
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Cousineau
Crombie
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Domm
Dubois
Dupras
Duquet
Ellis
Epp
Erola (Mrs.)
Ethier
Fennell
Ferguson
Fisher
Fleming
Flis
Fox
Fretz
Friesen
Frith
Gamble
Garant
Gass
Gauthier
Gendron
Gimaïel
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Gurbin
Gustafson
Harquail
Hawkes
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Howie
Hudecki
Huntington
Irwin
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kaplan
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Lawrence
LeBlanc

Messrs.

Leduc	McRae	Roy
Lefebvre	Munro (Esquimalt-Saanich)	Savard
Lewis	Munro (Hamilton East)	Schroder
Loiselle	Neil	Scott (Hamilton-Wentworth)
Lumley	Nicholson (Miss)	Scott (Victoria-Haliburton)
MacBain	Nowlan	Smith
MacDonald (Miss)	Oberle	Speyer
MacEachen	Ostiguy	Stevens
MacGuigan	Ouellet	Stewart
Mackasey	Parent	Tardif
MacLaren	Pelletier	Taylor
MacLellan	Pepin	Tessier
Malépart	Peterson	Thacker
Maltais	Pinard	Tobin
Marceau	Portelance	Tousignant
Massé	Prud'homme	Towers
Masters	Regan	Trudeau
Mazankowski	Reid (Kenora-Rainy River)	Veillette
McCain	Roberts	Watson
McCauley	Robinson (Etobicoke-Lakeshore)	Weatherhead
McCuish	Rompkey	Whelan
McDermid	Rossi	Wilson
McKinnon		Wright
McKnight		Yanakis—182.
McLean		
McMillan		

NAYS

Messrs.

Althouse	Ittinuar	Nystrom
Anguish	Keeper	Orlikow
Benjamin	Knowles	Parker
Blackburn	Kristiansen	Robinson (Burnaby)
Blaikie	Manly	Rose
Broadbent	Miller	Sargeant
Deans	Mitchell (Mrs.)	Skelly
de Jong	Murphy	Waddell—26.
Fulton		
Heap		

● (2305)

Madam Speaker: I declare the motion carried.

Mr. Pinard: Madam Speaker, I rise on a point of order. There has not been an agreement on the following, but due to the spirit of collaboration which seems to have developed tonight, perhaps if you seek unanimous consent we could deal with the third reading of this bill tonight so that we could deal with Canagrex tomorrow.

Some hon. Members: Oh, oh!

Madam Speaker: The House has heard the suggestion of the President of the Privy Council (Mr. Pinard). When shall the bill be read the third time, at the next sitting of the House?

Some hon. Members: Agreed.

Some hon. Members: Now.

Some hon. Members: No.

Madam Speaker: It being after 11 p.m., the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At 11.07 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, August 4, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

POLITICAL PARTIES

QUESTIONING OF GOVERNMENT POLICIES BY LIBERAL MEMBERS—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, with the welcome and ever-growing number of Liberal backbenchers openly criticizing and questioning government policies, now joining the ranks of letter-writing cabinet ministers who have disagreed publicly with the government, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That Liberal members, including the cabinet, not be intimidated by the Right Hon. Prime Minister but continue to question and criticize policies which are destroying the economic and moral fibre of our nation, and further, that these brave members be congratulated by our giving unanimous consent to this motion now.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

METRIC CONVERSION

HALT IN PROSECUTIONS FOR USING IMPERIAL MEASUREMENT—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, on May 14, 1982, the federal PC party moved in part the following motion which was opposed by the Liberal and NDP spokesmen, "that the government immediately implement a moratorium on all metric related prosecutions and action be taken to abandon compulsory metrication in Canada."

How pleased we are today that a Consumer and Corporate Affairs lawyer, Mr. R. G. Thompson, advised that both imperial and metric measure are legal and that it is not considered illegal to use imperial measure. I therefore move, seconded by the hon. member for Bow River (Mr. Taylor):

That the government acknowledge and support this action, and give support to Consumer and Corporate Affairs for not prosecuting anyone for using imperial measure as demonstrated by the actions taken in dropping charges against Zoritza Kasparian, a Calgary carpet dealer who continues to advertise legally in imperial square yards.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ADMINISTRATION

CALL FOR HOLDING OF GENERAL ELECTION—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, added to the many knowledgeable voices predicting an even worsening economy as a result of the mismanagement of this country, is the view of officials from the Canadian Imperial Bank of Commerce who, only yesterday, forecast unemployment reaching a record level of 12 per cent of the work force, and a continued gloomy economic future for the nation.

Canadians themselves clearly understand what all these financial experts are saying, that this government has caused and is continuing to cause our financial woes and is doing little to solve them. This understanding by the average, financially pressured Canadian, is reflected in the latest Gallup poll which shows the government at an all-time low in popular support, 19 percentage points behind the Progressive Conservatives. Therefore I move, seconded by the hon. member for Erie (Mr. Fretz):

That the government show some concern for the state of this nation and some respect for the plight of Canadians by putting the welfare of both ahead of its desire to cling to power, and immediately call a federal general election, or at least the three byelections.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HUMAN RIGHTS

RECOGNITION OF HEROISM OF RAOUL WALLENBERG—MOTION UNDER S.O. 43

Mr. David Berger (Laurier): Madam Speaker, in March, 1944, Nazi Germany partially occupied Hungary and dispatched Adolph Eichmann to organize the deportation of the

last substantial population of Jews within Nazi influence. Eichmann quickly completed what he proudly called "a deportation surpassing every preceding deportation in magnitude". Some 437,000 Jewish men, women and children were sent to concentration camps on 148 trains between May 14 and July 8, according to a Nazi report.

A young Swedish diplomat by the name of Raoul Wallenberg, arrived in Budapest in July on a rescue mission and in the ensuing months saved perhaps as many as 100,000 persons, including many Canadians of Hungarian origin. Arrested in 1945 by the Soviets, reports still persist that he is alive. Today, August 4, would be the seventieth anniversary of his birth. I therefore move, seconded by the hon. member for Waterloo (Mr. McLean) and the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

• (1410)

That this House, on the occasion of Raoul Wallenberg's seventieth birthday, recognizes his heroic deeds on behalf of all humanity and urges the Government of Canada to continue its efforts to obtain information about him from the Soviet Union.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

* * *

EXTERNAL AFFAIRS

LEBANON—SENDING OF UNITED NATIONS OBSERVERS TO BEIRUT—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, in view of the increased hostilities in West Beirut in the face of the UN decision to send observers into that region, I move, seconded by the hon. member for Châteauguay (Mr. Watson) and the hon. member for Brant (Mr. Blackburn):

That the Government of Canada react forthwith in a positive manner by unequivocally endorsing that decision and offer any assistance which may be available to us to participate in that move in an effort to bring some relief to those innocent children, women and men whose blood, even now, is being shed and whose suffering is unimaginable to most of us.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

An hon. Member: No.

DEMAND THAT ISRAEL STOP BOMBARDMENT OF BEIRUT—MOTION UNDER S.O. 43

Hon. Edward Broadbent (Oshawa): Madam Speaker, I, too, have a motion on the important subject which was just raised by the hon. member in the Conservative Party. Given the official position, taken both by the official opposition and the government in the past on this important human question, I hope it will have unanimous support today.

Considering the continuing refusal of the Government of Israel to comply with United Nations resolutions calling for a withdrawl of its troops from Lebanon and, in particular, considering the horrible suffering and deaths which the siege of Beirut is continuing to cause for the half million innocent civilians entrapped in that city, I move, seconded by the hon. member for New Westminster-Coquitlam (Miss Jewett):

That this House demand that the Government of Israel instruct its armed forces to cease their violent bombardment of Beirut.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion.

Some hon. Members: Agreed.

Madam Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

An hon. Member: No.

Madam Speaker: The hon. member for Hamilton-Wentworth.

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—COMMITTEE INVESTIGATION—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, in view of the refusal of Liberal members of the Standing Committee on Health, Welfare and Social Affairs to allow a smaller subcommittee to examine the urea formaldehyde foam insulation crisis, and since the government has only scheduled five days of hearings on UFFI, beginning as late as October 2, and since there appears to be political direction to government members from the Minister of Consumer and Corporate Affairs (Mr. Ouellet) to minimize their embarrassment over the UFFI mess, I move, seconded by the hon. member for Comox-Powell River (Mr. Skelly):

That this House instruct the subcommittee on agenda and procedure of the standing committee to meet before the summer break, preferably within the next 24 hours, in order to priorize witnesses on UFFI and to prevent this investigation from being a whitewash and a further disservice to UFFI homeowners.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

SUGGESTED ALLIANCE BETWEEN PROGRESSIVE CONSERVATIVE AND LIBERAL PARTIES—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I, too, rise under the provisions of Standing Order 43. One week ago the Leader of the Opposition (Mr. Clark) said that he rejected wage controls, yet last night he voted for them. Last night provided a unique opportunity to defeat the Liberal government on its economic policies, However, some 41 Conservatives refused to attend the vote, thereby bringing Conservative support of Liberal policies to a cunning all-time high in Canadian history, reflecting the 47 per cent Gallup confusion. Since the Conservatives have now voted on major legislation 66 times in support of the Liberals since the 1980 election, while the Liberals have voted with the NDP only 36 times, I move, seconded by the hon. member for Comox-Powell River (Mr. Skelly):

That this House give unanimous support to the formalization of this homopolitical alliance.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1415)

HEALTH

CALL FOR COMMITTEE STUDY OF SURROGATE MOTHERHOOD—MOTION UNDER S.O. 43

Mr. Jim Hawkes (Calgary West): Madam Speaker, I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That this House ask the Minister of National Health and Welfare to provide the Standing Committee on Health, Welfare and Social Affairs with the necessary reference to enable it to inquire into and report recommendations to the House on the subject of surrogate motherhood and human artificial insemination.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

TRANSPORT

MAISLIN TRUCKING COMPANY—FORGOING OF LOAN INTEREST PAYMENTS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the President of the Treasury Board. I have been advised by a government official that under the terms of the Maislin bailout the government has given a $34 million guarantee on the condition that Maislin can forgo interest payments on nearly $24 million of its loan for two full years. The financial position of this company is incredibly weak. It has a net capital deficit of $24 million. That is $24 million in the red. The Enterprise Development Board of the government has turned down this loan. Did the minister withhold the fuller information on the details of this loan on the condition that he could save this type of sweetheart deal for other friends of the Liberal Party?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, the House has already been informed of the fact that several considerations led to the decision to help Maislin under the loan guarantee component of the Enterprise Development Program. One of these considerations, to which the Minister of Industry, Trade and Commerce referred yesterday, was that the government was very concerned about the company's 2,500 jobs in Canada. I feel that the agreement we concluded with the bank that is financing Maislin, that the investors themselves and that the entire restructuring of the enterprise were satisfactory, and we have therefore decided to grant aid as requested.

[*English*]

FINANCIAL OBLIGATIONS OF OTHER COMPANIES

Hon Michael Wilson (Etobicoke Centre): Madam Speaker, this saving of jobs is a red herring across the whole issue. Those jobs would have been provided by other trucking companies which have 20 to 30 per cent of their people laid off. There are 15,000 trucking companies in Canada, responsible trucking companies which are suffering badly, operating at about 50 per cent capacity and, as I said, with about 20 to 30 per cent of their people laid off. These people must continue to make the whole interest payments on their bank loans. Does the minister feel it is fair to help one large company forgo interest payments on its bank loan while the other 15,000 companies are struggling to survive?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, under the loan guarantee component of the Enterprise Development Program, each case is examined on its merits, and if other companies apply for assistance, their application will be considered.

[*English*]

INCREASED COSTS FACED BY OTHER COMPANIES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, let us look at that particular offer right now. Another part of the deal in the Maislin bail-out is that they have agreed to limit their price increases to 6 per cent. Because this is a very competitive industry, other companies will be forced to limit their price increases to 6 per cent. This is in the face of 25 to 30 per cent increases in their gasoline costs and in the face of having to pay all, not just 50 per cent, of their interest costs. How can the other trucking companies apply for the same sort of sweetheart deal so that they too can forgo paying their interest costs on 50 per cent of their bank loans?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I already answered this question in my previous reply. Regarding the commitment by Maislin and its employees to remain within the 6 and 5 per cent maximum, I would like to inform the hon. member that the company is merely joining the ranks of the mayors of Canada, Canadian housing corporations and Canadian businessmen and women who have already agreed to support this program. If the hon. member wants to continue these rear guard skirmishes, that is entirely up to him.

• (1420)

[*English*]

ROLE OF CANADIAN IMPERIAL BANK OF COMMERCE

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources, and it is related to the question of my colleague about the financial implications of an interest-free loan to Maislin which is, in effect, a two-year interest-free loan of $19 million. In view of the fact that the Prime Minister, who has just now come into the House, has talked quite a bit about leverage, I would like to ask the Minister of Energy, Mines and Resources if he can assure the House that in the negotiations affecting Dome Petroleum and its financial indebtedness, part of the sweetheart deal to get the Canadian Imperial Bank of Commerce to go along with a two-year interest-free loan to Maislin was not part of the carrot to help the Canadian Imperial Bank of Commerce out of its Dome difficulties.

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): No, Madam Speaker.

[*English*]

QUERY RESPECTING POSSIBLE REPRESENTATIONS TO MINISTER

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my supplementary question is directed to the same minister. The minister has taken the Privy Council oath. He flew with Bronfman in 1974 and knows him very well. When I refer to Bronfman, I mean Bronfman, Kemp Investments and Leo Kolber. Can the Minister of Energy, Mines and Resources assure this House that he has received no representations, either written, verbal, bilingual or otherwise, from anyone involved with the Bronfman interests, and that he has not been the one carrying the can for Maislin because of the long-standing connection between Maislin and the Bronfman interests?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would be very happy to leave the hon. member in the gutter he seems to enjoy and tell him I have never at any time received any representation from either Mr. Charles Bronfman or anyone connected with the Kemp Investment group, or anything of that nature. I can say that categorically and emphatically, and the hon. member can stay in the gutter he seems to enjoy.

* * *

SHIPBUILDING

REQUEST FOR PLACEMENT OF ORDERS IN CANADA

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Minister of Finance, and it concerns the more than 15,000 man-years and the jobs we have lost in the Canadian shipbuilding industry, which have affected employment in the Atlantic provinces, Quebec, Ontario and British Columbia directly. Yesterday an industry spokesperson pointed out that the contention of the minister last week that the shipbuilding industry in Canada is uncompetitive is competely false. Earlier a report prepared for another government department by a government-hired expert also indicated that what the minister contends is false. The report indicated that the Canadian shipbuilding industry is quite competitive.

In light of this, I would like to ask the minister if he will guarantee that all the shipping requirements in relation to resource project needs in many provinces in the years ahead will be met by ships produced in Canada by Canadian workers.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, first I would like to clarify what has been attributed to me as a sweeping indictment of the Canadian shipbuilding industry. In the comments I made in Halifax on the Canadian economy, those particular comments were directed to the general economic situation in the country, including the over-all productivity performance of Canada in comparison with other countries and including the competitiveness of the Canadian economy in comparison with the United States as demonstrated by our rate of inflation and as demonstrated by the level of our wage settlements. Those comments were made in general terms about the Canadian economy, and at no point did I enter into an analysis of the competitive position of the Canadian shipbuilding industry in comparison with the industries in other countries.

Mr. Broadbent: Madam Speaker, we hope what the minister has said is the case, and that the government has no intention

of castigating a particular sector of the Canadian economy which in fact is performing quite well.

REQUEST THAT OVERSEAS PURCHASES BE CURTAILED

Hon. Edward Broadbent (Oshawa): More specifically, Madam Speaker, I would like to ask the minister whether the government will live up to its 1980 election campaign promise, which was to produce an industrial strategy overall, by implementing it with specifics in terms of commitments in the shipbuilding sector. More specifically, will the minister guarantee to the House, that is to say to the people of Canada, that ship requirements—and there will be thousands of them in the years ahead—will no longer be met by purchase offshore, whether from Belgium or Korea, to name two countries that are getting significant orders in the near future, but in fact will be met by Canadian producers so that Canadians and not those offshore will get the needed jobs?

• (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has underlined one of the objectives of the Government of Canada, namely, to ensure the highest possible Canadian procurement in the offshore industry. That is one of the objectives that has been followed by the Minister of Energy, Mines and Resources and it will be pursued. I ask the hon. member to reflect a moment on his question. Is he asking the government to give an ironclad guarantee—

Mr. Broadbent: Don't use that phrase. A real guarantee, not an ironclad one.

Mr. MacEachen: —an ironclad guarantee that, regardless of costs, all equipment required will be purchased in Canada? If he is making that suggestion, then who does he expect will pay the additional amount? I cannot give the kind of guarantee that the hon. member wants me to give in light of the condition of the Canadian treasury.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF EDUCATION AND CULTURE OF ICELAND

Madam Speaker: I should like to draw the attention of the House to the presence in our gallery of the Hon. Ingvar Gislason, Icelandic Minister of Education and Culture.

Some hon. Members: Hear, hear!

[*Translation*]

PRESENCE IN GALLERY OF DIRECTORS OF QUEBEC AMPUTEES' ASSOCIATION

Madam Speaker: I also wish to draw the attention of the House to the truly remarkable presence in our gallery of Mr. Gilles Cédillot and Mr. Henri Gagné, who are, respectively, founder and director general, and chairman, of the Fédération d'entr'aide aux nouveaux amputés du Québec, and have almost finished a trip of some 4,000 kilometres they undertook in order to help amputees.

* * *

[*English*]

SHIPBUILDING

DOME PETROLEUM REQUIREMENTS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is supplementary to the industrial strategy question and concerns the government's prodigal son, Dome Petroleum.

[*Translation*]

Now that the superport project at Gros-Cacouna has been abandoned and there is a possibility of lay offs at the shipyards of Davie Shipbuilding Limited in Lauzon, and considering that Dome Petroleum intends to have five tankers built in Japan for the British Columbia gas project, I have a question for the Minister of Energy, Mines and Resources. Will the government, to balance its assistance to Dome Petroleum, take over the shipyards in Lauzon and, as part of an industrial strategy, set up a shipbuilding project, either in Lauzon or elsewhere in Canada, so that we will be able to transport our own resources?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, first of all, I should like to congratulate the hon. member for Vancouver-Kingsway on the excellent results of his course at Laval University in Quebec City. I can inform the hon. member that negotiations with Dome Petroleum have not been finalized, and that no decision has been made to the effect that the Government of Canada is going to help Dome Petroleum. However, among all the possibilities considered, we did not consider taking over or acquiring this particular shipyard. The issue raised by the hon. member is, of course, a very important one, namely, opportunities for Canadian businesses to expand their share of profits resulting from sales of natural resources, especially abroad. Regarding the Dome Petroleum project, and especially the sale of liquefied gas to Japan, I have already had some discussions on the subject with representatives for Dome Petroleum and the Japanese interests concerned, and I recently received a message from Dome Petroleum to the effect that they would see to it that there were balances in the agreement concluded with the Japanese so that, especially as far as the methane tankers were concerned, Canada would have at least a 50 per cent interest. As for the rest of the project, Canadian ownership will be around 80 or 90 per cent.

• (1430)

[*English*]

INDUSTRY

ENTERPRISE DEVELOPMENT PROGRAM—ELIGIBILITY OF SERVICE INDUSTRIES

Hon. Bill Jarvis (Perth): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce who held forth the Enterprise Development Program as a possible solution to those companies whose continued existence might be preserved were the government to guarantee existing debt. Having now had a chance to read the regulations under that program in the brochure, I presume the only part of the program for which such companies could qualify would be the loan insurance for adjustment projects. There is no indication that service companies qualify under that particular project. As a matter of fact, it mentions specifically manufacturing and processing only. Can the minister advise whether that program has now been enlarged so that many thousands of Canadian companies that could be saved from bankruptcy in the service industries could make application?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we are working now on the question of appropriate changes to the regulations so that, if they are accepted, consideration can be given to applications made by service sectors in support of manufacturing and processing activities. I think this is consistent with what I was saying on earlier occasions.

Mr. Jarvis: Madam Speaker, I am sure the minister will take this opportunity to advise when those regulations will be changed, because he invited applications yesterday. It seems rather foolish to make application for a program whose regulations do not provide for any possible acceptance of the application.

FORGOING OF LOAN INTEREST PAYMENTS

Hon. Bill Jarvis (Perth): Madam Speaker, I have a supplementary question for the Minister of Industry, Trade and Commerce. We heard today that, as part of the Maislin deal, that company will enjoy the luxury of not paying interest for two years under the government guarantee program. The minister has held forth the Enterprise Development Program as the counterpart to smaller businesses—thousands of them across the country. Does that same deal apply elsewhere? In other words, if a corporate constituent of mine makes an application, will he be afforded the opportunity of postponing or forgoing interest for two years under any guarantee from the Enterprise Development Program?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, with respect to the kinds of companies mentioned by my hon. friend in his earlier question, I said that if applications came I would be happy to draw them to the attention of my colleagues in cabinet for consideration.

With respect to the matter of postponement of interest, that is a matter to be negotiated between a company and its bankers which would then be seeking the government guarantee. The postponement of interest is not a matter that involves payment or nonpayment to the government; we are talking about guarantees of loans made by private sector institutions. If that is part of the package negotiated with a lender, and if on balance, on the merits of the matter—

Mr. Clark: And if, and if, and if.

Mr. Gray: —it is found that there are reasonable prospects for restructuring with the help of loan guarantees which will assist the company to return to viability, then this is certainly something that can be considered.

Mr. Clark: And if they can find a Grit friend.

* * *

NATIONAL DEFENCE

REMOVAL OF NAVAL RESERVE HEADQUARTERS TO QUEBEC CITY—COST TO ECONOMY OF HALIFAX

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Minister of National Defence. Yesterday the minister informed a press conference that the move of naval reserve headquarters from Halifax to Quebec City "will cost practically nothing for Nova Scotia but will have, by contrast, a very important impact on Quebec". There will be a loss to Halifax of 44 servicemen and women and a substaff of approximately 20. Does the minister expect us to believe that the economy of Halifax is so buoyant that this is practically nothing?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I am very suspicious of the fact that when people in the opposition raise that question they have motives, other than for the good of the Armed Forces.

Some hon. Members: Oh, oh!

Mr. Clark: That is unparliamentary.

Mr. Baker (Nepean-Carleton): Withdraw.

Mr. Lamontagne: As I said the other day, nobody will lose their job in Halifax due to this move. On the military side, this decision involves strictly a posting so they will not literally be giving up their jobs. There are about 20 civilians who might be moved from Halifax if they want to be moved. Hon. members opposite know all about the flexibility of the public service. If they do not want to move to Quebec, then someone else will be hired, and they will be offered jobs elsewhere in the organization.

By the way, yesterday I received a letter from the president of the Maritime Defence Association of Canada who is located in the riding of the hon. member for Victoria, who wrote:

—on the move of the Naval Reserve to Quebec. I had assured him—

He was referring to a conversation with me personally last year:

—that MDAC would support the move, and certainly our position has not changed.

Some hon. Members: Order.

Mr. Lamontagne: Madam Speaker, I think it is very important that we clarify the situation to show that we are not playing politics with defence. I want to mention also that we have the agreement of most of the 18 naval reserve divisions across the country with respect to the move. I think that agreement certifies that there is no politics involved. It is a move to help francophones better serve their country in the navy.

Mr. Clark: What leverage did you use?

Mr. McKinnon: Madam Speaker, I am sure that on reflection the Minister of National Defence might wish to withdraw those remarks he made concerning questions asked by the opposition. As for the matter of getting concurrence from people who serve under the minister's command, it is fairly easy if they serve under his command to get concurrence.

Some hon. Members: Hear, hear!

CONSULTATION WITH SECRETARY OF STATE

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I am a little puzzled about what is going on over there.

Some hon. Members: Question.

Mr. McKinnon: I thought I might have equal time, considering the rather lengthy reply the minister gave.

Some hon. Members: Hear, hear!

Mr. McKinnon: I know that the United States has Reaganomics and it appears that Canada has a form of "Reganomics" wherein the Secretary of State feels that he is serving Halifax well by spending $100,000 on a bash for 600 sports writers at the All-Star game in Montreal while his seatmate is stealing 60 jobs from his constituency in Halifax.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. McKinnon: Could the minister inform the House whether he consulted with the Secretary of State about this move? Could he also tell us whether, before last Friday, he had permission of the cabinet to go ahead with the move?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think it is very clear, and I believe I said before, that it was strictly an administrative move on the part of the Armed Forces. I do not think this represents a change of policy. It is moving and organizing so that francophones can better serve their country in the Navy. That is not a change of policy.

Mr. Andre: Just like your leader.

Mr. Lamontagne: It is a confirmation of a policy to give both francophones and anglophones a chance to serve at all levels of the Armed Forces.

As far as the question about whether I had consulted with my colleague who sits next to me is concerned, yes, I did. He understood the position of francophones in the Navy very well and he was very broadminded about the issue. It is the same as the one I have just cited. When the hon. member for Victoria said that some people under my command in the reserve are following just like sheep, I hope he will realize that he said that in the presence of all these people.

* * *

[*Translation*]

EXTERNAL AFFAIRS

ISRAELI BOMBARDMENT OF BEIRUT

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, my question is directed to the Secretary of State for External Affairs.

[*English*]

Earlier on today the House in its generosity, on Raoul Wallenberg's seventieth birthday, recognized his heroic deeds. That motion was moved by the hon. member for Laurier, seconded by the hon. member for Waterloo and the hon. member for Winnipeg-Birds Hill. Everybody agreed to that motion. But the House seems to have been less generous with another motion, and that leads me to my question. It seems the person who said no to the other motion presented by the hon. Leader of the New Democratic Party is ready to reconsider—

[*Translation*]

Madam Speaker: Order, please. Does the hon. member have a question? He cannot revert to a motion the House has already dealt with.

[*English*]

Mr. Prud'homme: Madam Speaker, will the minister agree to this House demanding that the Government of Israel instruct its armed forces to cease the violent bombardment of Beirut?

• (1440)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I think no useful purpose would be served in attempting to revert to a motion under Standing Order 43 on this, but I am very happy to state our position. Yesterday we made a demarche to the Israeli government,

protesting the bombardment up to that point of West Beirut and saying that the process should be seen as reflecting a deep and growing concern in the Canadian Parliament and public over the impact upon civilians of the Israeli bombardment of Beirut.

I want to say today, having yesterday brought a message of restraint for Israel to the United States Secretary of State, and having stated that position publicly there, that the new bombardment today is an extraordinarily unfavourable development for peace. It is hard to understand how the Government of Israel thinks it can advance the cause of peace in this direction, at a time when negotiations appear to be taking hold. We are very disturbed by it. We protest in the strongest way against this resumption of hostilities, and we hope that it will cease forthwith.

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CRIMINAL CODE

PASSAGE OF RAPE LAW AMENDMENTS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is for the Minister of Justice. For the past two years the House and the Standing Committee on Justice and Legal Affairs have been considering legislative proposals to overhaul Canada's archaic and ineffective rape laws. The minister knows that we on this side of the House were and are prepared to consent to a speedy debate on these long overdue amendments, despite the fact that some Conservative members, the dinosaur wing of that party, have so far blocked passage of the bill.

Mr. Chénier: You are to blame.

Mr. Robinson (Burnaby): If the House does not pass this bill tonight, which would be a travesty of justice to thousands of victims of sexual assault, will the minister assure the House that this session will not be prorogued in the fall until the bill, with all the amendments to which we agreed yesterday, including those on previous sexual history and spousal immunity, has finally been approved by the House?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I think the great majority of hon. members of the House would like this bill to be passed. I am still hopeful that there will be an agreement so that we could pass the bill between six and eight o'clock tonight. I think everyone will be happy if we can achieve that goal.

Mr. Robinson (Burnaby): Madam Speaker, surely if we can pass pay increases for Members of Parliament in two hours, we can do the same with rape legislation.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): Don't be stupid. You will kill the bill.

Mr. Clark: You are trying to sabotage the bill again.

Mr. Mazankowski: Sleazy.

Madam Speaker: Order.

REQUEST THAT SUPREME COURT DECISION BE REVERSED

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my supplementary question is directed to the same minister. Over 22,000 Canadians from coast to coast, as well as every national and provincial women's organization, have expressed their outrage at the Supreme Court of Canada decision in *Regina v Pappajohn*, endorsing the defence of honest belief without reasonable grounds. Despite the fact that the Conservative Party supports the Pappajohn decision, will the minister finally agree to amend Canada's rape laws to reverse this decision, called by some the "rapist's charter", which denies the fundamental principle that "no means no?"

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I think it is evident that, if the hon. member were to be more moderate in his statements, it would be easier to pass bills.

Some hon. Members: Hear, hear!

Mr. Chrétien: But I think he has matured a little; yesterday he agreed with me for the first time in his life, so I will not say any more.

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NATIONAL DEFENCE

REMOVAL OF NAVAL RESERVE HEADQUARTERS TO QUEBEC CITY—QUERY RESPECTING CABINET DISCUSSION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, the Minister of National Defence will be aware that when he uttered the great words that he does not play politics with defence, he was the one who in fact moved the 880 Squadron to Summerside and followed it up with the 420 ARS, which is now for all intents and purposes defunct and dead. I would like to have it absolutely clear as to whether or not the question of the first step toward bringing about a greater naval presence in the province of Quebec, in principle, was discussed by cabinet. If not, why was it not discussed by cabinet? The simple explanation that it is administrative in its intent and in its end is not sufficient to answer the growing fears in the Halifax-Dartmouth community.

While he is on his feet, he might as well respond to the very open invitation left by the Prime Minister yesterday when he invited ministers—

Some hon. Members: Question.

Madam Speaker: Order. Order.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think the hon. member for Dartmouth-Halifax East should know better than to ask a question about

what was discussed in cabinet. As far as moving anything else from Halifax is concerned, there is no plan to move anything at the moment, not more than we have done before. Perhaps the hon. member is aware that we are spending at the moment over $260 million for new facilities in the dockyard in Halifax. This provides 3,850 man-years of work in that area. I do not think he can argue much about that.

Mr. Forrestall: The minister has complained about the extravagance of defence spending in Nova Scotia for two or three years now. Frankly, I am just a little fed up with it.

Some hon. Members: Oh, oh!

PRIME MINISTER'S STATEMENT

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I asked a very specific question as a result of an invitation by the Prime Minister yesterday, as reported at page 19948 of *Hansard*, in which he said:

—I would be happy if any minister wanted to raise this in full cabinet. We have a full cabinet meeting on Thursday and, if any minister wants to raise it, I would be happy to deal with it.

I ask the Prime Minister whether or not the Secretary of State, or any other minister, has had the guts to take this in front of his full cabinet, because you are not telling the truth.

Some hon. Members: Withdraw.

Madam Speaker: Order. The hon. member for Dartmouth-Halifax East knows that he has to rephrase his question, or would he simply withdraw the last part of it?

Mr. Forrestall: When the minister indicates to the House that he does not play politics with national defence—

Madam Speaker: I need a simple withdrawal.

Mr. Forrestall: —I wonder if he has the courage to answer. I do withdraw.

Madam Speaker: Thank you very much; it is withdrawn.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, it is true that there is a cabinet meeting tomorrow. If any of my colleagues want to raise the question, I have no objection. But I think it probably takes more guts to accept the truth that in Nova Scotia the Department of Defence is spending a lot of money. It is treated better than any other province in the country. This is the truth about Nova Scotia, and the hon. member for Dartmouth-Halifax East should know that is the truth.

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ROYAL CANADIAN MOUNTED POLICE

DISAPPEARANCE OF QUANTITY OF SEIZED DRUGS

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is for the Solicitor General. It arises from today's startling story that a large quantity of illegal drugs with a street value of several million dollars, which were seized last year by the RCMP, disappeared as a result of a foul-up at a Toronto incinerator, and found their way into the hands of individuals who were arrested just last month by the Toronto metro police. Can the minister tell the House whether a spokesman in his office, who is quoted as saying that the Solicitor General will not be making a ministerial investigation into this matter, was reflecting accurately the minister's lack of concern about this serious incident?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I do not know who the spokesman is supposed to be, but I do not agree with that statement. I can assure the House that I have already asked the RCMP for a full report on the matter. I will see, when I get the report, if any further investigation is justified.

I understand from the investigation to date that, of the 13,000 pounds of drugs which were sent to be burned, it is now established that only 35 pounds are unaccounted for. This is far from the $10 million value shown in *The Toronto Star*. But, I am looking into the matter, and I hope to be in a position to decide shortly whether any further inquiry is justified.

• (1450)

REQUEST FOR MINISTERIAL INVESTIGATION

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, surely the minister is aware that there is quite strong disagreement, to put it mildly, among at least two police forces in this country as to exactly what quantity of drugs are missing, and therefore, obviously, whether it has all been recovered or not. Considering the impact of this upon the reputation of the RCMP, for whom the minister is responsible, surely he should be giving this matter his most serious personal attention with some type of ministerial investigation, apart altogether from the RCMP investigating the RCMP. Surely, for the sake of the continuing fine reputation of the RCMP, something more than an internal investigation is required.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, that may well be the case. I would be prepared to consider further inquiries, but I think the proper place to begin is with the RCMP by asking them for their explanation and for an analysis of exactly what has happened.

The article in *The Toronto Star* seems not to be founded since, as I say, the current view—and more investigation is under way as I mentioned—is that only 35 pounds of the 13,000 pound are not accounted for.

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CHARTER OF RIGHTS

LEGAL COSTS FACED BY ENGLISH SCHOOL APPLICANTS IN QUEBEC

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Madam Speaker, since 1978 the federal government has

helped citizens and groups finance legal actions against provincial legislation which contravened Sections 93 and 133 of the Constitution. With the new Charter of Rights and the Canada clause, will the government now provide financial assistance to individuals in Quebec who are seeking admittance to English schools this fall under the Canada clause? The Prime Minister understands that, if the Charter is to be effective and meaningful, citizens must have means to enforce these rights in the courts, even to the Supreme Court of Canada.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not think that I could give a blanket guarantee that the government would guarantee in advance legal costs of any and every citizen using the Charter of Rights to plead their rights. That would entail unknown costs and uncalculated expenditures. But if the hon. member is suggesting that we look at the guarantee of a particular section, I am prepared to discuss the matter with my colleague, the Minister of Justice.

There again, I am sure that many citizens and groups, now that we have a full Charter of Rights for the first time, will be claiming that their particular rights are the ones that should be defended at the public's expense. I am afraid that it might open a door that even the treasury of the Government of Canada could not easily enter. However, I am prepared to look at the particular aspects suggested by the hon. member for Notre-Dame-de-Grâce-Lachine East.

* * *

EMPLOYMENT

CANADA COMMUNITY DEVELOPMENT PROJECT—ALLOCATION OF FUNDS IN BRITISH COLUMBIA

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is directed to the Minister of Employment and Immigration. The minister recently announced the allocation of $270 million for the Canada Community Development Project. Only 6 per cent of these funds will go for jobs in British Columbia. Will the minister explain why British Columbia rated such a low priority for jobs when unemployment there has more than doubled over the past year? There are 50 per cent lay-offs in the forestry and mining industries, and in my riding of Vancouver East, like many others, claimants for unemployment insurance have risen by up to 240 per cent. Most of these people are now off unemployment insurance and going on welfare. Will the minister explain why we received such a low allocation and what he will do about it?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, we certainly are very well aware of the serious problems faced by the people of British Columbia, particularly those in the mining and forest industry. I find it very surprising that the hon. member would say that there is such a low increase when, in fact, we increased the allocation to the province of British Columbia by 162 per cent, which seems to be a fairly generous contribution to help the unemployment problems in that province.

ROLE OF LOCAL ADVISORY GROUPS IN ALLOCATING FUNDS

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, my question is directed to the Minister of Employment and Immigration. During recent weeks Liberal Senators in British Columbia and Saskatchewan, acting under directions from both the minister's and the Prime Minister's office, have been playing pork-barrel politics with the allocation of employment funds within opposition constituencies under the guise of the Immediate Employment Stimulation Program, ignoring the nonpartisan priorities established by local advisory boards and often over the objections of the minister's own regional and local officials.

In view of this experience, and other information from within his department, is it now the intent of the government to wipe out the role of local advisory boards with regard to the allocation of employment funds under the Canada community development program and to return to the old Liberal-Tory style of wasteful and insensitive arbitrary allocation?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, if we clear away the verbiage, the fact remains that the system which we established two years ago, after the previous government cancelled all the direct employment programs, was to return the responsibility to the constituency and to the Member of Parliament to give advice on the projects in those areas. That is still the case and it has not changed.

I do not know exactly what the reference is by the hon. member other than that through the budget allocation of the Minister of Finance, there are certain departments where projects which were on the shelf could be put into job creation in an immediate way are being allocated. It is only normal for the regional minister to make those announcements.

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FEDERAL-PROVINCIAL AFFAIRS

REQUEST FOR FIRST MINISTERS' MEETING ON PROGRESS OF GOVERNMENT RESTRAINT PROGRAM

Mr. Bill Yurko (Edmonton East): Madam Speaker, my question is directed to the Prime Minister. Some provincial governments have committed themselves to the federal government's 6 per cent and 5 per cent restraint policy and program. Some have accepted variations and are pursuing them and some are still silent. Would the Prime Minister advise the House whether he is planning a second meeting with the premiers in the near future, and particularly before the start of the new session on October 27, first to brief the premiers collectively on the relative progress of the restraint program and, second, again to solicit their collective and individual support for the national restraint program?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do plan to do that very thing in correspondence with the Premiers before their meeting in late August. I do not plan to do it in a personal meeting, but through correspondence.

The agreement that we reached when we last met at the end of June was that it was generally felt that it was inappropriate to have another federal-provincial first ministers' meeting before the premiers met in Halifax in the last week in August. But hopefully enough progress will be made there that we will find it useful to meet again sometime in the fall on the very subject which is of concern to the hon. member and, I hope, to all members of the House. Therefore, the answer is, no meeting, but a communication very much along the lines suggested by the hon. member.

* * *

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

APPLICATION OF RATE SETTING GUIDELINES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a brief question for the Prime Minister. Would he confirm that he has received a letter from the chairman of the CRTC expressing doubt as to whether or not the CRTC could be required to abide by the 6 per cent guidelines in rate setting cases? If so, has he asked for and received a legal opinion on this question? Can he tell the House of Commons what was the result of that inquiry?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not aware that I have received such a letter from the chairman of the CRTC, but I may well have. I do know that the problem is actively being discussed by members of the government, that some lawyers have expressed doubts along the lines suggested by the Right Hon. Leader of the Opposition and others have expressed the view that there is no doubt. I know that we are looking into that matter.

Parallel to that, it is hoped that, even without that action of the CRTC, various public companies which are in the rate setting business will heed the government's guidelines and will act regardless of whether they are asked to do so by the CRTC.

* * *

PENITENTIARIES

VIEWING OF EROTIC FILMS BY INMATES

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Solicitor General. I now have a confirmed report that at one of the western penitentiaries the inmates are apparently holding regular midnight soirées viewing erotic video tapes. For example, I understand that "Deep Throat" is considered too tame. They are looking for some heavier erotica. Is it the minister's position that these men who, in free and open society, have not been able to maintain constraint in their lifestyle, are now expected to have free access to material which, in open society, is severely restricted to those people who have maintained constraint on their passions?

• (1500)

Hon. Bob Kaplan (Solicitor General): Madam Speaker, with the tragic incidents which have occurred in Canadian penitentiaries in recent days, it is astonishing to me that the hon. member repeatedly returns to his favourite obsession, pornographic movies. I will undertake to look into the matter and see if there is any truth at all to the allegations he has made today.

Mr. Munro (Esquimalt-Saanich): Despicable.

Mr. Friesen: If the minister conducts the affairs of the institutions in the flippant manner he exhibits in the House, there is no wonder that we have problems in those institutions.

Some hon. Members: Hear, hear!

Mr. Trudeau: Weak applause.

COUNSELLING AND DISCIPLINARY ROLES

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my supplementary question is directed to the same minister. There is only one institution in society where a person can be both counsellor and disciplinarian, and that is in the home, in the family. All other institutions avoid that kind of doubling up of roles. Does the minister believe that the correctional service can operate in opposition to conventional wisdom and outside society, and confuse the two roles of counselling and discipline?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, in fact I do believe it. It has been the practice in the Correctional Service of Canada, which was fully supported by the opposition during the short time that it was in office, that custodial and rehabilitative programs can be maintained side by side.

* * *

[*Translation*]

PETITIONS

MISS MacDONALD—RECONSIDERATION OF BILL C-124

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the 318th Report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Kingston and the Islands (Miss MacDonald) on Tuesday, August 3, 1982, and finds that it meets the requirements of the Standing Orders as to form.

FINANCE, TRADE AND ECONOMIC AFFAIRS

REFERENCE OF NOTICES OF WAYS AND MEANS MOTIONS TO STANDING COMMITTEE

Hon. Yvon Pinard (President of the Privy Council): On a point of order, Madam Speaker.

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

Mr. Pinard: Madam Speaker, there have been further negotiations and agreements among the parliamentary House leaders.

[*English*]

On my first point of order, if I may, there seems to be unanimous consent for the disposal without amendment or debate of Motion No. 83 on the Order Paper, which stands in the name of the Minister of Finance (Mr. MacEachen), and it is to refer two Notices of Ways and Means Motions to the Standing Committee on Finance, Trade and Economic Affairs. Therefore, if Your Honour were to call Motion No. 83 on the Order Paper, I think you would obtain unanimous consent for the adoption of that motion without debate.

Madam Speaker: Does the House agree to the suggestion of the President of the Privy Council (Mr. Pinard) with regard to the motion?

Some hon. Members: Agreed.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance) moved:

That the notices of Ways and Means motions to amend the Income Tax Act and the Income Tax Application Rules, 1971, tabled in the House on June 28, 1982, be referred to the Standing Committee on Finance, Trade and Economic Affairs, and that the committee shall report its findings thereon no later than September 30, 1982; provided that, if the House is not sitting when the report has been completed, the report may be deposited with the Clerk of the House and shall thereupon be deemed to have been laid upon the Table.

Motion agreed to.

* * *

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

MOTION RESPECTING STUDY OF INDIAN ACT BY STANDING COMMITTEE

Hon. Yvon Pinard (President of the Privy Council): On a second point of order, Madam Speaker, there has also been agreement among House leaders in relation to a motion which is not on the Order Paper but which has been circulated to those interested. It is standing in the name of the Minister of Indian Affairs and Northern Development (Mr. Munro). It is rather long. If hon. members insist that it be read, it can be read. If not, I can assure my hon. friends that the copy I will give to the Clerk is the copy which was circulated. But if hon. members prefer that the motion be read, I understand that the minister is willing to read the three pages.

Some hon. Members: No, dispense.

Mr. Doug Lewis (Simcoe North): Madam Speaker, we have had an opportunity to review this order before this moment, and we would be in agreement with it being tabled and reprinted in *Hansard* without being read.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, we would also be prepared to have the motion tabled and printed in *Hansard* without it being read.

Madam Speaker: It is agreed and so ordered.

[*Editor's Note: The motion referred to above is as follows.*]

Hon. John C. Munro (Minister of Indian Affairs and Northern Development) moved:

That:

1. The Standing Committee on Indian Affairs and Northern Development be empowered to study the provisions of the Indian Act dealing with band membership and Indian status, with a view to recommending how the act might be amended to remove those provisions that discriminate against women on the basis of sex.

2. The committee shall report its findings thereon no later than the first day the House resumes sitting, provided that, if the House is not sitting when the report has been completed, the report may be deposited with the Clerk of the House and shall thereupon be deemed to have been laid upon the Table.

3. The Standing Committee be further empowered, following its report to the House on the aforementioned subject, to review all legal and related institutional factors affecting the status, development and responsibilities of band governments on Indian reserves, including, without limiting the generality of the foregoing:

(a) the legal status of band governments;

(b) the accountability of band councils to band members;

(c) the powers of the Minister of Indian Affairs and Northern Development in relation to reserve land, band moneys and the exercise of band powers;

(d) the financial transfer, control and accounting mechanisms in place between bands and the Government of Canada;

(e) the legislative powers of bands and their relationship to the powers of other jurisdictions; and

(f) the accountability to Parliament of the Minister of Indian Affairs and Northern Development for the moneys expended by or on behalf of Indian bands;

and make recommendations in relation to the above questions in regard particularly to possible provisions of new legislation and improved administrative arrangements to apply to some or all band governments on reserves, taking into account the various social, economic, administrative, political and demographic situations of Indian bands, and the views of Indian bands in regard to administrative or legal change.

4. The committee, in carrying out its review, take into account:

(1) the jurisdiction of the federal government under Section 91(24) of the Constitution Act, 1867;

(2) the recognition and affirmation of existing aboriginal and treaty rights of the aboriginal peoples in Section 35 of the Constitution Act, 1982;

(3) the current economic restraint program of the government;

(4) the fact that a First Ministers' Conference will be held for the purpose of identifying rights of the aboriginal peoples.

5. It be an instruction to the committee that it appoint a subcommittee for the purposes mentioned in paragraphs 1 and 3 respectively;

6. Each subcommittee, where it is deemed necessary, travel to major centres to hold hearings;

7. Each subcommittee be empowered to employ administrative and clerical staff as may be deemed necessary.

Motion agreed to.

BUSINESS OF THE HOUSE

DISPOSITION OF BILL C-126

Hon. Yvon Pinard (President of the Privy Council): On a third point of order, Madam Speaker, there is a very short bill which is not yet on the Order Paper entitled "An act to amend the Financial Administration Act", and it deals with credit unions. The bill has been circulated to those interested and it seems there is unanimous consent for the notice to be dispensed with and for the bill to be introduced now, that it be dealt with when we reach Orders of the Day as the first item of business and that it go through all stages, second reading, Committee of the Whole and third reading without amendment or debate. If that bill could be introduced and receive first reading now, or when we reach Orders of the Day, second reading could be called and we will dispose of all stages without debate and go into Committee of the Whole.

Mr. Doug Lewis (Simcoe North): Yes, Madam Speaker, since that bill is an exact replica of the bill introduced as a private member's bill by the hon. member for Nepean-Carleton (Mr. Baker), we are in agreement with its passage.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, you will recall that I have been attempting to get the government to bring this bill forward for the better part of the last two months. I am therefore delighted to join in the unanimous consent necessary to have the bill dealt with in all stages.

Madam Speaker: If the House will give unanimous consent to waive the notice, then I will present the bill to the House when we come to introduction of bills.

Some hon. Members: Agreed.

Mr. Pinard: Madam Speaker, I might rise on a fourth point of order later on to deal with some amendments to the Criminal Code. We are working on the deal, but the reason I mention it now is that if we reach agreement, which is likely, we might have recorded divisions before eight o'clock, between 7.30 and eight o'clock.

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POINT OF ORDER

MR. McKINNON—UNPARLIAMENTARY LANGUAGE OF MR. LAMONTAGNE

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I would raise a short point of order. In reply to a question of mine today, the Minister of National Defence (Mr. Lamontagne) at the start of his reply said: "I question the motives of the opposition questioners." I would like to point out to Your Honour that that was unparliamentary. Beauchesne's fifth

edition, at page 103, states that any member, while speaking, must not:

—impute bad motives and motives different from those acknowledged to a member.

I gave the minister the opportunity to withdraw those remarks, and I now feel that Your Honour should ask him to withdraw them.

Madam Speaker: I have not seen the blues, but I did distinctly hear the minister say that he was suspicious. I did not catch the word "motives".

Mr. Clark: I did.

Madam Speaker: If the hon. member for Victoria (Mr. McKinnon) says that the minister did say "motives" and if the minister recognizes that, I must say to the minister that it is unparliamentary to impute to any member or members unworthy motives for their actions in a particular case. So I will leave it in the hands of the minister to withdraw his remarks now, if he recognizes that he has questioned motives. I am sure he did not do it deliberately. At any rate, certain words sometimes come out unexpectedly during the course of conversation.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, being a man of peace and not a man of war, if I have said anything improper this afternoon I withdraw what I have said.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*Translation*]

TRANSPORT

TABLING OF POLICY STATEMENT ON WESTERN GRAIN TRANSPORTATION

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, with leave of the House, I wish to table a document under the heading: "Policy Statement on Western Grain Transportation", which is the government's first reaction to the Gilson report on the same subject.

* * *

ATOMIC ENERGY

TABLING OF NUCLEAR INDUSTRY REVIEW: PROBLEMS AND PROSPECTS, 1981-2000

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, pursuant to Standing Order 41(2), I wish to table, in both official languages, copies of a report entitled: "The Nuclear Industry Review".

[*English*]

POINTS OF ORDER

MR. MAZANKOWSKI—TABLING OF GILSON REPORT

Hon. Don Mazankowski (Vegreville): Madam Speaker, I rise on a point of order. I understand that the minister has just tabled the government's response to the Gilson report. Again we have witnessed in this House a practice which has become increasingly frequent during this session, that is, the failure of ministers to make announcements of substantive policy measures in this House. Instead they have merely tabled a document or issued a press release outside the House. The Minister of Transport (Mr. Pepin) has demonstrated today once again his contempt and disregard for this institution and for all hon. members of the House of Commons.

• (1510)

This is the third occasion on which the minister has, in dealing with a question of very substantive policy, namely the future of the Crowsnest Pass freight rates in this country, avoided the House of Commons. On February 8 he issued a statement in Winnipeg and that was a substantive statement of policy. The members of the House of Commons did not have an opportunity to respond; they did not have an opportunity to question the minister or to seek clarification on a very important and complicated subject. The opposition had to use an opposition day to get this issue on the floor of the House of Commons.

On June 28 when the Gilson report was released, once again the House of Commons was circumvented. A statement was made in Winnipeg; the minister held a press conference; once again the Members of Parliament and this House of Commons were not involved.

Today we have a statement that has been tabled by the Minister of Transport (Mr. Pepin). We do not know what it contains but we do understand that it is the government's response to the report of the Gilson task force. What is further rubbing salt into the wounds of all hon. members is the fact that the minister is going to go outside of this House of Commons and hold a press conference. I believe that is contemptuous and totally disregarding the role, the responsibility and the obligations that we have as Members of Parliament. He merely tables the report today. There is no statement, no opportunity for opposition members to respond. There is no opportunity to seek clarification. He is doing it by press release by tabling a document and holding a press conference outside of this chamber.

We all know this same Minister of Transport a year ago waited until Parliament recessed to make a very substantive announcement with respect to VIA Rail. This has been a habit with this minister and I must say it has been shared as well by other ministers of this government.

I am sure that you realize, Madam Speaker, that the issue of the Crowsnest Pass freight rates is a very fundamental and important issue to the people of western Canada and particularly to the farmers, the producers and the grains industry of western Canada. We all acknowledge that this government does not have any members in this House west of Winnipeg, but that should be no reason why this Parliament should be left out in the cold. We on this side of the House find, the action of the Minister of Transport contemptible. We believe that it constitutes an abuse of the rights and privileges of all members of this House of Commons. We believe it impairs the ability of each and every one of us to discharge our responsibility and to serve our constituents and our region.

I ask you, Madam Speaker, as one who presides over this chamber and who has the responsibility of ensuring that rights and privileges of all Members of Parliament are preserved, to seriously look into this matter and take the necessary steps to see that this practice cease and desist.

Some hon. Members: Hear, hear!

Mr. Les Benjamin (Regina West): Madam Speaker, on this issue I think the hon. member for Vegreville (Mr. Mazankowski) is perfectly right. Since about 1975 we have had nothing but a litany of bypassing Parliament on the issue of the Crowsnest Pass statutory grain rates. We have had nothing but a total ignoring of the Hall royal commission by the government. We have had a total refusal by the government to let the Transport Committee—could it be because there are no Liberals from the prairies?—deal with this matter. The minister stacks the deck with organizations that he knows are opposed to statutory grain rates, namely, the private enterprise section of the grain industry. He refuses to consult the grain producers by way of a referendum to give them a choice whether they want the recommendations of Gilson or Mr. Justice Emmett Hall.

This business of using press releases and statements tabled in the House indicates to me that the minister does not want to make a statement on motions so that members of the opposition parties can respond. Instead of that, we have to work in our offices or down in Room 130S to respond to something that is so fundamental to the whole country, as well as western Canada.

Surely the minister should be bigger than he has been in dealing with this matter and should not continue to run around behind the backs of Members of Parliament in dealing with this issue on the last day of this House sitting.

An hon. Member: With no chance to question it.

Mr. Benjamin: There is no chance to question and for the next three months he will spend the summer, as he did with VIA Rail last year, machinating to undermine the western grain producers and the statutory grain rates. That is not the way for a responsible minister of the government to behave on an issue of this magnitude, and I hope the minister will take that into account the next time he has something to say on this matter.

Some hon. Members: Hear, hear!

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

Madam Speaker: I cannot hear any more interventions on this particular point of order because I think all hon. members will agree that it is not a valid point of order.

Some hon. Members: No, no.

An hon. Member: If it is not, it should be.

Madam Speaker: I must remind hon. members that the members of the executive, the government, have the choice of announcing whatever they want to announce in any way they choose unless they are required under the Standing Orders to do otherwise. Of course, this particular area and this particular matter is not covered by the Standing Orders, and therefore although members might not approve of the way the minister has decided to announce a particular policy or to table a document in lieu of a statement on motions, the hon. minister has the choice of his means. Members might disagree, they might have a formidable grievance; all of that might be true, but it is not a valid point of order and it is not a question of privilege either.

MR. WADDELL—TABLING OF NUCLEAR INDUSTRY REVIEW

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise on a point of order.

Madam Speaker: I just want to remind the hon. member that he must not come back on this particular point of order.

Mr. Waddell: The Minister of Energy, Mines and Resources (Mr. Lalonde) has also just tabled a report on a controversial matter, the nuclear review, equally exciting for the country; the country is interested in this. I cannot even get a copy of it, Madam Speaker. I asked the page to go up to the Table and get a copy—

Some hon. Members: Order, order.

Mr. Waddell: Surely I am entitled to a copy.

Madam Speaker: The hon. member is rising on a point of order which is quite similar to the one on which I just ruled. He is not happy about the fact that the minister has tabled the document. He is complaining that he cannot find the report, that he has to run after it. That is legitimate, but it is not a point of order.

* * *

PRIVILEGE

MR. McKNIGHT—TABLING OF GILSON REPORT

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I feel there is a question of privilege before this House on the matter of tabling the Gilson report. I feel you have not had an opportunity to take a look at whether privilege has been breached, whether we have been denied as Members of Parliament the opportunity, on something that is very important to my constituency and western Canada, the opportunity to ask the minister questions on something that is as important as the Crowsnest Pass freight rates is to my position as a Member of Parliament. The minister himself, in answer to a question on July 17, 1982, that I asked him, told me that we would have this report on July 29.

Madam Speaker: Order, order. I am sorry to interrupt the hon. member as well but I am afraid he is arguing the same point under a question of privilege. I am sure he is very unhappy that he cannot ask questions but there are periods in the course of the sittings when members may ask questions of a minister, if they are lucky enough to get recognized, of course. But the hon. member has had his turn. However, that is not a question of privilege.

* * *

PETITIONS

MR. KEMPLING—PROPOSED TAX ON EMPLOYER CONTRIBUTIONS TO PRIVATE HEALTH PLANS

Mr. Bill Kempling (Burlington): Madam Speaker, this is a petition of the undersigned residents of the city of Burlington who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that this honourable House will therefore provide a remedy.

The 126 citizens of Burlington who have signed this petition state that:

We oppose the proposed tax on employer contributions to private health services plans and ask that this proposal be withdrawn immediately.

The tax proposed in the November 12 budget and carried over in the June 28 budget is a measure which will hurt low and middle-income families in Canada at a time when many of them are struggling to survive.

• (1520)

MR. SKELLY—B.C. TROLL FISHERMEN

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, the petition which I present here is on behalf of a number of troll fishermen in the province of British Columbia who have been forced, through the narrowness of the plan of the Department of Fisheries and Oceans, into a situation which will undoubtedly lead them to bankruptcy and the loss of their vessels. They have appealed to the Canadian government. Their fisheries officer suggests that if they continue fishing or begin to fish outside the fishing plan, the Royal Canadian Navy will be used against them.

In the petition they request that the government, through the Minister of Fisheries and Oceans (Mr. LeBlanc) or senior officials in his department, meet with them to find a more acceptable solution to the impending economic crisis which they face.

MR. SKELLY—SALE OF AIRCRAFT TO HONDURAS GOVERNMENT

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, in addition I have a petition asking that the Canadian government stop its sale of Buffalo aircraft to the government of Honduras, which is supporting Somozista guerillas who have invaded the country of Nicaragua and launched a rocket attack on aircraft in the port of Corinto. They sent in invading aircraft which attempted to bomb an oil refinery inside Nicaragua.

MR. ROSE—MAINTENANCE OF CROWSNEST PASS RATES

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, it is appropriate and perhaps even ironic that I present my petition on the day the government tables its reaction to the controversial Gilson report. People in my province are concerned about the historic Crow rail rate. Therefore, I have the honour to present a petition signed by residents of that province protesting changes in the Crow rate. These residents support their position by pointing out that the changing of the Crow rate will reduce farm income, contribute to the break-up of communities on branch lines and increase trucking and road costs. They therefore request that the Crow rate be maintained in perpetuity, as presently guaranteed by statute.

MR. GASS—BLUE FIN TUNA QUOTA

Mr. Mel Gass (Malpeque): Madam Speaker, I have the duty and the honour to present this petition on behalf of the Eastern Kings Fishermen's Association and fishermen from the fishing ports of North Lake, Morell, Savage Harbour, North Rustico and Malpeque. The purpose of this petition is to request the equal division of the blue fin tuna quota for Prince Edward Island.

The petitioners hope that in your examination of the petition you will find the petition in order and that you will exercise the discretionary powers vested in the office of Speaker of the House to allow discussion and referral to a committee of this issue at the earliest possible time.

* * *

RAILWAY ACT

AMENDMENT RESPECTING HOURS OF WORK

Mr. Sid Parker (Kootenay East-Revelstoke) moved for leave to introduce Bill C-662, to amend the Railway Act (hours of work).

Some hon. Members: Explain.

Mr. Parker: Madam Speaker, I will be very brief. This bill to amend the Railway Act is intended to increase safety in Canada of the operation of trains. At the present time the railways in the United States have a law that railway workers operating trains will not work more than 12 hours if they require rest. When they cross the border to come into Canada, that act is no longer in effect. Sometimes they work as many as 20 and 25 hours without obtaining rest. If this act is accepted by the House, the existing agreements in the United States will carry on when they work in Canada. It is similar to the Canada Labour Code. I think it would be a very worthwhile bill to adopt.

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

[*Translation*]

FINANCIAL ADMINISTRATION ACT (NO. 2)

MEASURE RESPECTING ACCOUNTS OF FINANCIAL INSTITUTIONS

Hon. Donald J. Johnston (President of the Treasury Board) asked for leave to introduce Bill C-126, to amend the Financial Administration Act (No. 2).

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

Madam Speaker: When shall the bill be read the second time? Later today?

Some hon. Members: Agreed.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,877, 4,258 and 4,468.

[*Text*]

ASTRA TRUST COMPANY

Question No. 1,877—**Mr. Lewis:**

Is Astra Trust Company presently an approved lender for the purposes of purchasing, making and administering approved loans under Part I of the National Housing Act and (a) if so (i) on what date was such a designation approved (ii) who approved the designation and on what basis (b) if not, has the Company ever been so designated and, if so (i) on what date was such a designation approved (ii) who approved the designation and on what basis?

Hon. Paul J. Cosgrove (Minister of Public Works): I am advised by Canada Mortgage and Housing Corporation as follows: Astra Trust Company was designated an approved lender by an order in council on November 22, 1979. CMHC reviewed all pertinent information and documentation submitted by the applicant and was satisfied that this applicant met all criteria established by the corporation. On this basis CMHC sought an order in council designating this company as an approved lender.

DEPARTMENT OF JUSTICE—CODE OF CONDUCT

Question No. 4,258—**Mr. Crosby:**

1. Does the Department of Justice have written rules or regulations governing the conduct or standards of behavior for employees of the department and, if so, are they embodied in a code of conduct or other specific document and is the code or document available to the public?

2. In the five years preceding April 1, 1982, were any employees of the department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. A code of ethics, governing standards of behaviour for employees, is published in the Department of Justice Personnel Administration Manual, to which all employees have access. In addition, all employees are provided with a copy of the public servants conflict of interest guidelines together with an explanation of the particular application of those guidelines with respect to Department of Justice lawyers. A copy is available to the public.

2. In the five years preceding April 1, 1982, only one employee has been disciplined for violation of any of the rules contained in the above documents. The disciplinary action was taken on January 15, 1982. To be consistent with the provisions of the Canadian Human Rights Act we are not providing the name of that individual.

SENATE VACANCIES RESULTING FROM CRIMINAL CONVICTION

Question No. 4,468—**Mr. Crosby:**

1. Since confederation, has any member of the Senate of Canada had his or her place in the Senate vacated by reason of a conviction for felony or any infamous crime and, if so, who was the senator and what was the conviction?

2. What is the procedure or process by which the place of the senator in the Senate is declared vacant if a member of the Senate is convicted of felony or of an infamous crime?

3. Who is the officer of the Crown in right of Canada, or of the Parliament of Canada, responsible for taking action when a member of the Senate is convicted of felony or of an infamous crime?

4. Has the government or any one member of the government examined into the charges under the Criminal Code of Canada against Senator Irvine A. Barrow, following his committal for trial on the charges by a provincial court judge, to determine whether his conviction will constitute grounds for his expulsion from the Senate and, if so, what conclusion was reached?

Hon. Yvon Pinard (President of the Privy Council): 1. According to Beauchesne this question is not in order because it (a) is intended to "seek, for purposes of argument, information on matters of past history"; (b) is intended to "seek information set forth in documents equally accessible to the questioner, as Statutes, published reports, etc." and (c) is intended to "relate to matters which passed outside the walls of the House and do not relate to any bill or motion before the House".

2. This matter relates to the procedure of another place, which is the master of its own rules and processes which the House of Commons may not interfere with or comment upon.

3. See part 2 *supra*.

4. In addition to the answers given in parts 1, 2 and 3 *supra*, this question is out of order because it "might prejudice a pending trial in a court of law".

Note: All words quoted in parts 1 and 4 *supra* are from Beauchesne's Parliamentary Rules and Forms, fifth edition.

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[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if Question No. 89 could be made an order for return, this return would be tabled immediately.

[*Text*]

CHARGE CARDS FOR GOVERNMENT EMPLOYEES

Question No. 89—**Mr. Cossitt:**

1. Which departments, agencies, boards, commissions, Crown corporations or any other government entity, issued charge cards to employees for any job related expenses including transportation, car rental, hotels, meals, etc?

2. In each case (a) how many cards are currently authorized and (i) to whom (ii) what is their position (b) what is the credit limit of the card?

3. In the case of a commercial card, what company issued the card?

4. In each case, what individual has the authority to grant the issuance of such cards and to set the policy for their use?

5. What general government guidelines or regulations govern the issuance and use of such cards?

6. What was the total amount charged on such cards in (a) 1975 (b) 1976 (c) 1977 (d) 1978 (e) 1979 and (i) what was the highest amount charged by an individual during each period and who was the individual (ii) have there been any cases of such cards ordered withdrawn and, if so, from whom, for what reason and by whom?

Return tabled.

[*English*]

Mr. Scott (Hamilton-Wentworth): Madam Speaker, I would like to take another run at the Parliamentary Secretary to the President of the Privy Council in connection whith Question No. 4,229, which I placed on the Order Paper on April 6 at the request of the Minister of Consumer and Corporate Affairs. It really is not that difficult a question to answer. It simply asks about the cost of a number of metric kiosks across the country, who is to be working in them and whether those jobs were advertised through the Public Service Commission.

On two occasions the parliamentary secretary told me that he would be quite happy to look into the matter. I presume I am making him quite happy a third time. I would very much like to know why I cannot have the answer to that question, particularly since this is probably the last day of the sitting of this Parliament. When will I get the answer to Question No. 4,229?

Mr. Smith: Madam Speaker, I am sorry, but I do not have an answer for the hon. member today. I will be extremely happy to look into this matter on his behalf.

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

* * *

POINT OF ORDER

MR. GUSTAFSON—TABLING OF GILSON REPORT

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise on a point of order. I just asked the pages of the House for a copy of the Gilson report tabled by the government which is so important to the farmers in my area. I was told that they cannot give me a copy of that report now. It is very important to me as the member representing that area because I have to give an account to the largest wheat-producing constituency in Canada. The minister is dealing with a most important subject that could relate to the future of the farmers in my constituency. I rise on this point of order to ask when this material will be available to members.

Madam Speaker: We have the copy which was tabled. The pages are right, and it has been confirmed by the Clerk, that we have no other material for distribution. I want to assure the hon. member that as soon as that material is distributed, I will have it sent to all members as soon as possible. There is nothing else I can do unless the material is given to me.

• (1530)

Mr. Gustafson: Will that be today, Madam Speaker?

Madam Speaker: I cannot answer that. As soon as I get it, I will distribute it. I cannot answer the hon. member. Only the minister can answer that question.

Mr. Munro (Esquimalt-Saanich): Madam Speaker, I rise on a question of privilege. I think documents which are tabled should be made available to hon. members at the time they are tabled. Hon. members are being deprived of information which has been tabled here. Presumably it is available to the press. The press can comment on it, but Members of Parliament are unable to do so. Therefore, I think we have a question of privilege.

I am surprised that either the Minister of Transport (Mr. Pepin) or the Minister of Energy, Mines and Resources (Mr. Lalonde) should dare table in this House reports which are not immediately available to members of this House. I think the House should rise up in anger that this affront to Parliament should take place at any time, let alone at this particular time in the session.

Madam Speaker: There is nothing unusual about what is happening today. There is a copy of the document the minister tabled, and any member can come to the table and consult it. Therefore it is available. As soon as I get copies, they will be distributed; but the document is there and can be consulted.

Mr. Munro (Esquimalt-Saanich): Madam Speaker—

Madam Speaker: Order, please. We have just been advised that copies are arriving, so the hon. member will be satisfied.

Mr. Munro (Esquimalt-Saanich): Madam Speaker, prior to their arrival just now some of my colleagues went to the Table and asked to see copies of the document. They were not available at the Table at that time. I presume that was about 20 minutes ago, so during the last 20 minutes members of this House have been deprived of a document tabled in this House. I therefore insist that my question of privilege stand.

Madam Speaker: I can only ask the Clerk at the table right now what happened to the document, which was supposed to have been available for consultation.

The Clerk tells me the document was sent down to *Journals* to be recorded, as is necessary with any document that is tabled, but it came back immediately after it, had been recorded to become available to hon. members. I think the matter is now resolved because we do have extra copies, and we will be more than delighted to distribute them to hon. members.

Mr. Deans: Madam Speaker, I wonder if you might consider during the recess whether it would be appropriate to require of those tabling documents that they table them in triplicate in order that there would always be one copy at the Table so that hon. members can in fact have access to it in the event it needed to be photocopied or sent to *Journals*.

Madam Speaker: I have no objection to any such practice, but the rules require ministers to table only one copy. I cannot force them to table more. If hon. members want to adopt the practice of letting me have more than one copy, I would be delighted, but the rules have been obeyed.

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MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Mr. Hal Herbert (Vaudreuil): Madam Speaker, I ask that Motions Nos. 53, 55 and 74 be called and transferred for debate.

[*Text*]

COPIES OF ALL SOCIAL SURVEYS FINANCED BY DEPARTMENT OF SECRETARY OF STATE

Motion No. 53—**Mr. Herbert:**

That an order of the House do issue for copies of all social surveys financed by the Department of the Secretary of State in the past five years that enquire about what "nonreaders" would like to find in their regional newspaper.

[*Translation*]

Mr. Herbert: Madam Speaker, I ask that Motion No. 53 be transferred for debate.

[*Text*]

COPIES OF ALL COMMUNICATIONS RESPECTING WINTER CAPITAL PROJECTS FUND PROGRAM

Motion No. 55—**Mr. Herbert:**

That an order of the House do issue for a copy of the evaluation of the operation of the Winter Capital Projects Fund Program including all memoranda, letters and minutes of meetings resulting from the evaluation.

[*Translation*]

Mr. Herbert: Madam Speaker, I ask that Motion No. 55 be transferred for debate.

[*Text*]

AGREEMENT BETWEEN GOVERNMENT AND PROVINCE OF NEWFOUNDLAND UNDER CANADA ASSISTANCE PLAN

Motion No. 74—**Mr. Herbert:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this House a copy of the latest signed agreement between the government and the province of Newfoundland under the Canada Assistance Plan.

[*Translation*]

Mr. Herbert: Madam Speaker, I ask that Motion No. 74 be transferred for debate.

[*English*]

Madam Speaker: Shall all remaining notices of motions for the production of papers stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

FINANCIAL ADMINISTRATION ACT (NO. 2)

MEASURE RESPECTING ACCOUNTS OF FINANCIAL INSTITUTIONS

Hon. Donald J. Johnston (President of the Treasury Board) moved that Bill C-126, to amend the Financial Administration Act (No. 2), be read the second time and referred to a Committee of the Whole.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

* * *

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

Hon. Donald J. Johnston (President of the Treasury Board) moved that Bill C-124, respecting compensation in the public sector of Canada, be read the third time and do pass.

Hon. Gerald Regan (Secretary of State): Madam Speaker, in rising to participate in debate at the third reading stage of this bill I want simply to say at the outset that "six and five" is an exciting opportunity for Canada. It has been recognized by Canadians as an exciting opportunity to lead us on the path of recovery in the country.

We know that the problems which afflict the economy are far-flung and that their origins can be found in a complexity of causes, international as well as national. We know that a large part of the solution can be achieved only as a result of actions taken beyond the borders of Canada, particularly in the United States but also in other countries of the western world and, indeed, the world in general. However, we also know that if Canada is to be in a position to benefit from recovery as soon as that can be achieved, we have to do those things which will enable the maximum recovery to occur here and the maximum benefits to accrue to our people. Specifically, that means reducing the rate of inflation in this country.

I do not think there are hon. members who seriously would contend that the rate of inflation in Canada, running so far above that of the United States, is not the major problem and the major threat that is unique to Canada. We have in common with the United States, Germany, England and other countries a tragically high level of unemployment. We are afflicted by the same high interest rates those other countries have. And, as has been said many times, the dominance of the economy of the United States over those of other countries means that the change in interest rates must, to a large degree, be initiated there.

But what this bill is directly aimed at is that problem which is more grave in Canada than it is in the United States, and that is the problem of a rate of inflation that is higher here than in the area in which we sell our goods. If we are to sell our goods in that area, we must compete against United States domestic production. That is the situation with regard to many Canadian products being sold into the American market.

I think I speak safely when I say that the vast majority of the Canadian public recognize the threat inflation constitutes. The interesting factor in relation to this bill, perhaps the most important bill with which we have dealt in this session—and, indeed, for some period of time— is the opportunity it presents to Canadians to aim their efforts directly at combating inflation. It is not that the statutory provisions of this bill alone, by any means, affect a large enough part of the economy to bring about the amount of reduction in inflation that will be necessary in order to maximize the opportunity for Canadians in the recovery period. Rather, it sets a good example. It shows the way, the way that Canadians are already seeing and the way to

which Canadian workers, businessmen and professional people react positively in vast numbers all across the country.

• (1540)

It is interesting to contrast the different positions of the two opposition parties on this bill. As I have heard and read the remarks of the official opposition, they are to the effect that restraint is good. The opposition is in favour of the principle of restraint but members say they cannot go along with the bill because it is presented by the government and the system is such that they have to try to make the government look bad and disagree with what it is doing. Since they cannot disagree with the principle of the bill, they try to attack the credibility of the government and spend their time trying to find some group not covered by the six and five as fully as the government intended.

This has been an interesting exercise. As they sought to do that, to their surprise, instead of defending any legitimate exception that has been found, the government has reacted by agreeing to plug such loopholes because it believes all Canadians must share in the sacrifices that are necessary if the program is to work.

I understand the approach of the opposition. That is its role. It is not its function to make the government look good. Even in difficult times when it is important to the country to have a program which can provide possibilities for recovery, as this one can, it is hard for a member of the opposition to say he is 100 per cent behind the program. Hon. members opposite know in their heart of hearts that it is an important program at this time for the country. They hear what the people in the country are saying. Perhaps a great number of people are surprised at how well the public of Canada is reacting to the principle of six and five—to the principle that in general we have to limit what we can take out of the economy if we are to create a climate in which it can grow.

The challenge for the minister who introduced this bill and for all of those on the treasury benches—and I recognize that there are difficulties in the challenge—is to establish our credibility. The challenge is to establish that we are not only reducing the increase in salaries for civil servants to six and five per cent over the next two years, but in the same way that we have cut back on the salaries of Members of Parliament and cabinet ministers, we are seeing to it that the regime, if you like, of six and five applies in every way it possibly can. Certainly it is a question of using leverage.

I was surprised at the criticism made by the Right Hon. Leader of the Opposition (Mr. Clark) of the Prime Minister (Mr. Trudeau). The Prime Minister said that taxpayers' dollars are used for programs to provide special assistance to industries that have particular problems—he called that leverage—and that we ask in return that they join this crusade, since they are getting this benefit of special assistance, in helping to cut back by undertaking to keep prices and wages within the six and five margin in their operations. I think that is a very legitimate undertaking. I think it is the responsibility of government to do everything possible to see that this voluntary system works as it applies to the private sector in the country and that as many organizations as possible are encouraged to join and make that element of sacrifice that is necessary if we are going to build for the future in this country and if we are to solve the economic problems that the western world shares with us at the present time.

I was vastly encouraged by the polls conducted by the Gallup organization that showed that something like 80 per cent of the Canadian people would be prepared to take a decrease in pay, let alone a limitation on the amount of increase, in order to work together in the common cause of building a better tomorrow for our country. That is the Canadian way and perhaps we should not be surprised that the public is often ahead of the politicians—it is their world and their country. I am delighted that so many large and small companies and business associations have already endorsed the principle of six and five. I think that is important.

Let me come back to the question of credibility. I want to say to members of the House and to the people of this country that those of us who are in government are determined to do everything we can to see to it that within the government's operations there are no unnecessary exemptions to this program and that everyone shares in the sacrifice that needs to be made.

I would be quick to admit that obviously, as someone said about wage and price controls in the mid-1970s, they constitute rough justice. They do, because if a person is living on a more comfortable level of income then they can stand the gaff of restraint and can cut back to a greater degree than someone who has a limited income. Still, the percentage approach, in dollar terms, hits the person in the higher-income bracket much harder than it does other people.

There has been a lot of debate on this bill. I think hon. members opposite, whatever their approach may be to the exact terms of the bill, will have to agree that the minister has shown a commendable flexibility in relation to its terms. It is not a bill that has been returned for third reading unchanged from its original form. Rather, it has been altered in a number of ways, thus demonstrating the flexibility of the minister and the government. We are not so concerned about the exact wording of the bill; what we are concerned about is that we achieve legislation that will bring about a restraint program within the government service that is an example to the rest of the country and that will achieve the desired goal. There is flexibility in relation to bargaining wages, benefits and non-monetary items.

I could talk about other changes that have occurred but I am satisfied with the reaction of the various organizations in the country and with that of people generally. Hon. members opposite know well what I am talking about when I say that the reaction of the public to this program is very positive.

• (1550)

There is a mood in this country that in my 19½ years in public life I have not seen before. There is a mood of being prepared to share, of being prepared to make the sacrifice and

of recognizing that we have to get on with seeing to it that Canada does not lag behind the other countries of the world in building a more prosperous tomorrow and overcoming the incredible economic problems which we have today.

I have said a word about the reaction of the official opposition to this bill. I have spoken about the fact that members of the official opposition do not question the principle. They have tried to find loopholes or have suggested that we were not serious about it or that there would be exceptions and so on, because they have to talk about the bill.

Mr. Baker (Nepean-Carleton): And improve your bill for you.

Mr. Regan: I suppose to some degree we would have to say that, sure, in their own way they have attempted to improve the bill. I have already pointed out the minister's willingness to examine areas for improvement and what has been done in that regard.

Mr. Baker (Nepean-Carleton): That is with Motion No. 3.

Mr. Regan: But the attitude of the public is one that poses a real problem for the New Democratic Party.

Mr. Baker (Nepean-Carleton): You are right.

Mr. Regan: The public of the country is saying that it is better to have a 6 per cent limitation on wage increases than no job at all. People are recognizing the importance of sharing.

Mr. Parker: That is what they said in the 1930s.

Mr. Regan: Yes. My hon. friend and so many of his associates are stuck right back in the 1930s. Ideologically they have never escaped the 1930s, nor have they recognized that these times are different. The Regina manifesto lives forever in their hearts and in their minds so that they cannot deal with today's situation.

I want to say to members of the New Democratic Party that they, unfortunately, have structural encumbrances preventing them from dealing with the wisdom of this bill.

Mr. Murphy: Can you define that?

Mr. Regan: The New Democratic Party never looks better than when it is defending the widows, the poor, the unemployed or the unorganized. As a former Minister of Labour I am fully cognizant of the problem of the unorganized who by far make up the vast majority of the workers, in fact, nearly two thirds of them. They are the people who suffer particularly from inflation. It is the widows, the unemployed, the people on pensions and those with special disadvantages who suffer from inflation. There is no question about that at all. If you look, Mr. Speaker, through the speeches made by members of the New Democratic Party at the different stages of this debate, and there have been ten or 11 of them, you would think that inflation did not exist as a problem, that all we had to do was go blithely along having an inflation rate 6 per cent or 7 per cent higher than the United States and that that poses no problem to Canadians.

Mr. Miller: Who has been in government all those years?

Mr. Regan: My goodness, Mr. Speaker, when members of the New Democratic Party start to yell, it means we are getting close to the bone.

Mr. Baker (Nepean-Carleton): You have hit a soft spot.

Mr. Regan: I have not started to get close to the bone yet. But let me say that the New Democratic Party never looks better than when its members are speaking for the disadvantaged, the unemployed or the poor. However, they have a structural encumbrance in this issue which prevents them from properly representing those they claim to be their clientele. Do you know what they have to decide, Mr. Speaker? They have not done so in this debate but they have to decide whether their primary clientele is going to be the poor, the people who have less in this world and need government help to a greater degree, as we recognize on this side, or whether their primary clientele is the structural alliance that they have with a certain portion of the trade union movement of this country. They are not even allowed by that structural encumbrance to represent the views of the individual members of those unions, let alone the unorganized—the 66 per cent of the ordinary workers—because they cannot displease that small minority who are union leaders. They are a very integral part of their organization, a very important controlling part of their organization. How can they stand and say: "We believe in sharing. We believe all Canadians should share and, therefore, those who are organized and who have the clout to take from the economy more than the economy can properly give at this time should not be allowed to do so but should be restricted to six and five also?"

Do you know what the union leaders say to them, Mr. Speaker? They say: "We are the business agents and if we are not able to go out and bargain and get more and more wages, and if there is going to be some restriction even for a short period of time, then how can we justify our existence to our members?" That is the problem which they confront. Consequently, with this bill the New Democratic Party is in a quandary.

Mr. Miller: We are the only ones who voted solidly against this bill. This bill split the Tories and the Liberals.

Mr. Regan: They are solid all right, from one end to the other. I only want to say that they are blocking their ears to what the people of the country are saying. I do not mean to suggest that members of the NDP are a dull lot because there are some very, very able people in that party. As long as the people can be assured that no one is cheating and that everyone is going to sacrifice, that is what they want.

Mr. Miller: You are 28 and going down.

Mr. Regan: The reason the New Democratic Party cannot do that is that the minority, that part which provides so much

of the financing for the NDP, the organized—not all organized labour but part of organized labour in this country—are telling them they cannot do that.

Mr. Miller: What do the banks tell you to do? Are they telling you to keep interest rates high? Is that it?

Mr. Regan: What is the result? The result is that the NDP has to say no and oppose the bill. Its members have to say no to the widows and to the poor. But they know who is affected most by inflation. They know which people inflation hits the hardest. Members of the NDP should look at speeches they have made in the past about that problem. I might say that the constant chatter that emerges from the New Democratic Party benches mean that we are even closer to the bone now and that they are really concerned about the conflict in which they are involved.

Mr. Baker (Nepean-Carleton): You have hit a soft spot.

Mr. Regan: Yes, as the hon. member for Nepean-Carleton (Mr. Baker) has said, I think we have hit a soft spot. I appeal to members of the NDP. They are elected here as Members of Parliament to represent all of their constituents, not to represent the union leaders of some of the unions of this country. I ask them, as we come to third reading of this bill, to think about the 60 some per cent of the workers of the country who are unorganized and who do not have the ability to get continuous increases in ever larger amounts to keep up with and get ahead of inflation. I ask them to recognize the lack of justice in a system that allows inflation to go unchecked, when those who have the benefit of clout can negotiate renewals and agreements which overcome that problem. But the pensioners, the unemployed and the unorganized of the country are not in positons to do so. That is why they should support this bill.

• (1600)

Inflation attacks those in our society least able to defend themselves, such as the elderly and others on fixed incomes, but it also attacks our valued social institutions like hospitals, schools, churches and charitable organizations.

We have heard, by my count, 11 NDP speakers at second reading and several more at committee stage. None of them has really come to grips with the problem of inflation. They either want to ignore it altogether or declare, as an article of faith, that wages have nothing to do with inflation. I want to say clearly that I am not one who believes that inflation, as it exists in the country, was originally caused, in its latest upward spurt, by wage demands. Certainly I do not believe that it was caused by wage settlements in the public service. However, I do believe that from the point a year and a half or so ago when wages caught up with inflation and started edging ahead we have entered into the extremely dangerous period where wage increases feed on the already existing inflation and spiral it upwards, with devastating problems in the groups of society which I mentioned. Thus we have a situation where wages become a very important part of what must be restrained if we are to achieve success in combating inflation and making a better economic opportunity for Canadians.

In that circumstance the government concluded that because federal public servants are in the service of the public they have a responsibility to set an example and to help show the way. I do not think it is simply because of the fact that it can be argued that they do not face the same danger of lay-off as people in the private sector where, suddenly, there is no money to operate a business and the jobs are gone. I suppose some could say that that is a factor, but I think it is simply that they are a part of government and the public expects an example from government. As long as the example comes from everyone in government, then I believe, as we are seeing, the rest of the country is prepared to follow.

I want to appeal even yet—and I guess it is in vain—to hon. members of the New Democratic Party to recognize not just their responsibility but everyone's primary responsibility to the unorganized, the elderly and pensioners who cannot combat inflation by negotiating a big new increase.

For us to abandon the bill, for us to follow the system that we have, means we would simply end up with the organized and the powerful moving further and further ahead and the squeeze on the rest of our citizens becoming greater. This is why I think the bill is good.

As I said at the beginning of my remarks—and I am now at the conclusion of them—the bill does not begin to touch enough of the over-all economy to bring about what must be achieved in bringing inflation down to 6 per cent. It is not designed to do that. It is designed to show the way, to provide an example by government. My gosh, every day we pick up newspapers or go out into the streets of our home cities and find example after example of how people are reacting. I dare say the minister is surprised—I am—at how positively the Canadian public has reacted to this and what has been the response. You fellows over there in the New Democratic Party should get your heads out of the sand and recognize the real world out there. The NDP should recognize their primary responsibility, overcome their structural encumbrance with their affiliation with trade unions and payment from the trade unions, and recognize that they have a responsibility to the unprotected and the unorganized.

Mr. Rose: Like the pensioners you limited to 6 per cent.

Mr. Regan: That is right, like the pensioners. They have brought in their reinforcements over there. Now they have another member who is feeling a little upset by the remarks being made, but I will not repeat them for the hon. member's benefit; this is a serious matter. I appeal to the NDP to act responsibly, in the interests of the nation, and to stop playing politics to curry favour with union leaders.

The passage of this legislation is an important signal to the Canadian public that we are serious in this restraint program. I appeal to all hon. members, as they go forth from this place and return to their constituencies in different parts of the country, regardless of their political affiliation, to recognize inflation. Let us be honest and say that inflation is a very big

problem, and if all Canadians share in a cutback and combat inflation in that way, then we can bring it down. If inflation comes down rapidly from 11 or 11.25 per cent or whatever to 6 per cent, no one will have lost anything as a consequence. But, above all, we will have all shared together.

We live in a country with a magnificent potential. The Canadian people out there are way ahead of us in Ottawa. They are willing to sacrifice and work together to realize that potential. Again my message is that that includes union members. They too are willing to sacrifice, as long as they figure someone is not ripping off the system. Let us all do our job to try to see that there are not exceptions by way of people ripping off the system.

Mr. Rose: Like Bell Canada.

Mr. Regan: Bell Canada is a good example. Let us try to see to it that Bell Canada does not succeed in ripping off the system. Let us try to see to it that no one does. Let us try to see to it that there is no increase of more than 6 per cent unless there is absolutely no way out and credible, legitimate reasons.

Mr. Rose: What about oil prices?

Mr. Regan: The hon. member indicates that they may be a problem. That is something with which the minister has to deal. We all recognize that contractual undertakings with provincial governments may pose a problem. The hon. member should remember in relation to the oil prices which he mentioned that we still have oil prices in the country that are below world prices. Also he should remember that through the National Energy Program we have had a program of subsidizing the price of much of our oil in the country and keeping the over-all price, through negotiations with the producing provinces, below what it is in world markets. That is the situation in relation to oil.

Finally, I want to say it is incredibly important that we do not allow a sense of gloom or pessimism to ride in the country. We are on the path to recovery with this program—not the Canadian government, but the Canadian people by the way in which they are reacting to the six and five policy. They are the ones who are doing it, not us. We are on the path to recovery.

There are things being done in the country. Opportunities lie out there. There are things underway. Let me mention my city as an example. We could use any area across the country and find the great potential which exists there. Yesterday we saw people being terribly concerned about 35 or 40 members of the naval reserve being transferred from one city to another; from Halifax in the east to Quebec City. At the same moment the very same organization, the navy, is expending—and hon. members can go down to the waterfront and see it if they visit the area this summer—$260 million on new facilities in Halifax to modernize the navy, to show once and for all that its headquarters are there permanently. This is providing over 3,500 man-years of employment.

• (1610)

While I talk about optimism, I find it strange that no one goes out into the streets to scream the headlines or issue news reports when new jobs like those are being created or when there is an undertaking which means that the area will be economically sound for a long time as a consequence of that investment. Announcements like that do not seem to gain media attention. Media people do not come to the door of the House of Commons to talk to me about those 3,500 man-year jobs. Instead, they talk to me about the fact that 35 or 40 people will be transferred.

In that great city of Halifax, if you walk about 100 yards from where that $260 million is being spent, you would arrive at the Halifax shipyard where this government has given $43.9 million, along with the provincial government, to create a Panamax drydock which will create 360 new jobs. That drydock is under construction now and will soon be providing permanent employment which will enable Halifax to handle the repairs on types of ships that it never had before.

To me, these projects are very exciting. We have just completed and opened our second container pier, again with the assistance of a great amount of federal money. At the moment, extensions are being built at our airport which indicates how our area is thriving. Three and a half million dollars have been spent on runway improvement and $4 million are now being spent on an entirely new taxiway.

I will not use all of the time talking about Halifax but I use it as an example, as one who loves Halifax. It is an example of the excitement and the opportunities which exist in that city along with the incredible new activity in our offshore. The Minister of Energy, Mines and Resources (Mr. Lalonde) was there last week to announce a $500 million drilling program. I have to be very excited about the potential in that area when I see those rigs sitting in the harbour and venturing out to conduct their drilling. I am very excited about the future of all the other sectors.

What we must do in this country is overcome our inflation problems by self-sacrifice and discipline. We must lower the interest rates in common with the United States and other countries. We may then realize the potential that can be used for the young people in this country who can build Canada into what is its destiny as the best place on earth to live.

Mr. Parker: Mr. Speaker, I rise on a point of order. Would the minister allow a question since he still has a couple of minutes left?

Mr. Regan: I would be honoured to receive a question from such a distinguished member.

Mr. Parker: Mr. Speaker, the Secretary of State (Mr. Regan) must be aware that the Minister of Labour (Mr. Caccia) has not spoken on this question in the House yet. He has been muzzled in the House since the introduction of the bill and he has been muzzled in the committee. We have not heard a word from the minister. The Secretary of State, being a former Minister of Labour, must know the rules of the mediation officers, the conciliation officers and the Labour

Relations Board. The government has insulted the mediation officers who have mediated for years, signed contracts in good faith which now will be destroyed and rolled back. These contracts were signed, sealed and delivered by companies, the government, the mediation office and employees. Is this the reason we have been unable to question the Minister of Labour or hear him speak on the bill in the House?

Mr. Regan: Mr. Speaker, I want to say two things to the hon. member. First, I would say to him that the Minister of Labour is a man for whom I have great admiration. I think he will speak for himself on this subject when the occasion arises. I had admiration for his dedication to the working people of this country long before he came to cabinet, because I have known what his commitment in that regard has been over the years.

The other comment I have to make in answering the hon. member is that when he talks about how this system will upset the regular operations of the mediation and conciliation officers, I want him to back away from the problem and take a broader perspective so he may recognize that we are not talking about something permanent. This is a bill which provides a two-year special program for 6 per cent and 5 per cent. What he has to recognize from afar is that we have an incredibly serious crisis in the western world. Inflation in Canada is a very serious problem. We are talking about a way to try to help all Canadians overcome this problem. If that means interfering with mediation procedures for that period of time, if it means cutting the hon. member's salary for that period of time, then these are the sort of changes and sacrifices which must be made if Canada is to win this battle against inflation. I ask the hon. member to think about that.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, this is the second time during the debate on this bill that I have had the privilege of following the Secretary of State (Mr. Regan) in debate. I say that kindly and honestly. During this debate on Bill C-124 I have listened to him talk about his optimism and his feeling for the innate strength of the country. I want to tell him that I share the same sense of optimism and the same feeling for the innate strength of the country. I believe that most Canadians share that feeling as well.

Having said that, I think we must ask ourselves a couple of questions. What has happened to the realization of these goals over the last few years? Can the failure to achieve those goals be blamed on the Americans, the Europeans or the weather, or have we lost some of the gold and glitter from the opportunities Laurier spoke of?

Perhaps the reason is that there have been some rather disastrous policies, policies for which this minister is not personally responsible since he has only graced us from the wreckage of his own government in Nova Scotia some years before. I do not say that unkindly. I am glad that he came here.

As I reflect on the changes which have occurred in our country which have required us to be asked to lower our expectations, I believe the fact that the country is strong, worthy and has a long-term stability to which it can look forward has been true during the past 14 years. However, what has happened is that during that time, unfortunately for Canadians, we have not had a government which has been worthy of the country and its potential. That has been the problem.

When the minister says that it is the opposition who desire to make and are trying to make the government look bad, I would suggest to him that we have not had to work at making the government look bad. In fact, the propaganda from the other side has been that we have been ineffective in that attempt. If that latter statement is true, and Canadians think the government is bad, which I generally accept, the government has done that all on its own. They can credit it to no one else.

When the minister says that the great challenge that faces the government is credibility, he is right. That is the great challenge it faces. As a Canadian who wants to see the country prosper, as a Member of Parliament who does not want to see men and women come to my office because they cannot find jobs after they have trained for them, as a Canadian who does not want to meet desperate farmers who have accepted the government's advice to invest only to find their investment going down the drain, or to see small-business men beside themselves trying to save their dreams, I want the program to succeed. I want the country to succeed. The people want the country to succeed. If groups of Canadians are gathering around this program, and I think there is some indication that they are, it is not in support of the government. They have given up on the government.

• (1620)

Mr. Darling: It is despite the government.

Mr. Baker (Nepean-Carleton): It is despite the government and in support of the country. That is the mood, if there is a gathering around. I believe there is, and I hope it continues.

I am astounded, relieved and delighted to know of the intimate knowledge of the Secretary of State of the structural problems of the New Democratic Party because I have really wondered about that party during the course of this debate. I will be speaking about that in a few moments. I must say to the New Democratic Party that if the Secretary of State is right, and I believe he is, that the New Democratic Party is out of the mainstream of thought in this country, then its members must very seriously consider their position with respect to this bill, because not only do they have a responsibility to their constituencies, but also to the country. Before this debate is over, I hope that its members will be moved from the position which they have taken with respect to this matter, which is to deny the existence of a desire, a mood, a feeling in the country that something must be done, not to save the government but, rather, to save the country.

I want to call the attention of my good friends to what happened in the province of Saskatchewan to a New Democratic Party government which left the mainstream. Many hon. members to my left—this applies to some from British Columbia—will have to go back to the good, solid, clear-thinking, clear-headed people of Saskatchewan and tell them that when the country required their aid and assistance, they did not stand forward and say, "Ready, aye, ready." That is important to them as a party. I want to call that to their attention because I believe they should be able to say to the good, solid people, who demonstrated their strength, solidity and good sense not too long ago in an election which was held in that province, that it is important that there be a gathering together of the strengths in this country.

I want to read part of the most moving testimony heard by the miscellaneous estimates committee. I believe it sets the appropriate tone for this debate. This was testimony given by Dr. Carl Beigie, who is the chairman of the C.D. Howe Institute, one of the most noted policy analysts in North America. I would like to read what he said about the state of the country. This is not what a member of the House of Commons said, not a Liberal, Conservative or New Democrat. It was a policy analysis by a person whose job it is to report and analyse the appropriateness of policies of government.

I should say to the House that the hon. member for Lincoln (Mr. Mackasey) was present at the committee hearings. He will know that of all the witnesses who appeared, Dr. Beigie was the only witness who met with the spontaneous applause of all the members of that committee. It was one of the most impressive pieces of evidence that I have ever heard at a committee hearing. In the report of the miscellaneous estimates committee for July 22, 1982, issue No. 92, at page 92:47 Mr. Beigie states:

> There is no magic formula, no theory, no formula, no overwhelming historical evidence which exists to tell us how we can get out of the situation we find ourselves in.

He was really expressing, on behalf of Canadians and, I hope, on behalf of Members of Parliament, that somehow this program, as inadequate as it is, as has been admitted by the Secretary of State, is at least one which will set the mood. But he warned us that there is no magic formula. He also expressed the necessity for hope that that would happen. Then he said:

> —there is no easy way to bring down a high rate of inflation. The difficulty of the task of bringing down inflation becomes greater, the longer high inflation persists.

He went on to state:

> Canada's evolution as a society has been marked by the progressive expansion and extension of freedoms. If this evolution is to sustain a forward momentum, individuals throughout this nation must begin to display greater awareness that expectations for more rights, and particularly the rights resulting from improved standards of living, can only be satisfied with the acceptance of more responsibilities for the nurturing of the collective interest.
>
> Canadians may, or may not, have become soft. What happens with the passage of time will determine the answer to that question. I am convinced, however, that many of those Canadians who value individual liberty have been asleep. They have been lulled quietly into this state by tales of an abundance of natural resource wealth which could keep us, Canada, from experiencing severe economic distress. Millions of Canadians are today experiencing distress. For many, this distress amounts to little more than inconvenience—something like the discomfort of indigestion following a bout of overeating. For a large and growing number of Canadians, however, the distress has become acute, caused not by the frustration of having unrealistic expectations denied, but by a fundamental denial of their ability to meet their hopes for an even modest level of security and wellbeing. This is the tragedy of inflation in its full human dimensions, and it is a tragedy which is virtually inevitable to at least some degree, if a society refuses to co-operate in an exercise of collective responsibility to keep general price rises within reasonable limits.

By that, he set a challenge for this House, for that committee certainly, and for the country. It is our challenge now. We are dealing with this piece of legislation. That is all. No member of the government should ever fool anyone that this is the be-all and end-all of the battle, which is a battle for all Canadians. That is not the intention of the legislation. Any comment to the contrary by any hon. member of the House of Commons would mislead the public. The Secretary of State is right: the government is trying to set a mood. I am one Canadian who joins many Canadians on this side of the House in the hope and prayer that that mood will grab.

I do not want Your Honour to think that there are not differences among the parties in the House with respect to this bill. There are some vast differences. I am not the least bit overwhelmed with happiness about this bill. What is the Liberal Party's position with respect to the bill? First, the Liberal Party says, "We believe in restraint." That is a deathbed repentance by the Liberal Party because for 14 years the leader of this party, his predecessors, and members of this party have been telling the government that it ought to remember the biblical injunction to store up in the good years and save against the bad. Instead of doing that, the government squandered the opportunities of the seventies and the late sixties in Canada. That is why we are debating this bill.

• (1630)

The first principle in this bill is restraint. The second thing it shows about this government is that, having given lip service to collective bargaining in the public sector and elsewhere, we find that the government is really fearful of collective bargaining, because when that bill first appeared there was a blunt instrument in it with respect to collective bargaining. You could not collectively bargain about anything.

An hon. Member: You still cannot.

Mr. Baker (Nepean-Carleton): The members of the New Democratic Party say you still cannot. I think they are probably technically correct but at least there has been a movement towards collective bargaining in the sense that the government softened it. I think you would have to admit that, to be honest. It would have been much more honest if the New Democratic Party had accepted the amendment that we put in this House last night which would have allowed collective bargaining on all issues, and ultimately the resolution of those issues to a much greater degree and to a much greater extent than even the government has allowed.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): But the New Democratic Party, with all the consistency of the wind, which can blow from all points of the compass from time to time—

An hon. Member: Look who is talking.

Mr. Baker (Nepean-Carleton): —decided to vote against that in committee, and they are going to have to answer to their organized constituency for that. But that is their problem, not mine.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): The Progressive Conservative Party, if you read the speeches, if you read the statements that have been made over the years, has consistently warned against improvidence in spending. When the Hon. John Turner was minister of finance, it began there, in my political lifetime. It was carried on with Donald Macdonald who followed him. The Minister of Justice (Mr. Chrétien) when he was minister of finance, who followed him, was a spender, a marvelous spender. Even the present Minister of Finance (Mr. MacEachen) who unfortunately is not here today, I am sure for good and sufficient reasons, carried on the tradition—spend, spend, spend, do not think of tomorrow.

They did that—and, I have to say it, perhaps we were ineffective—against the advice of this Parliament, against the advice of the people who commented on the economic affairs of the day. That is what they did. We have always stood for restraint, always consistently stood for restraint.

The other thing we have done, and which we have exhibited in this debate is stand for the collective bargaining process. The collective bargaining process in Canada has come to mean, among rational people, the sitting down of two sides, the employers and the employees, to work out their differences as sane people. For the purposes of this bill we said that we wanted that process to continue within the cap of six and five, recognizing the fundamental principle of restraint.

The New Democratic Party is different. They believe in collective bargaining. They believe in freedom, untrammeled freedom.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): As exhibited in this debate, they believe in freedom to the point of irresponsibility.

An hon. Member: Who was irresponsible in 1979?

Mr. Baker (Nepean-Carleton): But the one thing they do not believe in, and let us make no mistake about it, is restraint. They do not believe in restraint, and with respect to that the New Democratic Party is out of step with the country. As a matter of fact, they are not even marching on the same street with the country. They are marching to their own drummer, whoever that drummer is, and I will not name the drummer. In any event, he is leading that party into a dead-end street.

Miss MacDonald: At 23 per cent.

Mr. Baker (Nepean-Carleton): It is too bad because they could have, I believe, at the committee stage, gone a long way to have brought the government even further to respect the process of collective bargaining, but they choose not to do it.

I gather from the heckling and from the speeches of the NDP that they intend to vote against the bill. I would hope otherwise but I gather that that is what they intend to do.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): I want to remind them when they do it that contained in that bill is a very important section which, if it is approved by this House, will reduce the salary and allowances of Members of Parliament; and I want the country to know when the New Democratic Party votes against this bill that they are going to be voting to maintain their salaries and allowances—

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): —which the country thinks should be reduced, and which I think should be reduced from the point of view of leadership.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): They had better understand that, because while there is in that bill the principle of restraint—

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): Mr. Speaker, I have a feeling I am getting to a soft spot again.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): I did not intend to do that. Everyone knows me as a rather mild member, but I want to tell the New Democratic Party and also the Canadian public who is watching this debate that when that vote is cast tonight every Member of Parliament in this House—and I do not care where he sits—who votes against this bill is voting to maintain the present level of his salary and allowances. He is voting to ensure—

An hon. Member: What about your staff?

Mr. Baker (Nepean-Carleton): He is voting to ensure that Members of Parliament will not form part of this crusade that the government is leading.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): I think those are the principles of this bill.

The Acting Speaker (Mr. Corbin): Order, please. I apologize to the hon. member for Nepean-Carleton (Mr. Baker) but the Chair has difficulty in following the hon. member's remarks. Could we have some order in the House, please.

Mr. Baker (Nepean-Carleton): Mr. Speaker, thank you very much. I appreciate the assistance from the Chair, I do not mind the noise. I have always found that one is getting awfully close to the truth when there is a great noise coming from the other side.

I want to speak for one moment about the public servants themselves. You will have to go a long way to find a public servant who will tell you that he is happy to take a pay cut. You will go a long way to find a Member of Parliament who will say he is happy to take a pay cut. You will go a long way to find any people in the gallery today who would be very happy about the idea of taking a pay cut. But I want to say to those people in the gallery and to you, Mr. Speaker, as well as to the country, that I do not think anyone in Canada should regard the public service as made up of second-class citizens. I speak to as many public servants as any member of this House of Commons. They tell me truthfully how they feel about this bill. All of the members of the public service that I have spoken to have cousins and uncles and aunts and brothers and sisters, some of them who worked at Dofasco, some of them who worked in the mines which are closing, some of them who have small businesses that have gone down the drain, farms that have that have gone down the drain. They all have relatives and friends like that. These public servants have always felt themselves fortunate to work in the Public Service of Canada, always. They feel it is a privilege to work for the Government of Canada. In terms of wanting something for their country, they do not take second place to anyone with respect to their desire for their country to get ahead. That is the attitude of the public service. Public servants are Canadians.

The other thing I want to tell the House is this. When I have spoken to them, what they have said is this. They have said: "I can live with the six and five, Mr. Baker; I do not like it, but I can live with it." When they look over their shoulder as time goes on, they want to see other Canadians following behind and joining the ranks. They are not happy to be in the vanguard any more than anyone else. They do not want the vanguard to be the only part of the parade; they want the parade to be joined by others.

• (1640)

Mr. Fulton: Mr. Speaker, I rise on a point of order. I hope the hon. member for Nepean-Carleton (Mr. Baker) will tell the members of this House what drummer he is marching to. Last week his leader said that he rejects wage controls. We would like to know what drummer the hon. member is marching to.

The Acting Speaker (Mr. Corbin): Order. That is not a point of order.

Mr. Baker (Nepean-Carleton): Mr. Speaker, I want to make it absolutely and completely clear. I am not marching to the drummer from Skeena. I want it clear that I am not marching to that drummer. I want to tell my friend that the Public Service of Canada is not marching to that drummer. Nor are the railway workers marching to that drummer. The workers of Canada have more respect for this than to march to the drummer from Skeena.

I will finish my speech since I understand that the Minister of Labour (Mr. Caccia) wants to speak. Public servants in this country want to know that they are not alone in this march. They want to be joined by the government. The government is going to monitor Bell Canada, Air Canada and other services of government. If that monitoring service falls down, the public servants will feel betrayed like every other Canadian.

If the governments of the provinces do not come to terms with rent increases and the operation of their rent review boards, these Canadians are going to feel betrayed. If there is not the same forthcoming attitude in terms of other people in the work force of Canada, they are going to feel betrayed. That work force, whether public or private, will feel betrayed.

In terms of this program, the jury is out as far as the Public Service of Canada is concerned. They want it to succeed. Like other Canadians, they hope it will succeed. I want it clearly understood that it is important that restraint be practised everywhere.

The Secretary of State talked about ferreting out waste in the government. That has to be done. When we look at the processes of our own Parliament, which is supposed to hold government accountable, that has to be done because we have a responsibility.

I started by saying that I believe this country is greater than the government which it has had for 14 years. I want to echo if I can what Dr. Beigie said before our committee, that something has to start, something has to be done. My reservation about the program is not the willingness of the public service to give it a try. My reservation is about the credibility of the government to give the program underpinning.

With those reservations in mind, with the country in mind and with what I believe to be the mood of the country to which the Parliament and all parties must answer, my party intends tonight to support Bill C-124.

Mr. Caccia: Mr. Speaker, I rise on a point of order. Because of the advanced hour, I wonder whether the House would be willing to permit a change in the sequence of speeches.

The Acting Speaker (Mr. Corbin): I understand the minister is seeking the unanimous consent of the House to speak at this time. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Corbin): Is there unanimous consent?

Mr. Deans: Mr. Speaker, may I ask a question on a point of order? I realize this is a little unusual in the middle of a request for unanimous consent. Can I ask the minister how long he intends to speak before we make our decision?

Mr. Caccia: There is approximately one hour left. My intervention would require some 30 minutes.

Mr. Deans: Mr. Speaker, provided the minister agrees to speak no more than half an hour, we would be quite happy to allow him to speak ahead of our member, although it is a departure from the normal routine.

The Acting Speaker (Mr. Corbin): I will ask the question again. Is there unanimous consent of the House to hear the Minister of Labour at this time?

Some hon. Members: Agreed.

Hon. Chas. L. Caccia (Minister of Labour): Mr. Speaker, I thank hon. members for giving me consent. I assure the House leader of the New Democratic Party that I will do my best to stay within the 30 minutes, as he has requested.

I would be remiss if I did not begin my remarks by making a brief reference to the various interventions made by members opposite. They made reference to letters recently written by me to the editor of a major national newspaper. I very much enjoyed their interventions. I do not know whether their utilization of my letter to the editor will encourage or discourage future writings on my part. However, I owe them a word of thanks for the free publicity they have given me.

In a serious vein before embarking on my speech, I want to make reference to interventions regarding some mysterious plot or plan on the part of the government to prevent me from appearing before the special committee which dealt with this bill. The inference was that somehow I was prevented from appearing.

Nothing could be further from the truth in that regard. Let me put the record straight. The invitation to appear before the committee was extended for days that I had been scheduled to be out of town. Otherwise, both the minister responsible for the status of women and myself would have been very glad to appear. I am referring to the dates after July 26. Having put that matter to rest, I now want to say the following in relation to the bill before us.

This bill establishes wage restraint by statute in the federal public sector, and by example in the rest of the economy. It is not labour legislation; it is part of the economic policy arising from the last budget. However, the bill has implications for the conduct of collective bargaining and for those terms and conditions of employment that are established in the democratic process.

As you know, Mr. Speaker, labour legislation on the federal statute books today is rooted in acts introduced since the turn of the century by successive Canadian governments. As we all know, these governments were mainly Liberal governments. One stream of legislative development has given us an impressive array of protective provisions which establish important labour standards. These standards include minimum wages, hours of work, vacations and maternity and other special leaves. They also provide for occupational safety and health regulations. These provisions compare well with standards established elsewhere in the industrial world. A second stream of legislation has produced two labour relations statutes governing collective bargaining and related matters in federal industries and the federal public sector of Canada respectively.

• (1650)

Our collective bargaining laws contain many positive features to promote labour stability. The concept of protecting the public interest in collective contract disputes was first introduced some 75 years ago under Sir Wilfrid Laurier, with William Lyon Mackenzie King as his deputy minister of labour. The Industrial Disputes Investigation Act of 1907 established a concept of public investigation of labour disputes before strike or lockout action could be undertaken. That concept remains an important element of our current laws.

Subsequent additions to our labour legislation have provided orderly procedures for the recognition of trade unions by employers as bargaining agents and for the acquisition of bargaining rights. Elsewhere such matters are sometimes resolved only after bitter recognition strikes.

Perhaps most importantly, our system is built upon the stable foundation of the fixed-term, enforceable collective agreement. The parties are required to honour their obligations to each other throughout the life of their agreements. Grievances arising as to the interpretation or application of the agreements must be settled, without resort to work stoppage, by arbitration or some other means. This feature of our system is perhaps most frequently remarked upon by foreign visitors. Some come from countries where such grievances can lead to sudden and damaging strikes.

In these circumstances I am more than cognizant of the precedent-setting nature of the bill which is presently before us for consideration. I have wrestled long and hard with its impact upon a paramount feature of our approach to industrial relations, namely, the fixed-term, enforceable collective agreement to which I have just referred. Not to have reflected seriously on that aspect of the bill would have been unworthy of the office of Minister of Labour.

Frankly, the most disturbing element of the bill for labour legislation is the override feature. In cases where a wage increase would otherwise have been due on or after June 29 of this year it will be disallowed and a statutory amount will replace it. Instead of a freely negotiated wage increase and other mutually agreed to changes in terms and provisions being allowed to prevail, the law will substitute a prescribed increase and effectively require the status quo to be observed with respect to other items and conditions of a compensation plan.

I am sure that hon. members of this House will share my awareness of the fixed-term agreement as the cornerstone of our industrial relations system. The importance of the sanctity of such agreements within that system cannot be overestimated. Only extraordinary and serious circumstances can justify the extraordinary and serious step of setting aside agreements which have been freely negotiated or which have been concluded on the basis or arbitral awards.

In the past this House has consented to adopt rapidly legislation to terminate specific labour disputes. Such steps have been taken only in emergency situations after very careful consideration. Frequently, support for such legislation has been forthcoming from all parts of the House. We have established, therefore, that there are times when the national interest must override the rights of particular groups in collective bargaining. What we are now considering is legislation which follows the same reasoning, but on a broad front.

The government has concluded that against a background of worldwide economic difficulties, domestic circumstances do warrant the extraordinary and serious measures proposed in Bill C-124. I wholeheartedly endorse this conclusion and, as a member of the government, I stand ready to do all within my power to implement the proposals before us today.

Reactions to our proposals in some quarters suggest that not everybody has realized the seriousness of the current economic situation and its effect upon all Canadians. Some appear not to have accepted the need for rapid implementation of the extraordinary measures proposed. I am encouraged, however, to see signs that important elements of the business and labour communities comprehend the gravity of our circumstances. Regrettably, too many workers in the resource and manufacturing sectors have had the seriousness of our economic problems brought home to them in a very personal way. Employees in the service sectors are also—again regrettably—becoming affected to a significant degree.

The need to start ratcheting down inflation and inflationary expectations has therefore become urgent. Wages in the federal public sector and federally administered prices are two key areas in which the Government of Canada can act directly to achieve that end. With respect to wages, it would be unthinkable to let stand agreements which had been negotiated in the hope of better economic times, now that it has become clear, in Canada and elsewhere, that the better times are not just around the corner. Indeed, the longer action is postponed, the further off these better times will be.

The government's aim is not to undermine collective bargaining. It is a system which, generally, has served us well. It can continue to contribute effectively to important economic processes, such as income distribution and the achievement of improved productivity. However, it is a system which, by its very nature, including its largely decentralized application, cannot be expected to respond rapidly to the economic circumstances with which we are faced today. The government therefore proposes to intervene to ensure that a response from the system is forthcoming.

By interrupting collective bargaining rights the government is doing two things. First, it is indicating to the nation the gravity of the economic situation and the urgent necessity to put our economy on the road leading to recovery. Second, with this bill it is asking federal public sector employees to make a sacrifice and to accept the idea of increases limited to 6 per cent and 5 per cent in order to convince other levels of government, provincial and municipal—and with them the private sector—of the necessity of doing the same. When 6 per cent is the norm, everybody in the nation will be the winner. When inflation, too, reaches 6 per cent—a goal nobody disagrees with—we will have completed the first step towards economic recovery.

• (1700)

The proposals before us today, with one important addition that I intend to deal with shortly, touch only the federal public sector, that is, the Public Service of Canada and federal Crown corporations and their wholly-owned subsidiaries. The federal public sector is not as readily affected or as immediately responsive to market forces as the private sector. Even Crown corporations, which are more oriented toward the marketplace than the traditional public services, are sheltered to some extent.

By limiting the wage increases of persons who, in the broad sense, are federal public sector employees, the government is taking direct action in an important sector of the economy. We are determined to do all in our power to persuade, coax, and induce others, including private sector employers and unions, to take similar steps. If collective action in support of restraint is not forthcoming, the cost of not making the effort will be borne by all sectors of the economy.

The addition to the scope of the bill, to which I referred earlier, involves an incursion into the private sector. The Canadian Pacific Railway and several private short-line railroads operating in federal labour jurisdiction have developed a long-standing bargaining relationship with their Crown-owned counterparts. This voluntary industry bargaining pattern has been encouraged and nurtured, for many years, by officers of Labour Canada in concert with the railway unions and companies.

For all practical purposes, the private sector railways bargain jointly or in tandem with the Canadian National Railways and its short line subsidiaries for contracts with unions representing the respective groups of operating and non-operating railway employees. Over the last few months, the companies and unions bargained responsibly and eventually concluded two-year renewals of their collective agreements which were scheduled to run until December, 1983.

When the substance of Bill C-124 became known, it was abundantly clear that the long-standing bargaining relationship between the public and private sector railways could be jeopardized. Indeed, the railway unions themselves brought the anomalous situation forcibly to the government's attention. Allowing the anomaly to persist would have created untenable stresses in railway labour relations, and within the unions themselves. Removing the anomaly requires following one of two starkly contrasting options: exempt the CNR and its 45,000 or so employees from the restraint program, or include the CPR and its employees in the program.

To have removed the CNR and its employees from the program would have significantly undercut the intent and coverage of the bill. Exempting a major Crown corporation engaged in a vital economic activity would have belied the seriousness of this government's commitment.

Naturally, we would not have expected the railway unions to campaign publicly for including the CPR in the program. However, Canada's railway workers have a long tradition of successful and responsible labour relations. Now that the government has decided to count CPR in, there is not a shadow of doubt in my mind that the railway unions will respect the law in a responsible manner.

I am equally confident that all employees destined to come under the federal public sector compensation restraint program proposed in Bill C-124 will accept the need for the program and its basic wisdom.

Because of the insidious effect of inflation in eroding real earnings the government is launching extraordinary measures, including the public sector compensation program—this bill—aimed at bringing the scourge under control.

The seriousness of our problems is obviously recognized by many in this House. The hon. member for Rosedale (Mr. Crombie) made clear his support for the principle of restraint on wage increases when he addressed the bill last Friday. However, he could not accept the limits which are imposed on other aspects of collective bargaining for compensation plans.

He accepts the need for extraordinary measures but he would hamstring the restraint program. Instead of a simple and uniform approach, he would establish a complex and hard-to-administer program. It is questionable whether what he proposes would find much favour among those to be covered by this bill.

As to the proposals made by the NDP, earlier this afternoon the Secretary of State (Mr. Regan) made a very eloquent intervention in which he exposed the dilemma they face in relation to the constituency that they are going to protect and serve.

It is well known to anyone who has engaged in labour relations in Canada at the provincial and federal levels that collective bargaining is the most democratic method yet devised, in a free and growing economy, to protect real incomes, to ensure improved working conditions and to reward real productivity gains with real income growth. However, in a troubled economy the government has to act in the interests of everyone, from the pensioner to the minimum wage earner, from the unorganized worker who cannot command high wages in the marketplace to the unemployed, from the export manager engaged in a price war with foreign competitors to the worker whose job depends on that market.

A responsible government today cannot shrink from the task of planning on behalf of all Canadians. With this bill we are asking one group of Canadians to make a temporary sacrifice for the benefit of all.

Mr. Rod Murphy (Churchill): Mr. Speaker, I was interested in the speech of the Minister of Labour (Mr. Caccia), because I can see why the members of the government who sat on the Standing Committee on Miscellaneous Estimates which considered this bill kept him hidden. I can see why from June 30, when the government introduced this bill, until August 3, not one word was heard from the Minister of Labour. I can understand why the Minister of Labour can no longer be considered a defender of the rights of workers in this country.

• (1710)

What the minister did in this House was to read a statement that was obviously prepared by somebody to defend this government's position. In his speech he referred to the quote we have used a couple of times in this debate. It is from a letter which the minister wrote to *The Globe and Mail*. He stated that the right to strike is one of the important cornerstones of a free and democratic society. That minister did not say the same thing today in this House.

Further on in the letter we read that, "there is clearly room for greater co-operation between unions and employers and that Parliament has entrusted to Labour Canada the responsibility for assisting in the development and maintenance of constructive relationships." What this minister has done in front of us today is to indicate that he has sold out the very principles that he wrote about in his letter to *The Globe and Mail*. That minister can no longer be trusted by labour. If that minister wants his cabinet spot, he should find another place because he certainly does not belong where he is. He cannot represent labour.

Mr. Deans: You have to choose sides, Charles.

Mr. Murphy: It is interesting that from June 30 until now the minister has said nothing. It is also interesting to note that the minister was kept away from that committee that was supposed to study the bill. It is interesting to note that the minister would not permit himself—or perhaps others in his party would not allow him—to come to answer questions about this bill.

We are told by some members on the government side that it was a deliberate strategy to hide the Minister of Labour until the end of the debate so that he could not be questioned and could not be held accountable to the elected members of this House.

It is amazing that the former Minister of Labour spoke earlier today and it is interesting to note that the Secretary of State (Mr. Regan) gave the major speech on this bill for the government.

Mr. Crosby: Do you call that a major speech?

Mr. Murphy: Yes, for the government. It is amazing to note that until tonight, on the last day of the debate on what the government calls a major piece of legislation, the cornerstone of economic planning for the next two years, the present Minister of Labour was not trusted to deliver the government's case. That is probably an indication of what is thought of the Minister of Labour. It is an indictment. It is saying that the minister is not capable of performing the duties which the Prime Minister (Mr. Trudeau) appointed him to do.

In his short speech, the Minister of Labour talked about the serious nature of the economic situation that we are in. He talked about the extraordinary situation that Canadians are

facing. He is right. We have been saying that throughout this debate, just as my leader and other members of our caucus have been saying for the last couple of years. We recognize the serious situation in which the Canadian economy is in. But this measure will not do one thing for the unemployed of this country. It will not do one thing to solve the inflation problem that we have. This measure will not do one thing to lower interest rates in this country. Interest rates are the real problem because they are killing the Canadian economy at this time, not the wages of Canadian workers, nor the wages of public service workers who receive lower increases than those in the private sector. The government has attacked not the villain but the victim.

This bill will do nothing to prevent business bankruptcies. It will do nothing to prevent farm bankruptcies. It will do nothing to restore this economy of ours. The government knows that. We have quoted a number of times before from the government's leaked document, a copy of which our leader, the hon. member for Oshawa (Mr. Broadbent), obtained. It reads in part:

> —a program of consultation and public relations aimed at changing public attitudes and expectations would be useful—even though 'the main advantage of the program would be that it would enable the government to be seen doing something about inflation and to lay part of the blame for inflation on the private sector.'

The government admitted in its own document that it was a public relations job. The government admitted that the program would actually do very little for the state of the Canadian economy and the government admitted that it is an attempt to cast blame on others, and yet the Minister of Labour defended that policy in this House.

In a speech made by the Minister of Finance (Mr. MacEachen) and in speeches made by the President of the Treasury Board (Mr. Johnston), who spoke a number of times on this issue, the government has called for co-operation. The government has asked that other sectors of the Canadian economy co-operate with it in this program. But the government is not willing to co-operate with other sectors of the economy. The only people the government met prior to this legislation were representatives of the Business Council on National Issues, the leaders and chief executive officers of the largest corporations in this country. That is the group that called for a 7 per cent wage control program in the public sector. That is the group which fathered this legislation. That is the only group which the government consulted prior to this legislation being introduced. The Canadian Labour Congress, the Public Service Alliance of Canada, other public service unions, the premiers, municipalities, small-business people were all brought in after this legislation was introduced. They were not consulted beforehand. Their co-operation was an afterthought by this government.

If this government were really serious in having a united program which would lower interest rates and keep energy prices from going up 31 per cent in the next year, it would have taken advantage of the time it had. But it did nothing for six months about the state of the economy. It did nothing from the November 12 budget to the June 28 budget. This government could have used those six months to work with other representatives of the various sectors of Canada's economy. They would have said, as members on the opposite side are now saying: "We have a very serious situation at this time." The government should have been saying that for the last six months, instead of downplaying the economic calamity that faces Canada. For the last six months the government downplayed the problems that we face. Then all of a sudden at the end of June the government decided that the situation was so terrible that it had to do something overnight. The government wasted six months. Now the government expects public servants and other wage earners across this country to make a sacrifice, a sacrifice about which the government has not consulted them.

I spoke earlier about the fact that the Minister of Labour was a no-show at the committee which studied the bill. I mentioned previously that the minister responsible for the status of women did not show. The Liberal majority on that committee prevented her from showing at that committee. Last night we had a situation where the minister responsible for the status of women voted against a New Democratic Party motion which specifically would have allowed the negotiation of paid maternity leave. That motion had only one other operative clause, that is to say, that paid maternity leave should not be included in any 6 per cent or 5 per cent compensation package. Not only do we have the Minister of Labour who no longer represents labour, but we have the minister responsible for the status of women who does not represent the women of the country.

• (1720)

Mr. Peterson: Nonsense.

Mr. Murphy: It is true. I have heard, as I am sure other hon. members have heard, representatives of government talk about the value of paid maternity leave. We have heard hon. members on all sides of the House talk about it as a family issue, as an equality issue, and as an issue of concern to both women and men across the country. When the minister responsible for the status of women had a chance to show what she really felt about the issue, she rose with the others on the government side of the House and prevented women from having the right to negotiate paid maternity leave and having that leave not count against the very minimal pay increases which they will be allowed over the next two-year period. It is a tragedy.

Mr. Lang: Mr. Speaker, I rise on a point of order. I wonder whether the hon. member would entertain a question and indicate if he is aware that under Article 7 maternity leave can still be negotiated—

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

Mr. Pinard: Mr. Speaker, I rise on a point of order. I apologize for interrupting the hon. member for Churchill (Mr. Murphy) in the midst of his speech, but before doing so I had talked with his House leader. I will be as brief as I can. We

have had consultations and, if there is unanimous consent, I should like to move a motion.

The Acting Speaker (Mr. Corbin): Is there unanimous consent for the President of the Privy Council (Mr. Pinard) to move a motion?

Some hon. Members: Agreed.

* * *

BUSINESS OF THE HOUSE

MOTION RESPECTING DISPOSITION OF BILL C-127

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, I move, seconded by the hon. member for Simcoe North (Mr. Lewis) and the hon. member for Hamilton Mountain (Mr. Deans):

That, notwithstanding any Standing Order and/or order of the House, the Minister of Justice may this day introduce a bill entitled "An act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof", and that the said bill shall be considered at the first reading, second reading, committee, report and third reading stages before the House adjourns this day;

That the House shall sit between 6 p.m. and 8 p.m. this day for the consideration of the said bill at all stages;

That there shall be no recorded division on the second reading stage of the said bill;

That, after second reading of the said bill, it shall be deemed to have been referred to and reported by a standing committee;

That both parties in opposition and the government may propose no more than four amendments each to the said bill at the report stage, provided that any of the said amendments that are deposited with the Clerk of the House no later than 6 p.m. this day shall be moved or deemed to have been moved at that stage;

That no later than 7.30 p.m. this day all questions necessary for the disposal of all stages of the said bill shall be put without further debate or amendment.

That is the motion; it seems that there is unanimous consent to support it.

I want it to be very clear that the spirit of the agreement is that this motion in no way interferes with the House order of yesterday. Even if we start debate on the motion to adjourn later than eight o'clock this evening, because of the reported division required to dispose of this new bill, this agreement does not jeopardize the House order of yesterday.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, our party is prepared to grant unanimous consent to the House order and also agrees with the spirit of what is being done, in accordance with the comments of the government House leader.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, briefly, we have been trying to get such a thing to happen for the better part of the last week. We are delighted to agree with it.

The Acting Speaker (Mr. Corbin): The House has heard the terms of the motion of the President of the Privy Council. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

PUBLIC SECTOR COMPENSATION RESTRAINT ACT

MEASURE RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

The House resumed consideration of the motion of Mr. Johnston that Bill C-124, respecting compensation in the public sector of Canada, be read the third time and do pass.

Mr. Rod Murphy (Churchill): Mr. Speaker, I do not mind having my speech interrupted for that particular motion.

Before the interruption, I was talking about the facts that the Minister of Labour does not represent labour and that the minister responsible for the status of women has forsaken the women of the country. Now I should like to turn to the party which is supposed to represent opposition to government. I should like to start by quoting the comments of the Leader of the Opposition (Mr. Clark), who said in an inverview which was published in *The Citizen* and in a number of other Southam newspapers across the country that if he were Prime Minister:

I would reject controls. And I wouldn't allow my PMO to be issuing rumours that they were coming in while I was saying that they weren't. I think that controls won't work.

Last night the Leader of the Opposition and members of his party rose and supported the government on a controls program. I find that that contradiction indicates that they are not in opposition to the Liberal Government of Canada; they are in coalition with the government.

There was one motion on which they voted with us and against the government. It was the one which rolled back the present salaries of the staff of Members of Parliament and Senators. Also it was a motion on which a number of government members supported us and on which a number of government members abstained. The motion to which I am referring was carried by the government side by 27 votes. At the time there were 41 Conservative members missing from the House.

Mr. Gamble: And six NDP members.

Mr. Murphy: The Conservative Party has the sole responsibility for keeping the Liberals in power as of last night. The government was telling its backbenchers that the amendment to restrict the salaries of their staff was a matter of confidence in the government. Despite what government members may have personally felt about how hard their staff worked or about how hard they struggled to survive on their incomes, for the most part they supported the motion of the President of the Treasury Board. However, there were enough of them who were not present in the House. Also there were enough of them who had the courage of their convictions to support the New Democratic Party in opposing it. However, with that matter on the record, a matter of confidence in this government, which could have brought it down last night, 41 Conservatives were missing. They hid. They kept the Liberals, that arrogant group of incompetents, in power.

• (1730)

From now on do not let any Conservative say that it is the NDP who keep the Liberals in power, because last night they had their one and only opportunity since February 18, 1980 to get rid of the Liberals and they blew it. Let us remember that. There were 41 Conservatives out of the House, and the Liberals are still in power today. They will remain in power because the Conservatives will do the same thing on major economic issues such as interest rates.

We have heard from the Leader of the Opposition and the member for St. John's West (Mr. Crosbie) saying that they have no other solutions. With respect to the energy issue there is the acknowledged fact that the Conservative Party would do almost the same thing as the Liberals.

Despite the fact that the Leader of the Opposition said that he did not believe in controls and he would not implement them because they would not work, the Conservative Party voted with the Liberals last night, ensuring that the Liberals will not be defeated on the only weak part of the bill which Liberal backbenchers would not support; the only Achilles heel which the Liberals had, and upon which the Conservatives could have acted. But the Conservatives hid.

When it came to the final vote last night we watched the Conservatives line up again in support of their Liberal masters despite the fact that they spoke against salary cuts to our workers, despite the fact they voted in favour of paid maternity leave, with the exception of five Tory members whom I wish I could identify, and despite the fact that the Liberals defeated their amendment with regard to the Human Rights Commission, and their amendment on collective bargaining.

When we are faced with any major and significant economic issue in Canada, the Liberals and Conservatives are one and the same. It is a Liberal coalition with the Conservatives that is keeping the country in the terrible and degrading economic situation in which it is today. Those two parties are responsible for high interest rates. They are responsible for the high rate of inflation in the country. They are responsible for the 1.3 million officially unemployed, and who knows how many more unemployed in this country.

This country is facing very serious economic problems. Our party has discussed those problems. We have talked about the need for restraint. The hon. member for Skeena (Mr. Fulton), the hon. member for Prince Albert (Mr. Hovdebo), the hon. member for The Battlefords-Meadow Lake (Mr. Anguish), who served on their respective committees in the House, have raised specific examples of government waste. The hon. member for Vancouver-Kingsway (Mr. Waddell) has talked about the public purse being ripped off by the oil corporations in this country. We have discussed all of these issues. We have warned that by allowing energy rates to increase 31 per cent in the next 18 months, inflation will be fueled even further and it will add to the killing of the Canadian economy. Bankruptcies will rise for farmers and businesses. Yet we have been attacked by the Liberal-Conservative coalition who have said that we are not concerned about the economy.

We are concerned about the economy. That is why we have kept the House here since the end of June, through all of July and into August.

We regret that this bill will do nothing to help our economy. We regret that the Liberals and Conservatives have ganged up to zap the workers in what has been described in a government document as "a public relations program" to blame the private sector for the country's ills. We regret that the result of this program in two years will still be a high cost of living, at much higher than 6 per cent, since energy prices are being allowed to increase 31 per cent and interest rates are so high that the cost of living must go up. There will still be bankruptcies and more unemployment, more shutdowns, more people losing their homes, and more people leaving the resource-based communities. It is so unnecessary.

Since the Conservatives take an anti-labour position on most issues, and the Minister of Labour has enunciated his position on labour which is basically capitulation to the President of the Treasury Board, and he will do nothing to protect the legal rights of workers, Canadians have before them a public relations effort in the form of this bill which will do absolutely nothing to help them or the Canadian economy.

I said earlier that the government has wasted the last six months when it had the opportunity between the budget of November 12 and the budget of June 28 to develop a program in co-operation with Canadians from all walks of life. We recognize, as do other members and most Canadians, that the present program will do nothing. Therefore, I will momentarily move a motion to give this bill a six months' hoist.

If this government and its collaborators in the Conservative Party are genuinely concerned about the state of the economy, they will support this motion. They will not use those months to create further hatred, to make one group of Canadians the scapegoat, to hurt those who will be retiring in the next two years and be forced to live on smaller pensions as a result of this bill, or to prevent women from getting negotiated paid maternity leave. In those six months the government would have the opportunity, if it were serious, to begin discussions and negotiations to seek the kind of compromise which is typically Canadian, and to ensure that we have a program which will resolve what the Minister of Labour called the very serious economic conditions facing us at this time. We will not have a program whereby Ian Sinclair, through the co-operation of this government, can zap his workers and prevent them from ever negotiating for more than 6 per cent and 5 per cent increases. We will have a program which will not outlaw collective bargaining. We will have a program which does not give the government the right to break the collective agreements which it may have signed as recently as two months ago.

• (1740)

In other words, if the motion which I am about to present does pass, and if the Conservatives and Liberals can vote on principle and on the future of this country, then perhaps—and it is not for sure—we can solve our problems by Canadians working together, through agreement by Canadian men and

women that everyone must make some sacrifices, but also by recognition that each Canadian throughout the country faces different problems.

It is hard for some one who will lose his home next month because of high mortgage interest rates to agree that he must take a 6 per cent and 5 per cent increase over the next two years. It is hard for a businessman to recognize that his whole purchasing community, his customers, will have limited incomes, will spend less in his store, and that he will go bankrupt. It is hard for those Canadians to sacrifice more. But there are many Canadians in support of this program, including the Ian Sinclairs and the de Granprés who have salaries, respectively, of $550,000 and $600,000 a year. There are other groups that have that right and ability to sacrifice. As a result, I move, seconded by the hon. member for Kootenay East-Revelstoke (Mr. Parker):

That the motion be amended by deleting all the words after the word "that" and substituting the following therefor:

"Bill C-124, an act respecting compensation in the public service of Canada, be not now read a third time, but that it be read a third time this day six months hence."

The Acting Speaker (Mr. Blaker): Order, please. The hon. member for Churchill (Mr. Murphy) has, in short parlance, moved a six-months' hoist, and I thank him for providing the Chair with a copy. If the House so agrees, I think we will proceed as follows: we will deem it to be 5.45 p.m., I will put the six-months' hoist motion to the House and the bells will ring on that motion. But pursuant to an order made earlier, when votes are taken later, the vote on third reading of Bill C-124 will obviously be included.

Mr. Blaikie: Unless the hoist passes.

The Acting Speaker (Mr. Blaker): In the alternative, it is possible that some hon. member may wish to speak for two minutes, but I do not think it is necessary.

The House has heard the terms of the said motion. All those in favour will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

And more than five members having risen:

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

The House divided on the motion (Mr. Murphy) which was negatived on the following division:

(*Division No. 251*)

YEAS

Messrs.

Althouse
Anguish
Benjamin
Blackburn
Blaikie
Broadbent
Deans
de Jong
Fulton
Heap
Ittinuar
Jewett (Miss)
Keeper
Knowles
Kristiansen
Manly
Miller
Mitchell (Mrs.)
Murphy
Nystrom
Orlikow
Parker
Robinson (Burnaby)
Rose
Sargeant
Waddell—26.

NAYS

Messrs.

Allmand
Andre
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Blais
Blaker
Bloomfield
Bockstael
Bosley
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Collenette
Comtois
Cook
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Cousineau
Crombie
Crosby (Halifax West)
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Domm
Dubois
Duclos
Dupras
Duquet
Ellis
Elzinga
Epp
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Forrestall
Fox
Fretz
Frith
Gamble
Garant
Gass
Gauthier
Gendron
Gimaïel
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Greenaway
Guilbault
Gurbin
Gustafson
Harquail
Hawkes
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Huntington
Irwin
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kaplan
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Lambert
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald (Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mazankowski
McCain
McCauley
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
McRae
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Neil
Nicholson (Miss)
Oberle
Olivier
Ostiguy
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (St. Catharines)
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Scott (Hamilton-Wentworth)
Shields
Smith
Speyer
Stewart
Tardif
Taylor
Tessier
Thacker
Thomson
Tobin
Tousignant
Towers
Trudeau
Veillette
Watson
Weatherhead
Wenman
Whelan
Wilson
Wright
Yanakis
Yurko—187.

• (1810)

Madam Speaker: The motion is defeated.

[*Translation*]

The question is on the main motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion, the yeas have it.

[*English*]

Mr. Pinard: Madam Speaker, I rise on a point of order. I suggest to my hon. colleagues that the same tally apply to this vote as to the vote taken on the previous motion. If there is agreement, we could save time and then have more time to deal with the following bill, which deals with amendments to the Criminal Code.

Madam Speaker: Is that agreed?

Mr. Deans: Madam Speaker, the same numbers would apply, the only difference being that we would be voting against, and the larger, joint Conservative-Liberal effort would be voting for.

Madam Speaker: This is a bit complicated but, if it is agreed, I am sure it could be recorded in *Hansard* that way. Is there unanimous consent?

Mr. Forrestall: Madam Speaker, I must reserve my right to vote as I wish with respect to the final reading of this bill. I will not insist upon a standing vote, but I do want the record to show—in order to save time, as the government House leader has said—that it would be my intention to oppose the bill.

Some hon. Members: Hear, hear!

Mr. Crosby: Madam Speaker, may I be accorded the same privilege as the hon. member for Dartmouth-Halifax East (Mr. Forrestall)?

Mr. McMillan: Madam Speaker, whereas I voted the first time, with respect to the pending vote I have chosen to abstain. With that reservation, I would acquiesce in what has been suggested.

Mr. Benjamin: Call the vote.

Madam Speaker: The Clerk informs me that it would be very difficult to proceed in the way suggested because the same tally would not really apply.

Mr. Broadbent: The Tories are split.

Madam Speaker: Therefore, he advises me to take the vote.

[*Translation*]

The question is now on the main motion.

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

(*Division No. 252*)

YEAS

Messrs.

Allmand
Andre
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Blais
Blaker
Bloomfield
Bockstael
Bosley
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Comtois
Cook
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Cousineau
Crombie
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Domm
Dubois
Duclos
Dupras
Duquet
Ellis
Elzinga
Epp
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Fox
Fretz
Frith
Gamble
Garant
Gass
Gauthier
Gendron
Gimaïel
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Greenaway
Guilbault
Gurbin
Gustafson
Harquail
Hawkes
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Howie
Huntington
Irwin
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kaplan
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Lambert
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald (Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mazankowski
McCain
McCauley
McCuish
McDermid
McKinnon
McKnight
McLean
McRae
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Neil
Nicholson (Miss)
Oberle
Olivier
Ostiguy
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (St. Catharines)
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy

Messrs.

Savard	Tardif	Veillette
Schroder	Taylor	Watson
Scott (Hamilton-Wentworth)	Tessier	Weatherhead
Shields	Thacker	Wenman
Smith	Thomson	Whelan
Speyer	Tobin	Wilson
Stewart	Tousignant	Wright
	Towers	Yanakis
	Trudeau	Yurko—184.

NAYS

Messrs.

Althouse	Forrestall	Mitchell (Mrs.)
Anguish	Fulton	Murphy
Benjamin	Heap	Nystrom
Blackburn	Ittinuar	Orlikow
Blaikie	Jewett (Miss)	Parker
Broadbent	Keeper	Robinson (Burnaby)
Crosby (Halifax West)	Knowles	Rose
Deans	Kristiansen	Sargeant
de Jong	Manly	Waddell—28.
	Miller	

[*English*]

Madam Speaker: The motion is carried.

Motion agreed to and bill read the third time and passed.

● (1820)

Madam Speaker: I am sure the House will understand that although the officers of the House are in favour of saving time, these particular circumstances would have obliged them to edit quite a lot out of the list and they did not dare to do that. I am sure the hon. member for Yukon (Mr. Nielsen) would not have approved. I am still more leery of him when he is not here than when he is here.

Some hon. Members: Hear, hear!

Madam Speaker: While hon. members are all present I should like to add some good cheer to this day and invite them to come after Royal Assent to Room 16 so that we can all have a drink together and wish each other a good holiday and shake hands with each other.

It being past six o'clock and pursuant to an order made earlier this day, the House will now proceed to Government Order 127.

* * *

CRIMINAL CODE

AMENDMENTS RESPECTING SEXUAL AND OTHER OFFENCES

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development) moved for leave to introduce Bill C-127, to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof.

Motion agreed to and bill read the first time.

Madam Speaker: When shall the bill be read the second time?

Some hon. Members: Now.

Madam Speaker: Pursuant to an order made earlier, now.

[*Translation*]

Mr. Chrétien moved that Bill C-127, an act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

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

Some hon. Members: Agreed.

Motion agreed to and the bill read the second time is deemed to have been referred to the Standing Committee on Justice and Legal Affairs.

Mr. Chrétien: Madam Speaker, I would like to rise . . . I think we should make our speeches on second reading. The amendments have been tabled and later we will proceed clause by clause, I do not know exactly how . . .

Madam Speaker: I am trying to understand the order made earlier by the House. We are now at the report stage and the motions are deemed to have been moved. So, can we proceed now?

[*English*]

The Acting Speaker (Mr. Blaker): Order, please. Before the hon. Minister of Justice (Mr. Chrétien) commences his remarks, may I indicate that pursuant to a House order made earlier, second reading is deemed to have been moved and we are now on report stage. Is that correct?

Mr. Pinard: No, Mr. Speaker.

The Acting Speaker (Mr. Blaker): I am sorry, we are on second reading. I will read the relevant paragraph:

> That both parties in opposition and the government may propose no more than four amendments each to the said bill at the report stage, provided that any of the said amendments that are deposited with the Clerk of the House no later than 6:00 p.m. this day shall be moved or deemed to have been moved at that stage;

I should like to deal with one other matter. The Chair was approached earlier indicating that the parties have made an agreement which would allocate 27 minutes to the Liberal Party, 36 minutes to the Official Opposition and 18 minutes to the New Democratic Party. That agreement was predicated on the assumption that debate would begin at 6.10 p.m., in fact, debate is beginning now. I presume we will follow the procedure. Perhaps representatives of the parties would indicate to the Chair how they wish to proceed with the actual number of

minutes to be distributed. The Chair will not be looking to the left or right but rather to the parties in that regard.

Mr. Pinard: We have no objection, Mr. Speaker, that the same proportion be respected. Of course, we are debating second reading and at 7.30 or so, according to the House order, I understand that the motions to amend will be deemed to have been moved. We will see then whether or not there is to be a recorded division. This is our understanding, and I think it is the understanding of my colleagues as well.

Mr. Lewis: Mr. Speaker, there has been an informal agreement. We agree to the same proportion in order that we may end up with the vote at 7.30 as set down in the House order.

Mr. Deans: Mr. Speaker, I agree entirely with what was said. I suggest that the breakdown is 30, 20 and 15 minutes. I have just made the calculation based on 65 minutes.

The Acting Speaker (Mr. Blaker): Let me seek an understanding. Is it agreed that the number of minutes allocated to the parties will be 30 for the Conservative Party, 20 for the Liberal Party and 15 minutes for the NDP? Is that agreed?

Some hon. Members: Agreed.

Mr. Lewis: Mr. Speaker, I believe we were in agreement that the proportion would be the same. I do not have the quick ability of the NDP House leader but I will find my CA degree somewhere and do the calculation quickly.

Mr. Chrétien: Mr. Speaker, I will cut short my remarks in order to help everyone even if I have responsibility for the bill.

[*Translation*]

Mr. Speaker, I am very pleased with this opportunity to speak to a bill that has been the subject of debate during the past few months and is, in fact, a very delicate subject for Parliament because it concerns amendments to the Criminal Code regarding relations between persons. I believe that what we are proposing today in the House represents part of the work that the House and the Committee on Justice and Legal Affairs have undertaken in the course of their consideration of Bill C-53, and we have thus succeeded in resolving half the problem, at least. I therefore wish to thank all the members of this House for having made it possible to dispose of this bill this afternoon, and I wish to thank all those who testified before the committee and all hon. members who sat for many hours, especially during the marathon sitting last Wednesday, which went on quite late into the night.

[*English*]

To turn to the particular provisions of the bill, first, an effort has been made throughout the bill to degenderize the Criminal Code provisions relating to sexual offences in keeping with the equality rights guaranteed by the Charter of Rights. The few remaining references to a male person or a female person will be dealt with when we amend the child exploitation provisions of the code.

Second, Section 244 of the code, defining assault, is amended by the addition of a new subsection to make it clear it is not consent to an assault where there is submission or lack of resistance because force is used against the complainant or a third party, such as the child of the complainant, or threats or fear of force is used against the complainant or a third party, or fraud is employed, or exercise of authority such as in an employer-employee relationship.

Third, a further provision has been added, as a result of the Supreme Court decision in Pappajohn, to require judges to instruct juries to consider the reasonableness of any grounds for belief by the accused that the complainant consented to the assault.

Fourth, under the category of sexual assault we are, first, creating a hybrid offence, with the possibility of an indictable offence with a maximum of ten years, or summary conviction, with six months' maximum for minor touching cases. This first level offence will cover everything from touching to forced sexual intercourse with a minimum of violence.

At the second level, sexual assault with a weapon, or with threats to a third party, or causing bodily harm to the complainant will call for a sentence of up to 14 years.

Finally, at the third level of seriousness, there will be a further category of aggravated sexual assault for wounding, maiming, disfiguring, or endangering life; this offence will carry a maximum of life imprisonment.

Among the further reforms proposed by this bill, I want to mention that corroboration of a complainant's testimony will no longer be required for conviction. This will make the law of sexual assault consistent with other types of crime.

The doctrine of recent complaint, developed from the old idea that a woman must raise a hue and cry against her attacker in order to be believed, will be eliminated.

• (1830)

No questions shall be asked about a complainant's prior sexual history with a person other than the accused, except as rebuttal to evidence led by the Crown, to prove identity, or where the other sexual activity was occurring at the same time.

Finally, I want to underline that "spousal immunity" is being eliminated by this bill. Women are not the chattels of their husbands, and sex without the consent of both parties is as unacceptable within marriage as it is outside of marriage.

With respect to that there will be an amendment to clarify it even further. In the committee hearings I was of the view that clarification was not needed, but members of the committee felt that it should be clarified. The words proposed before the committee were not acceptable, in my judgment as Minister of Justice, but since that time we have worked out new words. I understand that a motion will be presented by the hon. member for Burnaby (Mr. Robinson), which will be seconded by my parliamentary secretary because of the work he did. I have accepted this motion.

Two new offences are created by Sections 250.1 and 250.2 to deal with the problem of child custody battles between

parents. Section 250.1 makes it an offence for a parent to take his child in contravention of an existing custody order made by a court anywhere in Canada. Section 252.2 applies where there is no custody order as such, but one parent has had *de facto* custody of the child. In this case, consent of the attorney general of the province or his local representative will be required for prosecution.

Defences are provided for where the absconding parent has the consent of the custodial parent, and also for the rare case in which the absconding parent can persuade a court that his motive was to save the child from "danger of imminent harm".

I have proposed an amendment myself for Clause 19 that would clarify Section 246.6(1)(c). There was long debate about past sexual activity. My amendment will make sure that if there is any question about it it will be related to the incident of the moment. It will not permit delving into the person's history. As we discussed in committee there might be circumstances where, if there is activity involving many people at the same time, it has to be described because it might be related to the sexual activity of that person with another person in those circumstances.

[*Translation*]

Mr. Speaker, I just want to say that, today, we have made considerable progress. We have received proposals and suggestions from a number of organizations which appeared before the comittee. I particularly wish to thank all the women's organizations in Canada which took a very special interest in the proceedings. We introduced this bill in the House a year and a half ago, and we have made considerable progress in our attempts to reach a consensus. The issues are basically very complex and that is why, when I appeared before the committee, I purposely took a very flexible approach and said that I was open to all kinds of suggestions. I was so flexible that opposition members accused me of not knowing what I wanted. I wanted to experiment by giving the committee the greatest possible flexibility while remaining personally responsible for accepting or not accepting certain amendments. I was a little disappointed by the results, because at one time I found that people held this against me and claimed that I did not really know what kind of reforms I wanted to make. Nevertheless, I have no regrets, and we are going to continue this fall because there are still some problems to be cleared up, including the issue of child pornography. I think this is a point we must clear up once and for all. Some people insisted that the problem was not a major one yet, but I am convinced that the problem exists. This has been proved by witnesses who appeared before the committee, and even if it is only in its initial stages, I think it should be stopped immediately. That is why I was so disappointed when we were unable to reach an agreement. Incidentally, the member for Provencher (Mr. Epp) said that in 1976 and 1977, the committee had already recommended reforms in this area. I hardly think that, at the time, the committee was basing its views on assumptions only. It was in the light of this report by the House committee that I agreed to introduce these proposals, and we shall get back to them if the session continues this fall, and otherwise, we shall introduce the measures again. Mr. Speaker, I would like to thank everyone who worked on this legislation. However, today I am somewhat disappointed that amendments have been proposed. When we were discussing ways of resolving this problem in committee, I agreed there would be no amendment and that we would be coming here without amendments. My concept was that any changes could be made in the fall, because we would then be considering the same kind of bill and improvements could be made to the bill at that time. However, amendments were proposed, so I also proposed one, that is, I accepted the amendment on spousal immunity. In fact, I produced the text that will be presented by the member for Burnaby (Mr. Robinson), and I also accepted further amendments which were proposed by the official opposition.

There were other amendments which I unfortunately could not accept. As Minister of Justice, I have to consider certain proposals, and I am thinking of the member for Cambridge (Mr. Speyer) who made some representations. He was a little disappointed that I did not accept an amendment he had discussed with my parliamentary secretary. Unfortunately, it touched on an area where we want to ensure that sexual offences and sexual assault are defined in a new Criminal Code in such a way that it is easier for the person concerned to press charges. The amendment proposed by the hon. member for Cambridge seems quite reasonable, at first. However, one criticism that could be levelled against the amendment is that it goes against what we are all trying to achieve, namely, make it easier to make complaints and easier to make recommendations. If I had accepted the amendment, I think we might have regressed in relation to the joint commitment we made, especially vis-à-vis the women's groups, which insisted that corroboration should not be compulsory in order to find a person guilty of sexual assault. I can assure the hon. member that we shall get back to this if necessary.

I would like to thank my colleague, the Minister responsible for the Status of Women who is in the House today and who has been following this debate very closely, as well as the member for Saint-Michel (Mrs. Killens), both of whom have been keeping at me on the subject for several months. I am thankful to them for having exerted this pressure. I want to thank the members of the opposition for their co-operation. I wish to thank the chairman of the committee, the member for Arthabaska, no, for Lotbinière (Mr. Dubois). Mr. Speaker, the town of Arthabaska happens to be in his riding and that is why I made a mistake. I especially wish to thank my parliamentary secretary, who this last week has been working very hard to get a consensus. We made a small bet, and I said I did not think we would be successful. In fact, I said this on purpose, to get him going, and I am very grateful that he won his bet.

[*English*]

The Acting Speaker (Mr. Blaker): Before I recognize the hon. member for Kingston and the Islands (Miss MacDonald),

let me say that I think it is easier on all hon. members if there is a clear understanding throughout the House of where we stand. Debate began on this bill at 6.25 p.m., fifteen minutes of which have expired. It is my understanding that there are five or six minutes remaining to the Liberal Party, which it may wish to use at the end of other debate. I understand that there are 30 minutes of debate belonging to the Progressive Conservative Party. Indications to me are that the 30 minutes will be divided among four speakers, giving each one seven to seven and a half minutes.

• (1840)

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, in speaking to Bill C-127 this evening, I want to pay tribute to the co-operation, perseverance and dedicated interest of hon. members on all sides of the House for having made this legislation possible.

I cannot overemphasize the importance I attach to this bill. It is one of the most crucial pieces of social and legal legislation to be dealt with for a long time. We are talking about amendments to the Criminal Code; indeed, we are talking about the modernization of some critical elements of the Criminal Code, particularly as they affect women.

But I would first like to mention the work done by my colleague, the hon. member for Surrey-White Rock-North Delta (Mr. Friesen), on that part of the bill dealing with parental abduction. In the closing minutes of our final committee hearing, he paid special tribute to Mrs. Lois Preston, president of Parents of Kidnapped Children in British Columbia, and Mrs. Lilia Lopez Karu, president of Abducted Children's Rights of Canada, for their contribution in ensuring that the amendments to the Criminal Code dealing with parental abduction become law.

In this bill, the current laws relating to rape and indecent assault are being changed to emphasize the violence as opposed to the sexual aspects to these crimes. In other words, we will no longer have the term "rape" in law.

This legislation has a long history. Individual women and groups of women all across the country have been pushing for years for changes to the rape laws. It was apparent that this section of the Criminal Code cried out for reform. The number of reported rape cases was far below the actual number of offences. It has been estimated that only one in ten cases of rape was reported. That was due largely to the stigma which surrounded the rape victim—the idea that somehow nice girls do not get raped and the belief that she must have asked for it. The victim was always subject to having her past sexual history used as evidence against her—the victim, remember—in a court of law.

The conviction rate for rape has traditionally been much lower than the conviction rate for other serious crimes—only a 52 per cent conviction rate for rape, compared with an 82 per cent conviction rate in the case of other indictable offences. As a result, women's groups such as the National Action Committee on the Status of Women and the National Council of Women began calling for a complete removal of the existing rape sections from the Criminal Code. They wanted, instead, the enactment of a new offence dealing with rape as a type of assault.

The government responded with Bill C-52 some four years ago, and that had one major beneficial effect. It brought together all women's groups calling for four basic principles which they wanted to see embodied in the law: treatment of rape as a type of assault, creating tiers of sexual assault to parallel existing assault offences, abolishing spousal immunity, and limiting admissibility of past sexual history.

In October, 1979, the Progressive Conservative cabinet approved draft legislation to change rape to sexual assault and to abolish spousal immunity. This is a philosophical position from which our party has never retreated.

Since the introduction of Bill C-53 by the present Minister of Justice (Mr. Chrétien) in January 1981, we in this party have made a sustained effort to ensure that the fundamental principles embodied in the draft legislation of the Conservative government would not be ignored. And we have stuck to that throughout the long months of committee meetings. I am sure the minister will agree that that determination on our part contributed significantly to the improved bill which we have before us this evening.

We now have a bill which provides that the assault and sexual assault structure of the Criminal Code will have three tiers. The minister has outlined those three tiers. The women's groups which appeared before the committee were unanimous in their desire that the new law would be modelled on existing assault provisions in the Criminal Code, so that there would be a firm foundation for the new sexual assault provisions. This was the reason our party insisted in committee on three tiers of assault and sexual assault. This is why we wanted the concept of "bodily harm" to be positioned in the second tier of assault and sexual assault. It was only late on the last evening of committee hearings that we finally secured that significant concession from the government.

Also we eliminated the amendment which was put forward to include acts of degradation in the second category. We insisted that that come out, as we insisted that serious bodily harm be restored to bodily harm. Those were the things we acquired during the committee hearings.

I know the bill before us is not perfect, but indeed it is a great step forward and it is of particular significance to women. I believe this piece of legislation will mark a new beginning in the way society views coercive sexual acts. This legislation makes a clear statement. It calls a spade a spade. It says that sexual assault is primarily an act of violence, not of passion; an assault with sex as the weapon.

The first major hurdle of name change has been achieved, but it is absolutely incorrect to argue that what we are doing here is only a change of semantics. The new sexual assault offences do not just refer to forced sexual intercourse but include all types of forced sexual acts. This, too, is a major step forward.

Until now forced penetration has been the major component of rape. No one will deny that forced penetration is a serious offence, but the new legislation recognizes that other types of forced sexual acts may be equally serious. This is very, very important. Fear is a four letter word called "rape". Removing the name does not remove the fear, but it means that women will be able to report sexual assaults against them without the additional fear of being branded as immoral by society. More important, the bill means that those who commit the heinous crime of violating another person are much more liable to be convicted for their vicious acts.

I am very proud of the role our party has played in bringing this legislation to fruition.

Some hon. Members: Hear, hear!

Mr. John Gamble (York North): Mr. Speaker, there are occasions when one feels good as a Member of Parliament when something is achieved or when an effort is made, even though the achievement may not be entirely what one expected. Such is certainly not my feeling today.

We are confronted with a bill that I oppose, and in the very few moments which I have I shall explain why. There was an opportunity, however, because of the orders of the House when I might have on my own terminated the discussion on this piece of legislation, but I did not. For that reason I am very unhappy with myself.

I believe that we are confronted with a piece of legislation which is a fraud perpetrated upon the female population of the country. I think it is appropriate to explain why. The amendments to the Criminal Code, as they relate to rape, have been well explained by the Minister of Justice (Mr. Chrétien). There is a three tier punishment category for an offence called "sexual assault". In the first tier of that category one may, as an accused, be sentenced on summary conviction. It is important to bear in mind that we have eliminated from the Criminal Code an offence of rape which carried a maximum penalty of a life sentence imposed against the accused when convicted.

If one analyses the other two tiers and the nature of the offence which must be committed in order to obtain a conviction, it is apparent that unless there is bodily harm, unless a weapon is used or unless threats are made against another, the first tier will apply where a maximum sentence of ten years' incarceration will flow, the alternative possibility of a fine.

• (1850)

For instance, take the situation where a woman is indeed raped—despite the fact that we have eliminated the word—and there is no bodily harm. However, she becomes a vegetable because she lost her mind as a consequence of the trauma that resulted from these circumstances. The maximum sentence that may be imposed under those circumstances is ten years. With respect to rape as we currently understand it, where that result does not happen, there may in fact be a simple fine imposed. We have equated what we knew to be rape with a serious speeding ticket.

I think it is appropriate that we ask the women of Canada whether this is indeed what they want.

The House should bear in mind that at 25 minutes after this hour the last of the amendments were submitted to members of this House, who are now asked to vote on the entire package at 7.30, exactly 40 minutes from now.

I would be surprised if the bill with which we are concerned has been examined by 25 members of the House by the time that vote is taken. Yet it is our duty, as Members of Parliament discharging our obligations to our constituents, to read and understand the provisions of the Criminal Code which affect the liberty and the lives of Canadians. Are we discharging that responsibility, having had those amendments submitted to us at 6.25 p.m., exactly 65 minutes later? I ask you, Mr. Speaker, does it appear that we will have discharged that responsibility? The answer is no. For that reason I am unhappy with this bill.

I would like to point out that when this bill began as Bill C-53 it contained a provision relating to sexual exploitation of children. Those entire sections have been removed, and we are told that we will come back to them in the fall. Well, we have been working at this kind of legislation for three years and we are still at it now. When will we come back to the sexual exploitation of children? Will it be in five years? In the meantime, should we leave it alone? That is what the House is asked to do and that is what we are voting on.

I would be very surprised if the women of Canada would consent to that kind of conduct by the House. I am sure that they are as concerned about the welfare of their children as some of us are, some of us who intend, out of annoyance and anger in the way we have behaved, to vote against this legislation.

I would ask why it is that some members who are so anxious to deal with this bill in its present form have deleted Section 156 of the Criminal Code as it presently stands? Let me read that provision to the House:

> Every male person who assaults another person with intent to commit buggery or who indecently assaults another male person is guilty of an indictable offence and is liable to imprisonment for ten years—

The offence no longer exists once this bill is passed.

Mr. Robinson (Burnaby): It is still there. You do not know what you are talking about.

Mr. Gamble: We are dealing with sexual assault. While assault is defined, sexual assault is not defined under the bill. It will be left for the court to determine what it is. I do not know, there is no member of the House who knows, yet we are voting on it tonight in that fashion to expedite its passage before the House enjoys a summer recess. It is expediting the process which I find reprehensible.

Mr. Chris Speyer (Cambridge): Mr. Speaker, back in 1963 I heard what to me was a very memorable phrase in a different context which concerned the civil rights in the United States. It was said by Everett Dirkson. His words at that time were,

"There is nothing as powerful as an idea whose time has come."

I say to you, Mr. Speaker, and to members of the House that after sitting for more than 15 weeks and listening to witnesses, I am convinced by women's groups who testified before us, by police officers who have testified, by the Crown attorney offices and the Attorneys General of Canada in their submissions, that the time has come for this idea. It is overwhelming, and that is why we will pass that bill tonight.

This is the last evening we will be discussing rape in a legal sense. I would like to relate some views as a person who prosecuted and defended a great many rape cases before I was elected to the House. From the perspective of a woman, it is the robbing of a person's dignity. It is an invasion of freedom. It has a tremendous stigma. Obviously, not being a woman I would think that it is only one half of the agony. The agony is having to come to court and testify about the invasion of one's dignity and perhaps not be believed. It is a tremendous concern of fathers, husbands and victims. I am sympathetic with victims of the act not only because of their agony but also because of their having to testify about the act and the prospect that they may not be believed in circumstances where their credibility is contested.

The point I wish to make is that this bill is no panacea. The evidence is not going to change in one court in the land. The sentence of a person found guilty of sexual assault, no matter what tier, is going to be determined by the act and the seriousness of the act. Let no one be under the illusion that anything will change when it comes to court. We must remember that. But this bill is beneficial.

A woman from a women's group appeared as a witness before the committee. Since I did not want to act in a way that I thought was illusionary, I asked her if this was a question of a janitor becoming a sanitary engineer, are we really making a difference? The 60-year old woman said to me, "I cannot tell you why I feel that way, but I would rather be stigmatized as a victim of sexual assault than a rape victim." That statement told me a lot about how women feel with respect to this particular bill.

I have brought four amendments before the House. I wish to talk about process, but before doing so I wish to say that never in my life could I believe that the Department of Justice could draft legislation which was so inaccurate, poor and which did not represent what members felt. Let me give an illustration. In one of the sections of the Criminal Code that was drafted which will be in force tomorrow morning if this bill receives Royal Assent without the amendment, we would prohibit reputation evidence or a complainant from being called. That means that if a woman had a long criminal record or was a pathological liar, she could not be cross-examined on that matter. That is not what Members of Parliament intended. We intended to say "sexual reputation". That is what the protection was to be. Yet this was what ended up in the bill and would still be in it if not for the amendment.

I could give more illustrations but I want to make a point and I do not have much time. For weeks the Minister of Justice (Mr. Chrétien) has cloaked his parliamentary secretary with the authority to deal on his behalf. This afternoon, before two o'clock, the hon. member for St. Catharines (Mr. Reid) myself and a representative from the Department of Justice met with respect to a very important amendment which does not need to be mentioned. I will not go into it at this time. But I gave up my amendment, the amendment before us today in the name of the Conservative Party of Canada, which will be voted for by the members of this party. It was literally drafted by a person in the Department of Justice. I had a clear understanding with the parliamentary secretary that the government would support it, and I came back and spoke with hon. members on this side of the House based upon the word of a man I thought I could trust.

• (1900)

In this House, no matter what one's political persuasion, one must have honour. If I say that I will do something, I undertake to do it. There is no doubt but that the parliamentary secretary was cloaked with that authority. I left his office and convinced certain of my colleagues who had some reluctance. But what do I find? At five minutes before six o'clock tonight, the parliamentary secretary said that we cannot vote on the amendment being prepared by this party. I went over and spoke to the Minister of Justice. He has undercut his parliamentary secretary. Never again can I trust the word of the parliamentary secretary, not because he is lying, but rather because the Minister of Justice undercuts him and does not have any faith in him, and I cannot trust him any more. I am angry. It is an absence of honour.

Mr. Chrétien: What about the word you gave us yesterday?

Mr. Speyer: The slimy treatment that the Minister of Justice accords to his parliamentary secretary—you lie, you cheat and you have no honour, and I say that to the Minister of Justice. Never again will his word be any good with me.

Some hon. Members: Hear, hear!

Mr. Joe Reid (St. Catharines): Mr. Speaker, the first words I have to say with respect to this bill are words of appreciation to the members of this House who give me the opportunity of standing in my place to speak this evening. We have heard a presentation by the minister with respect to the content of the bill. I know that there were times when all of us felt that we would become hopelessly bogged down because we really did not know what we as members of the opposition would face with respect to the terms and provisions in the bill. We were faced with a moving target, the moving target that presented one amendment after another. Therefore we were somewhat critical, as the minister points out, of the minister and of the government position. We were critical, as well, because we wanted to know what theory was behind the movement being presented by the minister. We wanted to know what principles guided him in the presentation of those amendments. We wanted to make certain that the people of Canada understood what the words meant when they were presented to us for consideration. That was the kind of problem that faced those

of us in the opposition as we concerned ourselves with one committee after another until we came down to the deadline of a closing session and we, along with him, wanted to see a bill passed which would meet the requirements of women today.

Finally, today we have reservations, but although we have reservations about some of the problems that were outlined in Bill C-53 and great concerns about those matters which were not addressed in this particular bill, we are hopeful that the minister will see to it that these are brought forward at an early date come the fall session so that we can address ourselves as boldly as we have in these last few days to those problems involving child protection, pornography and the problems he has outlined with respect to abuse to women and children.

I am pleased, along with the other members on this side of the House, that we are now in a position to recognize the need for Criminal Code reform and change. Sexual assaults which have been so offensive to so many have now been brought into a three-tiered system, a system that we can understand and approve and that the public can appreciate as well. To that extent, and I know Your Honour is prepared to rise, we say that this should be a useful tool by which the Code can apply to the needs and wants of the general public in the 1980s as we face the tomorrow that is before us.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Laniel): The hon. member for Simcoe North (Mr. Lewis) rises on a point of order?

Mr. Doug Lewis (Simcoe North): Mr. Speaker, I believe we still have five minutes remaining. I would like to address a few remarks to the question of procedure and what we have tried to do here today.

A great deal of work has been done by our committee with respect to this bill. The committee sat until two o'clock last Thursday morning. The results of the committee work did not become apparent in a formal bill which could be considered by this House until very late yesterday afternoon. For that reason, there has been no consideration of the final bill because we were waiting for what the government is about to bring forward.

I draw the attention of the House to Bill C-124, which was government legislation which cleared committee at eleven o'clock in the evening and was tabled in the House at three o'clock the next day. This bill cleared committee at two in the morning and now, six and a half days later, the bill is finally ready for discussion by this House. If there has been any delay whatsoever, the delay has been on the government side of the House. We would not be rushed to judgment by something we could not even see in the final form in which the government wished to introduce it to the House. The reason for the delay has been purely that.

Our consideration, once we received that final bill, was to see that the bill, as tabled in the House, represented the deliberations of the committee. It was only very late yesterday afternoon that the members of the committee on our side who took part in those deliberations were able to assure us that the bill which was about to be tabled within 24 hours represented what the committee agreed to as to substance, no more, no less. We feel that the opposition and government members should have had that time available to them to consider it as Members of Parliament. Once we had it, I can assure hon. members that our side moved expeditiously so that it was considered by all the committee members and by our research staff.

We were able to proceed from that point, which was 5.30 p.m. or 5.45 p.m. yesterday afternoon, toward the House order. We wanted that consideration. I say, as deputy House leader, with no knowledge of the substance, that we felt that the process had to be respected so that our people had the right and the duty to review the legislation. We feel we have done that and that what is now before the House represents the deliberations of that committee. That is why we have proceeded. It may appear that we proceeded quickly from a House order, but I can assure Your Honour that we have devoted much time and effort to the committee's deliberations over the past year and a half and the deliberations that evening and since that time in reviewing draft forms of legislation. We are now pleased to participate in the formal debate of the bill which the government took so long to bring here.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I am very pleased to take part in this most important debate on significant changes to the Criminal Code. Canadian women have been fighting for decades to overhaul Canada's archaic and ineffective rape laws, laws which are predicated on many myths, for example, upon the view of the victim of rape as damaged goods, laws which are predicated upon a deep distrust of the female accused, laws which basically suggest that rape is not a crime against a woman, but, rather, a crime against a man's property.

The statistics on rape are alarming. One out of every five Canadian women is sexually assaulted against her will, grabbed, fondled, her clothes ripped, or the victim of attempted rape. One out of 17 is forcibly raped. Yet, and surely there can be no more eloquent testimony to the weakness of the present rape legislation, 94 per cent of sexual criminals walk free, never to be arrested. Only two per cent of all rapists will ever stand in court and hear themselves pronounced guilty. For those two per cent the average sentences are far too light.

• (1910)

It is clear that the time has come for major change in this area of the law. I want to commend the many individuals and groups who have appeared before the Justice and Legal Affairs committee over the past several months, witnesses including the National Action Committee on the Status of Women, the National Association of Women and the Law, the Canadian Advisory Council on the Status of Women, and representatives of provincial and local organizations from right across this country. I also want to single out my colleagues, the hon. members for New Westminster-Coquitlam (Miss Jewett) and Vancouver East (Mrs. Mitchell) who, I want to say, have

worked long and hard both within the caucus and in committee to improve the provisions of this legislation.

Some hon. Members: Hear, hear!

Mr. Robinson (Burnaby): I also want to say, and this will be a surprise to some, that in view of what has taken place within the last 24 hours and despite the fact that I disagree profoundly with the views that he expressed, I am grateful to the member for York North (Mr. Gamble) for not having blocked this important debate from proceeding.

There are a number of very important and major changes that are being made in this area of the law, and I am not going to take a great deal of time to elaborate upon them. That is being done by other speakers. Most important I think is the concept that finally we accept that rape is not a crime of passion but rather it is a violent assault. But it is not just any assault. There is an additional element of violation of the integrity of the individual. This law recognizes the violent nature of the crime of rape.

In addition, there is the important element that spousal immunity is being removed, and I want to return to that in a moment, Mr. Speaker.

The laws respecting the admissibility of evidence of previous sexual history with a person other than the accused are being significantly tightened. The code is being degenderized. In other words, we are recognizing that not just women but males as well must be protected from sexual assaults. Finally, there are a number of provisions that significantly improve the trial process; laws respecting corroboration, the doctrine of recent complaint, the requirement to prove penetration, all are quite properly being overhauled in this bill.

I should say that the original bill that was presented to the committee, Bill C-53, dealt with a number of other important areas, including the sexual exploitation of young persons, the so-called morality offences, the area of child pornography and a number of other areas as well. It was felt, because of some of the difficulties in these other sections, that we should at least in this Parliament pass the important provisions of the bill dealing with the overhaul of the sexual assault laws.

All Members of Parliament express a repugnance at child pornography, this form of exploitation of children, but unfortunately the minister brought forward a provision that was poorly drafted. There was no evidence that the existing obscenity provisions of the Criminal Code had been used, and surely where the test is community standards this kind of repugnant and offensive material would offend any notion of community standards, and we know as well that the Badgley commission is presently considering this area of the law.

With respect to the so-called morality offences, I would submit that the governing principles that should guide us when we look at a review of the law in this area should be those principles which were enunciated by the Law Reform Commission of Canada in their report on sexual offences in 1978. They recommended that reform of sexual offences should be based upon three fundamental principles, protecting the integrity of the person, protecting children and special groups, and safeguarding public decency.

With those important principles in mind I suggest that the government unfortunately caved in, in the last few months, to the Canadian equivalent of the moral majority, by withdrawing any suggested changes, even though those changes certainly did not reflect in full the principles of the Law Reform Commission, by withdrawing any changes whatsoever in this area of the law. A number of the offences in the Code such as the provisions respecting gross indecency, the provisions that deal with the bawdy house laws which violate the principles that have been enunciated by the Law Reform Commission, have no part whatsoever to play in a twentieth century Criminal Code. The minister unfortunately caved in, as I say, to the Canadian equivalent of the moral majority. For example, it will still be an offence for three adult Canadians in the privacy of their own home to participate in *le ménage à trois*. They can theoretically go to jail for five years for that offence.

I do not have time to deal with the provisions of the bill now before us that overhauls the assault area of the law, other than to say in my view a significant change in this area was not warranted. We heard from no witnesses who called, for example, for an increase in the maximum penalty for assault causing bodily harm from five years to 14 years. Certainly I agree that the first level of assault should have been changed to a mixed offence in order that we might deal with the situation of domestic violence without having to find the person actually committing the offence. That change was one that we supported.

I intend to propose four amendments to this bill while recognizing that certainly it constitutes a very important advance for the women of Canada.

The first amendment deals with an explicit recognition of the repeal of spousal immunity. This important amendment, which I understand will be accepted by all members of the House, at least I certainly hope will be accepted by all members of the House, and which will be seconded by the minister's parliamentary secretary; and I might say as well was strongly supported by the member for Kingston and the Islands (Miss MacDonald) in committee, will eliminate once and for all the fictional notion that somehow marriage implies continuing and permanent consent to sexual relations. The idea that a husband cannot be charged with the rape of his wife under any circumstances treats that woman as a chattel.

I urged in committee that the removal of spousal immunity should be made explicit. At that time one of the minister's officials suggested that this was motherhood and apple pie, but I suggest it is a far more important amendment than that. I am pleased that it will be accepted by the House this evening. I should just note that this particular amendment was heavily criticized by the group that I mentioned earlier, the Canadians for Family and Freedom group who suggested that, as they put it, the spouse-rape concept would put a barrier between husband and wife in the marriage bed. It is regrettable, to say the least, that the minister responded in a number of respects to that same group.

The second very important amendment that I am proposing deals with the Supreme Court of Canada decision in *Regina v Pappajohn*. This decision perhaps more than any other has provoked the outrage of Canadian women because what it says is that a man who honestly believed that the victim of a rape was consenting must walk out of the court a free man, must be acquitted, even where there are no reasonable grounds for that belief. I am not suggesting that the defence of honest belief should be removed entirely, although that was advocated by some. I am merely suggesting that when a man wants to say that he honestly believed that the victim was consenting, it is not good enough for him to rely upon perverse or irrational grounds; for him to say, for example, that because her husband told him that she really was enjoying it, even though she was crying and saying no, that he should be acquitted. What I am saying is that there has to be a reasonable basis for that belief.

The hon. member for Edmonton-Strathcona (Mr. Kilgour) in the Justice and Legal Affairs Committee indicated that he felt the Pappajohn decision was the "Magna Carta of the sexual assaulters across the country." The Conservative member for Edmonton-Strathcona said that he would put "the government on notice that this party is going to fight very hard" to oppose the Pappajohn decision. What happened in committee? What happened in committee was that both Liberal members and Conservative members, every Conservative member and every Liberal member of the committee, voted against my amendment, which would have included a defence of reasonable grounds, and reasonable grounds only.

• (1920)

That amendment will be put to a recorded vote tonight. I plead with members to consider very carefully the ramifications of this amendment. As I say, perhaps more than any other it is an amendment which has been strongly supported by every national women's organization, the chiefs of police and over 22,000 men and women who signed petitions urging that we accept the principle that no means no.

The third amendment I will be proposing deals with the question of admissibility of evidence of the previous sexual history. I want to indicate clearly that the minister, in response to the amendment I propose, has come a long way to tighten this area of the law. However, it is regrettable that the minister is still permitting evidence of the previous sexual history with a person other than the accused to be admitted under any circumstances. The minister said it is relevant on some occasions. That may be, but I would submit that a woman is always entitled to say no. She can have sex with the entire football team if she chooses to do so, but if she wants to say no to one player, she is entitled to say no. That integrity must always be respected.

The final amendment will restore the three tiers which have been recommended by a number of national women's organizations. The three tiers would include in the third level the important element of specific intent to commit the sexual assault.

I want to indicate that in my view this bill represents a significant improvement, but it is only a first step. The provisions of this bill represent an important first step. What is just as important as changing the law is changing the attitudes which exist in Canada and which far too often treat women as sexual commodities. Whether that is reflected in advertising, their treatment on the job, the absence of any protection from sexual harassment on the job, it is those attitudes that must be changed.

What is just as important is that we support and encourage sexual assault crises centres across the country. It is completely unacceptable that funds for these important sexual assault crisis centres only allow them to operate on a shoestring. Their work is critical in dealing with the pain suffered by rape victims.

In conclusion, I am pleased to support the important advances made in this bill. I hope hon. members will seriously consider supporting the amendments in the four areas I have referred to, the explicit removal of spouse immunity, elimination of the Pappajohn defence, elimination of all references to the previous sexual history of the victim with a person other than the accused and the establishment of an equitable and just tier structure for the sexually assaulted.

[*Translation*]

Mrs. Thérèse Killens (Parliamentary Secretary to Minister of State (Mines)): Mr. Speaker, this is a great day for Canadian women and I am pleased to take part in this debate.

[*English*]

Before saying what I have in mind on behalf of the women of Canada, and I am sorry he is not in the House, I wish to respond to the hon. member for York North (Mr. Gamble) who spoke against the bill a few minutes ago. He said it was a sad night for him. It is very easy to see that that member has never been scared.

That hon. member never attended any of the committee hearings. All of a sudden he woke up tonight and showed his ignorance. He has been totally misinformed.

I ask the people of Canada to remenber the words spoken tonight by the hon. member for Kingston and the Islands (Miss MacDonald). The hon. member attended many of the committee meetings and spoke tonight on behalf of the women of Canada. When it comes to human issues touching the women of this country and the injustices done to them, I can assure hon. members that there is no partisanship.

[*Translation*]

We did experience difficult moments during the proceedings of the Standing Committee on Justice and Legal Affairs. The turn of events in recent days had been somewhat of a disappointment for me. The bill had reached a deadlock and it did not seem very likely that it would be passed before the summer recess. In the past three weeks, members opposite and several pressure groups have been urging us to split the bill in two, in such a way as to provide only for the adoption of the provisions aimed at protecting women. Since it was impossible to reach a

consensus, the committee has had to postpone the study of the provisions related to the sexual exploitation of young persons and child pornography. On behalf of several committee members on this side of the House, I want to say how deeply disappointed we are by the filibuster of members opposite and we hope to be able to continue our study this fall.

However, we did manage to guarantee greater protection to Canadian women by providing three levels of sexual offences, and we did manage as well— and this is very significant, Mr. Speaker—to restrict to a minimum, I repeat, to a minimum, the possibility of reference to previous sexual behaviour and honest belief of good faith. I am pleased to support the amendments introduced this evening by the Minister of Justice (Mr. Chrétien). I am glad to note as well that we were able to improve the legislation with respect to child kidnapping. Hon. members know that unfortunately a growing number of families have been faced with this problem since the divorce rate has been climbing in Canada. As you know, Mr. Speaker, three out of five marriages in Canada end up in divorce.

This evening we are seeing the results of many years of work by women, as well as men, interested in this problem. The event of this evening is just as significant as our victory about section 28 of the Constitution. Quite appropriately, Mr. Speaker, it is the same minister who gave us section 28 in the Constitution to protect human rights and who today is providing additional protection for women. Mr. Speaker, I want to leave a few minutes for one of my colleagues. I conclude by thanking members on both sides of the House and especially the groups of women who gave us their support to get this bill through.

Mr. Gilles Marceau (Jonquière): Mr. Speaker, I want to say at the outset of my remarks that I was shocked by the comments of the hon. member for Cambridge (Mr. Speyer) who levelled accusations at everybody. The seriousness of his accusations has to reflect his attendance record at the committee, and I can say that he was seldom there so we ought not to pay too much attention to his comments. I am very glad to support this bill for which we have been waiting for a long time. It is an essential and very challenging step forward in criminal matters. It implements the recommendations of associations of women who had long been urging us to improve the Criminal Code, to do away with discrimination and especially to repeal the section concerning rape. In that respect, Mr. Speaker, it is very encouraging and I am quite satisfied. As to previous behaviour, we have made a lot of progress to meet the requirements of women's associations and it will no longer be referred to during a trial, save for three very rare exceptions. However, I must admit that I am disappointed about that part of the bill which deals with child pornography. It is a very serious issue and I regret that we were unable to reach agreement with the opposition to have that part of the bill accepted.

Still, I am glad that the Minister of Justice (Mr. Chrétien), whom I commend, as I do his parliamentary secretary, will reintroduce the bill on child pornography in the next session. Generally speaking, I think we ought to congratulate all those who appeared before the committee or worked with the committee, and say that we have taken a step forward. All committee members on both sides of the House have done an excellent job and I want to congratulate them.

• (1930)

[*English*]

Mr. Lawrence: Mr. Speaker, I rise on what I think really is a point of order because it deals with the travesty of process in which we are engaged here tonight. I am not blaming any single member of the House, but a large portion of the amendments to a technical statute which affects the lives and liberties of the citizens of this country was only received by some members of this House at 7.18 tonight, and we have to vote on them at 7.30.

Mr. Chrétien: Mr. Speaker, I think the members in the House and the visitors in the galleries should know that there is only one amendment coming from the government side and eight coming from the opposition side, four presented by the Conservative Party and four presented by the New Democratic Party. Of the four presented by the Conservative Party, three are acceptable to us. The hon. member for Cambridge (Mr. Speyer) does not agree with our position on the fourth one. My parliamentary secretary has discussed this with him. He is sympathetic, but as the Minister of Justice I cannot accept it. I said, and I want to repeat it, that when we come back in the fall, the amendment will be looked at again.

Of the four amendments proposed by members of the New Democratic Party, I suppose one is acceptable to everyone, and the other three are not acceptable to the government. Of the amendments proposed by the Conservative Party, three are acceptable to us, but one or two are not acceptable to the New Democratic Party.

I point out to the hon. member that there has been an agreement. We have worked on this bill in the committee for months. We tried to find solutions in the committee, and the agreement arrived at in the committee was that there would be no amendments. I was willing not to present any government amendments. I presented only one today, and others have been presented by the opposition parties.

I am glad the hon. member said he does not want to blame anyone. However, we need the bill, and it is because of an agreement among all three parties that we are in the present situation.

The Acting Speaker (Mr. Laniel): As the servant of the House the Chair can only deal with what it is ordered by the House to deal with. Pursuant to the unanimous decision of the House I have to put the question at this time.

[*Translation*]

It being 7.30 p.m., pursuant to the order made earlier today, it is my duty to interrupt the proceedings and put forthwith

every question necessary to dispose of the bill now before the House.

[*English*]

The bill is deemed to have been referred to and reported from the Standing Committee on Justice and Legal Affairs. Pursuant to the order already accepted by the House it is understood that the House is at this time at the report stage of this bill.

Mr. Svend J. Robinson (Burnaby) moved:

Motion No. 1

That Bill C-127, to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof, be amended in Clause 19 by striking out line 25 at page 7 and substituting the following therefor:

"believe, and that where the accused established that his belief was based on reasonable grounds, he shall be found not guilty."

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

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Laniel): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Laniel): Pursuant to the order already accepted, the vote stands deferred.

[*Translation*]

Mr. Svend J. Robinson (Burnaby) moved:

Motion No. 2

That Bill C-127, an act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof, be amended by striking out lines 37 to 46 at page 8 and lines 1 to 30 at page 9 and substituting the following therefor:

"246.1 Every one who commits a sexual assault is guilty of

(a) an indictable offence and is liable to imprisonment for 5 years; or

(b) an offence punishable on summary conviction.

246.2 (1) Every one commits an aggravated sexual assault who

(a) carries, uses or threatens to use a weapon or imitation thereof during or at the time he commits a sexual assault;

(b) commits a sexual assault that causes bodily harm; or

(c) with intent

(i) to wound, maim or disfigure any person; or

(ii) to endanger the life of any person causes bodily harm in any way to any person whether or not that person is the one mentioned in subparagraph (i) or (ii).

(2) Every one who commits an aggravated sexual assault is guilty of an indictable offence and is liable

(a) in the case of an offence under paragraph (1)(a) or (b), to imprisonment for 14 years; or

(b) in the case of an offence under paragraph (1)(c), to imprisonment for life."

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

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Laniel): In my opinion, the nays have it.

Some hon. Members: On division.

The Acting Speaker (Mr. Laniel): I declare the motion lost.

Motion No. 2 (Mr. Robinson (Burnaby)) negatived.

[*English*]

Mr. Chris Speyer (Cambridge) moved:

Motion No. 3

That Bill C-127, to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof, be amended in Clause 19 by striking out lines 43 to 46 at page 8 and lines 1 to 3 at page 9 and substituting the following therefor:

"(2) Where an accused is charged with"

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

Some hon. Members: Agreed.

Mr. Robinson (Burnaby): On division.

Motion No. 3 (Mr. Speyer) agreed to.

• (1940)

The Acting Speaker (Mr. Laniel): The next question is on motion No. 4.

Mr. Chris Speyer (Cambridge) moved:

Motion No. 4

That Bill C-127, an act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof, be amended in Clause 19 by striking out lines 17 to 19 at page 9 and substituting the following therefor:

"person other than the complainant,

(c) causes bodily harm to the complainant,

(d) is a party to the offence with any other person,"

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

Some hon. Members: Agreed.

Mr. Chrétien: A point of order, Mr. Speaker. I think there is agreement, but there is a grammatical error that can be corrected.

Mr. Speyer: Mr. Speaker, the "or" is in there. I do not know whether you read it. It should read "causes bodily harm to the complainant or is a party to the offence with any other person".

The Acting Speaker (Mr. Laniel): Instead of "(d)" it should read "or (d)". Does the House agree to the correction?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Some hon. Members: On division.

The Acting Speaker (Mr. Laniel): Motion No. 4 (Mr. Speyer) agreed to on division.

The House will now consider Motion No. 5.

Mr. Chris Speyer (Cambridge) moved:

Motion No. 5

That Bill C-127, an act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof, be amended in Clause 19

(A) by striking out line 31 at page 9 and substituting the following therefor:

"246.4 (1) Where an accused is charged"

(B) By adding immediately after line 41 at page 9 the following:

"(2) Notwithstanding subsection (1), the court shall instruct the trier of fact on the special need for caution in any case where the court considers that such an instruction is necessary."

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, on a point of order. Can the House have the assurance that the wording is the same in this amendment in the French and English versions? In the English version it refers to "the trier of fact" while in the French version it is "au jury".

The Acting Speaker (Mr. Laniel): The hon. member will have to recognize that the Chair cannot give that kind of assurance.

Mr. Lewis: On that point of order, perhaps I might be of assistance to the Chair, Mr. Speaker. The amendments on this side were drafted from the English into French by the Department of Justice. I would think that they have done their best to make sure that they mean the same thing in both languages.

The Acting Speaker (Mr. Laniel): Is it the pleasure of the House to adopt the said motion in both languages?

Some hon. Members: No.

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

Some hon. Members: Yea.

The Acting Speaker (Mr. Laniel): All those opposed to the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Laniel): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Laniel): The division on this motion stands deferred.

The House will proceed to Motion No. 6.

Mr. Svend J. Robinson (Burnaby) moved:

Motion No. 6

That Bill C-127, an act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof, be amended in Clause 19 by striking out lines 10 to 21 at page 10 and substituting the following therefor:

"adduced by the prosecution; or

(B) it is evidence of specific instances of the complainant's sexual activity tending to establish the identity of the person who had sexual contact with the complainant on the occasion set out in the charge."

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

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

The Acting Speaker (Mr. Laniel): All those opposed to the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Laniel): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Laniel): Accordingly, the vote on this motion stands deferred.

● (1950)

[*Translation*]

The Acting Speaker (Mr. Laniel): The House will now consider Motion No. 7 in the name of the Minister of Justice (Mr. Chrétien).

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development) moved:

Motion No. 7

That Bill C-127, an act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof, be amended in Clause 19 by striking out lines 17 to 21 at page 10 and substituting the following therefor:

"(c) it is evidence of sexual activity that took place on the same occasion as the sexual activity that forms the subject matter of the charge, where that evidence relates to the consent that the accused alleges he believed was given by the complainant."

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

Some hon. Members: Agreed.

Motion agreed to.

The Acting Speaker (Mr. Laniel): The House will now consider Motion No. 8 in the name of the hon. member for Cambridge (Mr. Speyer).

Mr. Chris Speyer (Cambridge) moved:

Motion No. 8

That Bill C-127, an act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof, be amended in Clause 19 by striking out line 10 at page 11 and substituting the following therefor:

"246.3, evidence of sexual reputation, whether".

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

[*English*]

Mr. Chrétien: Mr. Speaker, I think there is a problem here. Rather than 246.2 and 246.3 I think it should be 246.7. We agree with the change but it is not the correct number.

Mr. Peterson: Mr. Speaker, in the wording given to members the 246.2 and 246.2 appears in French and 246.3 appears in the English. I think it should be 246.7. I think that correction would correspond to the amendment being proposed by the hon. member for Cambridge (Mr. Speyer), which we are supporting.

Mr. Speyer: Agreed.

The Acting Speaker (Mr. Laniel): Does the House agree to the alteration?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion No. 8 (Mr. Speyer) agreed to.

The House will proceed to Motion No. 9.

Mr. Svend J. Robinson (Burnaby) moved:

Motion No. 9

That Bill C-127, an act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof, be amended by adding immediately after line 13 at page 11 the following:

"246.8 A husband or wife may be charged with an offence under section 246.1, 246.2 or 246.3 in respect of his or her spouse whether or not the spouses were living together at the time the activity that forms the subject matter of the charge occurred."

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

Some hon. Members: Agreed.

Motion No. 9 (Mr. Robinson) (Burnaby) agreed to.

The Acting Speaker (Mr. Laniel): Pursuant to Standing Order 75(11) the recorded division on the proposed motions that have been deferred will be taken.

Call in the members.

● (2000)

And the division bells having been rung:

Madam Speaker: The first question is on Motion No. 1 standing in the name of the hon. member for Burnaby (Mr. Robinson).

The House divided on Motion No. 1 which was negatived on the following division:

(*Division No. 253*)

YEAS

Messrs.

Althouse	Ittinuar	Murphy
Anguish	Jewett (Miss)	Orlikow
Benjamin	Keeper	Parker
Blackburn	Kilgour	Robinson (Burnaby)
Blaikie	Knowles	Rose
Broadbent	Kristiansen	Sargeant
Deans	Manly	Waddell—26.
de Jong	Miller	
Fulton	Mitchell (Mrs.)	
Heap		

NAYS

Messrs.

Allmand	Bockstael	Campbell (LaSalle)
Axworthy	Bossy	Campbell (Cardigan)
Bachand	Breau	Chénier
Baker (Nepean-Carleton)	Bujold	Chrétien
Beatty	Burghardt	Clark (Yellowhead)
Beauchamp-Niquet (Mrs.)	Bussières	Clarke (Vancouver Quadra)
Bégin (Miss)	Caccia	
Blais	Campbell (Miss) (South West Nova)	
Blaker		

Messrs.

Comtois
Cook
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Cousineau
Crombie
Crosby
(Halifax West)
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Dubois
Duclos
Dupras
Duquet
Ellis
Elzinga
Epp
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Forrestall
Fox
Fretz
Gamble
Garant
Gauthier
Gendron
Gilchrist
Gimaïel
Gourd
(Argenteuil-Papineau)
Greenaway
Gurbin
Gustafson
Hawkes
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Howie
Huntington
Irwin
Isabelle
Jarvis
Jelinek
Johnston
Joyal
Kaplan
Kelly
Kempling
Killens (Mrs.)
King
Kushner
Lachance
Lajoie
Lalonde
Lambert
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacDonald
(Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
Mazankowski
McCain
McCauley
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
McRae
Munro
(Hamilton East)
Nicholson
(Miss)
Pepin
Peterson
Pinard
Prud'homme
Regan
Reid
(St. Catharines)
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rossi
Savard
Schroder
Scott
(Hamilton-Wentworth)
Shields
Smith
Speyer
Stewart
Tardif
Taylor
Tessier
Thacker
Tobin
Tousignant
Towers
Veillette
Watson
Weatherhead
Wenman
Wilson
Wright
Yanakis—163.

● (2010)

Madam Speaker: I declare the motion defeated.

Motion No. 1 (Mr. Robinson (Burnaby)) negatived.

Madam Speaker: The question is now on Motion No. 4 standing in the name of the hon. member for Cambridge (Mr. Speyer).

The House divided on Motion No. 4 (Mr. Speyer) which was negatived on the following division:

(*Division No. 254*)

YEAS

Messrs.

Baker
(Nepean-Carleton)
Beatty
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Cook
Cooper
Corbett
Crombie
Crosby
(Halifax West)
Darling
Ellis
Elzinga
Epp
Forrestall
Fretz
Gamble
Gilchrist
Greenaway
Gurbin
Gustafson
Hawkes
Howie
Huntington
Jarvis
Jelinek
Kempling
Kilgour
King
Kushner
Lambert
Lawrence
Lewis
MacDonald
(Miss)
Mazankowski
McCain
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
Reid
(St. Catharines)
Scott
(Hamilton-Wentworth)
Shields
Speyer
Stewart
Taylor
Thacker
Towers
Wenman
Wilson
Wright—52.

NAYS

Messrs.

Allmand
Althouse
Anguish
Axworthy
Bachand
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Benjamin
Blackburn
Blaikie
Blais
Blaker
Bockstael
Bossy
Breau
Broadbent
Bujold
Burghardt
Bussières
Caccia
Campbell
(Miss)
(South West Nova)
Campbell
(LaSalle)
Campbell
(Cardigan)
Chénier
Chrétien
Comtois
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Cyr
Daudlin
Dawson
Deans
De Bané
de Corneille
de Jong
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Dubois
Duclos
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Fox
Fulton
Garant
Gauthier
Gendron
Gimaïel
Gourd
(Argenteuil-Papineau)
Heap
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Irwin
Isabelle
Ittinuar
Jewett (Miss)
Johnston
Joyal
Kaplan
Keeper
Kelly
Killens (Mrs.)
Knowles
Kristiansen
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Manly
Marceau
Massé
Masters
McCauley
McRae
Miller
Mitchell
(Mrs.)
Munro
(Hamilton East)
Murphy
Nicholson
(Miss)
Orlikow
Parker
Pepin
Peterson
Pinard
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Burnaby)
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rose
Rossi
Sargeant
Savard
Schroder
Smith
Tardif
Tessier
Tobin
Tousignant
Veillette
Waddell
Watson
Weatherhead
Yanakis—137.

Madam Speaker: I declare the motion defeated.

Motion No. 4 (Mr. Speyer) negatived.

● (2020)

The House divided on Motion No. 2 (Mr. Robinson (Burnaby)) which was negatived on the following division:

Criminal Code

(Division No. 255)

YEAS

Messrs.

Althouse
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Broadbent
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Corbett
Crombie
Crosby (Halifax West)
Darling
Deans
de Jong
Ellis
Elzinga
Epp
Forrestall
Fretz
Fulton
Gamble
Gilchrist
Greenaway
Gurbin
Gustafson
Hawkes
Heap
Howie
Huntington
Ittinuar
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Knowles
Kristiansen
Kushner
Lambert
Lawrence
Lewis
MacDonald (Miss)
Manly
Mazankowski
McCuish
McDermid
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Murphy
Orlikow
Parker
Reid (St. Catharines)
Robinson (Burnaby)
Rose
Sargeant
Scott (Hamilton-Wentworth)
Shields
Speyer
Stewart
Taylor
Thacker
Towers
Waddell
Wenman
Wilson
Wright—76.

NAYS

Messrs.

Allmand
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Blais
Blaker
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Comtois
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Fox
Garant
Gauthier
Gendron
Gimaïel
Gourd (Argenteuil-Papineau)
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Irwin
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Pepin
Peterson
Pinard
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Savard
Schroder
Smith
Tardif
Tessier
Tobin
Tousignant
Veillette
Watson
Weatherhead
Yanakis—111.

[*Translation*]

Madam Speaker: I declare the motion lost.

Motion (Mr. Robinson) negatived.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development) moved that Bill C-127, an Act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof, as amended, be concurred in.

Motion agreed to.

Madam Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Madam Speaker: Pursuant to the order made earlier today, now.

Mr. Chrétien moved that Bill C-127 be read the third time and do pass.

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

Some hon. Members: Agreed.

Some hon. Members: On division.

Motion agreed to and bill read the third time and passed.

Madam Speaker: Pursuant to the provisions—

[*English*]

Mr. Chrétien: Madam Speaker, I rise on a point of order. I would like to make one thing clear. On third reading there was no division, and I think it would be fair to all Members of Parliament that it be recorded as a unanimous vote.

An hon. Member: On division!

Mr. Chrétien: Oh, I am sorry, I did not hear you.

Madam Speaker: On division.

[*Translation*]

Pursuant to the order made on Tuesday, August 3, 1982, the House will now revert to Routine Proceedings.

* * *

HOUSE OF COMMONS

MOTION RESPECTING SUMMER RECESS

Hon. Yvon Pinard (President of the Privy Council) moved:

That, when the House adjourns on the day that this order is adopted, it shall stand adjourned until Wednesday, October 27, 1982, provided that at any time prior to that date, if it appears to the satisfaction of Madam Speaker, after consultation with the government, that the public interest requires that the House should meet at an earlier time, Madam Speaker may give notice that she is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time; and

That, in the event of Madam Speaker's being unable to act owing to illness or other cause, the Deputy Speaker, the Deputy Chairman of Committees or the Assistant Deputy Chairman of Committees shall act in her stead for all the purposes of this order.

He said: Madam Speaker, it is a pleasure to be able to speak to the adjournment motion, and according to my information, I think we shall be able to—

Madam Speaker: Order, please. I apologize for interrupting the hon. minister, but I think he will agree it is for a good cause.

[*English*]

I would just like to say goodbye to our pages this evening and thank them in my name and in your name for having brightened the House of Commons with their usefulness and their fabulous motivation in their work.

Some hon. Members: Hear, hear!

[*Translation*]

Madam Speaker: We hope they will enjoy their holidays which they have certainly deserved, and we apologize for having kept them in the House for such a large part of the summer. We wish them every success in whatever they decide to undertake next year and the years after, and who knows, maybe we will see them back as members of this House.

• (2030)

Mr. Pinard: Madam Speaker, without the slightest hesitation I want to join you in congratulating all those people who, through their work, have helped parliamentarians perform their duties during these past months. On behalf of the government, it is also a pleasure for me to point out the exceptional work done by House officials and by the pages and to congratulate them on their efforts.

I would like to take this opportunity, Madam Speaker, to point out first of all, that the motion now being debated, although it received the unanimous consent of the three parties in this House yesterday, is a motion on which debate, as indicated in the order of the House, is to last at least until 10 p.m. this evening and if necessary, until not later than 10 p.m. tomorrow evening. From what I have been told just now, it does not seem likely that the debate will continue tomorrow—we shall see about that in a few minutes—and there is every indication that around 10 p.m. this evening, there is a very good chance that at last we shall be able to adjourn the House so that hon. members can perform another of their important duties, namely, meeting with constituents in their respective ridings, listening to what the people have to say and also explaining various policies.

Mr. Speaker, if we briefly analyse the work done by Parliament over the previous weeks, months and years, during this session—and we have almost reached day 400 in this session—I think we should consider two main aspects. First of all, how productive this first session of the Thirty-second Parliament has been. There are figures which speak for themselves, but there is also the spirit that pervaded the debate or lack of debate at certain times during this session. To get back to the practical results of this session, namely, what it has produced in terms of legislation, of measures adopted by Parliament and especially by the House of Commons, we soon realize that not only has this session broken a record as far as duration is concerned but more important, we have set a record in terms of the number of bills we were able to pass.

In fact, when we adjourn, and this will probably be a little later this evening, we shall have passed nearly 140 bills or measures since the beginning of the session, which is definitely a record, if we consider that during a normal one-year session, without elections, the average result is about 50 to 55 bills. So, we have passed about 140 pieces of legislation, which is over and above the average number I have just mentioned. There is also the nature of the legislation debated and passed by Parliament, and in that respect, I think the present session has been the most important session in Canada's history. I am thinking of the debate on the Constitution and the passage of the joint resolution that led to patriation of our Constitution and the adoption of a Canadian Charter of Human Rights, provided mechanisms for an amending formula, and enshrined the concept of equalization payments to remove regional disparity, in other words, the sharing concept which is the very foundation of Canada. We have had the debate on the Constitution, and this most important piece of legislation was passed during this first session, and I shall come back later to the spirit which was evidenced during this debate.

Another important measure was passed by Parliament during this session, namely the legislation related to our national energy policy. This was another significant initiative of the present government, and the national energy policy was the occasion of a debate that led to approval of the government program. There were, therefore, two major subjects which the government decided to examine during this first session and which concern two extremely important and highly significant issues for the future of our country, namely our Constitution and energy.

Finally, as far as significant legislation is concerned there was also a whole series of bills, about 140 as I have just noted, which covered a wide range of activities and programs to help our society and improve economic and social conditions in all the regions of Canada. Let me simply mention such important bills as those concerning the Bank Act, the Canada Post Corporation Act, the Freedom of Information Act, the Occupational Training Act, and I could list about 135 others. However I shall spare the House this long enumeration and simply say that this session has produced just about 140 pieces of legislation, the constitutional debate and the adoption of the resolution to patriate the Constitution, the Charter of Rights, approval of the national energy policy, three budgets, two statements on the economy and approval of four series of budgetary estimates covering four fiscal years. When we examine all these measures, we can only conclude that we have, in fact, set a record during this first session of the Thirty-second Parliament regarding the volume of legislation

approved, particularly the significance of the legislation debated and approved by the members of this House.

However, what I find even more striking is not so much what we have done as the spirit that was evidenced during the debates that led to approval of these measures. To really understand what has happened, we have to put it in the right perspective. Hon. members will recall that this session began after two successive elections in less than a year and that, in April, 1980, at the very beginning of the session, we were left with a whole package of legislation, budgetary estimates that had not been approved in the two previous years and bills related to these budgets. In other words, we were left with an enormous financial burden. At the same time, with respect to the mental attitude or psychology of parliamentarians, the government had to face a frustrated opposition, embittered because of its defeat during the 1980 election.

• (2040)

I believe that it was only human for the official opposition to have a rather negative reaction, at least for the first few months, since they had been defeated after only nine months in power. It was only human that it allowed its frustration to influence its tactics or attitude and its style of opposition to government initiatives. What surprised me however, and I am still trying to understand this phenomenon fully, was that during the first few months, we approved over 30 bills before the summer of 1980, in about two and a half months. Therefore, at first glance, this frustration and bitterness did not seem to have affected the style and tactics of the Official Opposition. It was as though, and this seems to be the most plausible explanation, the Official Opposition were still under the shock or the impact of its defeat, were still reeling after this event which put it back in its place, namely on your left, Mr. Speaker, and this is perhaps why Parliament was able to pass about 30 bills very quickly during the first two or three months of the session. It was a bit later on that we noticed the true consequences of this defeat at the polls on the philosophy of the opposition, and this is unfortunate for Parliament, because while its tactics did not ultimately prevent Parliament from being very productive, they made the process rather painful and difficult, and offered, in my opinion, a rather unpleasant spectacle to the public who judge parliamentarians severely on both sides of the House and expect their representatives to have a much more serious and dignified attitude than has been the case until now.

As an example, let us take the state of mind or the spirit that was evidenced during the debate on the constitutional resolution. I admit this was an extremely important and controversial measure. If we make a chronological summary of this debate, Mr. Speaker, we see that it was the first major debate undertaken by Parliament two years ago, and it was to be expected that the opposition would react vigorously to our proposals, not because they were bad, quite the opposite, but because the opposition did not have its mind set on this type of measure, did not have policies that could strengthen Canadian unity and was not particularly interested in the constitutional issue, patriation or a charter of rights. In other words, the Constitution was not a serious issue in the Progressive Conservative Party's program. As we know, the issue of national unity has never been of major concern to them, and this is probably why they are so used to sitting on your left, Mr. Speaker.

We introduced a very concrete proposal and expected a strong but constructive opposition. However, we were disappointed. What we got was more of an opposite to the process, a superficial opposition, an opposition on form rather than substance, because throughout the whole debate, the Progressive Conservative Party, the official opposition has never brought forth constructive proposals concerning the substance of our resolution, whether in relation to patriation or the Charter of rights itself. Instead, their proposals aimed at gaining more time, at postponing, and this gave other groups than the official opposition the opportunity to make a valid contribution to improve our resolution, and when I say others, I am thinking about the premiers and the Supreme Court of Canada. The Conservatives may say: "Yes, but our delaying action ultimately made it possible for the Supreme Court and the premiers to improve the resolution." Well, as far as I am concerned, that was sheer accident and the Official Opposition does not deserve any credit whatsoever, because it could not possibly predict that some improvement would be made and because the Official Opposition has always indeed refrained from proposing amendments or changes likely to improve the results of our constitutional endeavour and contribute directly to strengthening the country.

Mr. Speaker, what really happened in the constitutional fray is that, ultimately, the government got what it wanted. We now have a Canadian Constitution that was rejected by members of the Official Opposition. We have a Charter of Rights, we have enshrined the principle of the fight against regional disparities, we have a mechanism for the amending formula, and all that thanks to the initiative of this government and in spite of the superficial and impulsive opposition of the Progressive Conservative Party. Subsequently, we have had annual budgets with the related bills that came up for debate and, here again, everything went smoothly even though, in my opinion, we could have achieved the same results under more humane working conditions, with much less antiquated standing orders and in a more dignified manner for the people we represent here in Canada's Parliament.

The only other occasion when we witnessed that negative and destructive approach of the Official Opposition was quite recently, last spring in March, when we debated our national energy policy. There is the enigma, Mr. Speaker, the mystery which I mentioned earlier. Why is it that the Official Opposition did not react and co-operate at the beginning of the

session, during the first months of 1980? As a possible explanation, I suggested the fact that it may have been still under the shock of the election defeat. In appearance only, members opposite got a hold of themselves during the constitutional debate, but their approach was superficial. Then the peaceful climate was restored for a while and we were able to pass a number of bills. Finally, the most negative and destructive strategy, the childish and irresponsible bell-ringing incident which we all remember and which made it possible for the government to implement its national energy policy much faster than it could have done otherwise. But we could have managed without that incident, Mr. Speaker. It was an incident that I consider unfortunate and useless, the reaction of an undoubtedly frustrated party, and especially of an immature official opposition party.

Let us briefly go over the facts surrounding the bell-ringing incident and set them in their proper perspective. Hon. members will recall that the government had given notice and introduced an omnibus bill. It was not the first time that an omnibus bill had been introduced in the House. Even the Progressive Conservatives had introduced two omnibus bills in 1979 during their short stay in office, including one concerning Crown corporations with a schedule in which some 89 acts were amended. It was really a general issue that had to do with a substantial number of measures, and it was quite obvious that is was an omnibus bill. We came before the House with an energy bill that had many provisions. Mr. Speaker, never did the other House leaders make a single suggestion to me—and I ought to know—never did anyone from the Official Opposition approach me before the bell-ringing incident to negotiate how we might study the bill. But the Official Opposition opted for a different course of action—I was told to be honest, I am being honest and frank, and I challenge anyone to prove me wrong—the Official Opposition took a decision, and I refer to the hon. member for Yukon (Mr. Nielsen) who must be somewhere and who knows full well what happened: he rose on a point of order in an attempt to get a ruling from the Speaker of the House about splitting the bill. No luck. The bill was not split, so the hon. member for Calgary Centre (Mr. Andre) moved the adjournment of the House, frustrated as he was by the decision of the Chair not to split the bill.

• (2050)

It is then that the bells began to ring and the Progressive Conservatives decided to let them ring. The government could not anticipate it. We did nothing to provoke that childish incident. As I said, it was no doubt an unpremeditated tactic because I would not dare say that the opposition acted in bad faith, it was an irresponsible and childish tactic that was used again on the spur of the moment to stall Parliament as the Official Opposition bogged down further in the mud which it was slinging onto the floor of the House of Commons.

The government, in the most parliamentary manner, without violating the basic principles of the House and Parliament, an institution which we deeply respect, tried to stop that ridiculous ringing of the bells and exercise its right to legislate on energy, which we finally managed to do but unfortunately only after 16 days. However we should not forget that after those 16 days, Mr. Speaker, we concluded an agreement and initiated negotiations, after that ridiculous ringing had come to an end, having undertaken to divide the bill which we would have readily done if it had only been suggested to us. By dividing the bill we obtained a reasonable parliamentary schedule and a time limit for the passage of all bills resulting from the splitting of the omnibus bill.

Finally, on June 10 last, following the bell-ringing incident in mid-March, within less than three months, the government got its entire National Energy Program adopted, which is much more quickly than it took the only energy legislation, the bill on oil and gas that was passed the previous year after being considered, as we all know, for 12 months. We then realized that, from a practical point of view, the policy of the official opposition was hardly reasonable. It is a reaction that can no doubt be explained by the frustration to which I referred earlier but also by a lack of maturity, since in the final analysis the government got its National Energy Program through without agreeing to amendments, because once again the oppositon's position was superficial. They lacked substance, they did not say: The bells will stop if you make such and such a change. No, that was too profound, too intellectual for the people opposite. It was rather a superficial and technical filibustering. We do not like that bill, we want eight. Divide it into eight parts and we will give you what you want in three weeks or three months. Had we known in advance, we would have done it without letting the bells ring, but they wanted to give the public the impression that they were paralysing Parliament and the timing seemed right because we were in a recession and at such times, governments are impopular. They abused the good faith of the public by trying to mix everything up and make believe Parliament could not operate due to the stupidity of the government. Everything went smoothly for the first week, Mr. Speaker, but they soon realized during the second week that public opinion would not tolerate an institution as important as the Canadian Parliament being abused in such a way. Accordingly, at the end of the second week, the Progressive Conservative Party had to give up on all points and allow this institution to resume its proceedings. Thus, the government finally obtained what it wanted much more quickly than expected but as the House Leader, I am sorry that the official opposition chose to rely on such a useless strategy under the circumstances. If only the opposition had raised the issue of the splitting up of the bill at the level of the House B.C. leaders before throwing that bomb on the floor of the House we would have surely come to an agreement and we would have, as in many other cases passed and calmly and constructively discussed a bill on the National Energy Program with hopefully a more serious and substantial contribution from the Official Opposition.

Mr. Speaker, everything I have just said can be summarized and used to describe a certain type of opposition, that is, a superficial opposition, never interested in suggesting solutions or amendments, in improving policies, a reactionary opposition embittered by its defeat in the last election and, as a result, definitely irresponsible and infantile. Mr. Speaker, I have just heard my colleague the hon. member for Nepean-Carleton (Mr. Baker) say "Ho, ho." He is right, and he will certainly recognize that to incapacitate this institution for 16 days, causing the bells to ring in the passageways . . . at least, when he was his party's House leader, he had the good sense never to do that and I am sure that if he had had his way, he would have never had the indecency to start these bells ringing. And when he says "Ho, ho," I agree with him, unless he wants to contradict me, which I doubt.

Mr. Speaker, I say that this is a negative and infantile opposition, and it is unfortunate in the present circumstances, because Canada, a country with tremendous human and material resources, with diverse cultures and regions, is not spared by the economic crisis that is currently affecting all industrialized nations. At the same time, we know that as soon as we see signs of an economic recovery throughout the world, Canada, which has an economic base, will get back on its feet very rapidly bringing back prosperity to every region and every citizen in this country.

During these hard times, the Opposition should be eager to present its views in a constructive fashion without losing political ground. Unfortunately, that is not the case. And do not bring up the matter of the current polls because they do not reflect in any way what is going on in the House of Commons. They are only indications of a temporary discontent, caused by the recession, and they are found everywhere in the world: there is not a single government in the world today that has the support of the people because of economic problems and because of the recession.

But getting back to the sense of responsibility expected from hon. members of the House, I feel that the Opposition should have used every opportunity to deal with this legislation, to suggest amendments in an effort to improve it in order to really help people get over these difficult times and who did not deserve to have its legislative body incapacitated through tactics that were somewhat questionable, infantile and irresponsible. Under these circumstances, Mr. Speaker, I regret this type of opposition, and I repeat that there is no cause and effect relationship between what has taken place in this House of Commons—in fact we were more productive than ever before in our past history—and the government's temporary loss in popularity. Quite the contrary, Mr. Speaker; it seems that over the past few weeks, Canadians have finally come to realize the true nature and value of this government and that they have had a change of heart which will make it possible for the government to keep on assuming its responsibilities to ensure their wellbeing, and that they will get back at the Opposition for its destructive attitude over the past few months. I think that in the long run, the effects of this negative attitude will work against the opposition, and I am certain that those members of Parliament who supported the tactics aimed at incapacitating such a respectable institution as the Canadian Parliament, who boldly deprived our society of its essential and fundamental forum of expression, will pay dearly for their complicity in an action that was altogether uncalled for and that brought no practical gain to the official opposition.

• (2100)

[*English*]

During this session, the House considered three budgets, two economic statements, and passed spending estimates for four fiscal years. The National Energy Program was put in place; major revisions were made to the Bank Act; the national anthem was formally approved; the Canada Post Corporation was created, the Access to Information Act was passed and a huge legislative backlog was cleared up.

Major committee reports were received and special parliamentary task forces reported on alternative energy and oil substitution; the disabled and the handicapped; employment opportunities for the '80s, North-South relations; regulatory reform; a national trading corporation; implementation of the Helsinki Final Act; acid rain; federal-provincial fiscal arrangements; Canadian relations with Latin America and the Caribbean; the Armed Forces reserves; domestic air carrier policy; security and disarmament issues, and several other matters.

I remain convinced that if on the one hand it is true to say that this session has established a record for length, almost 400 sitting days, on the other hand, as parliamentarians, at least on this side of the House, we must be proud to be able to say that it is the most productive session ever. It was able to adopt some 140 bills or government measures including private members' business. It was a session in which we were able to adopt the resolution on the Constitution; the national energy policy; three budgets; two economic statements and the estimates of four different fiscal years. All that put together makes me conclude that in fact if we compare this with previous sessions in the history of the country, it has been far and away the most productive ever.

If we take into consideration the importance of the measures that were debated we can say that it was a record session. The measures have an historic aspect that was most important. As a matter of fact, it was a record session for length, substance and production.

On the other hand, the spirit that animated the debate, or lack of debate for a while, during those two years, three months and a few days, has struck me more than anything else. The need for reform has become more and more obvious. That is why, a few months ago, the government decided to strike a special committee composed of 20 members from both sides of the House. They have started work and will look into changes that could render this institution more relevant and at the same time, we hope, more human and more modern.

I have great hopes for the report that will come from that committee. The way the terms of reference were granted by the House would allow its members who are now hearing witnesses and who will meet during the summer, who will look at previous reports on the subject on parliamentary reform, to come forward with interim reports, if it so desires, that could allow the institution to make experiments. I hope that in the short term we will be able to improve the appearance of the work that is done in this place.

Earlier I described the mood in the House. I described what I consider was the mentality of the official opposition, but trying to set aside partisan views, let me state that I think there is an urgency that the work done by the government and the work done by the opposition—which is hard work in any case—be better perceived by the citizens in all regions of Canada.

I believe that the committee on parliamentary reform will allow us, soon I hope, to be able to achieve that goal and to improve not only the image of parliamentarians in society but to improve the quality of the work we do and improve our capacity to serve Canada better.

[*Translation*]

In conclusion, Mr. Speaker, I should like to say that it was most encouraging on this side of the House to bank on unequalled team spirit. Despite the difficult times we experienced during this lengthy first session of the Thirty-second Parliament, government members managed to stick together and assume their responsibilities as parliamentarians. They are to be commended and they deserve my respect and appreciation for their continued support. I would be remiss as well if I did not take this opportunity to underline the constant contribution and exceptionally well done work of my parliamentary secretary, my hon. friend who is here tonight, and to emphasize the co-operation of the House leaders of both opposition parties, in spite of a few hitches along the way. Again, as I said earlier, the results are there, Mr. Speaker, the volume of work done is huge. The number of measures passed by this Parliament during this session is obvious, although this session was an historic one, of course, but what needs to be improved is the spirit of this House, the attitude of hon. members. One important factor that might contribute to raise the standards of debate and to command more respect for both the government's and the opposition's rights would be a little more maturity and seriousness on the part of the Official Opposition. Then we shall be able to improve the public image of this House. Again, I thank and congratulate the support staff of the House of Commons, all our Table officers, the pages and all those who enabled parliamentarians to do their job during the past two years and three months. Mr. Speaker, we are going to adjourn within a few hours, within an hour, it seems, and I wish to make it clear that it is quite exceptional for Parliament to sit this late.

Because of the current special economic conditions, a budget was brought down at the end of June, as we all know, which implied the urgent passage of at least two pieces of legislation, one authorizing the government to obtain the funds it needed to administer the country, and the other authorizing it to implement its anti-inflation policy and to limit salary increases in the civil service. Today we passed the latter, which explains why on this the 4th of August, 1982, we are still in Ottawa, in the House of Commons, debating and discussing. Usually, as we know, the House adjourns in early July to resume its activities around mid-October, a few days after Thanksgiving Day. This year, in view of the August 4 adjournment, we will resume the business of this session on October 27; the recess will thus be shorter by about two weeks than in previous years. Still, it will allow hon. members, once again, to play an important part of their role, that is, meeting their constituents in their respective ridings, listening to the people and also explaining government policies. I am convinced that we are not talking here of a two-month holiday, but rather of work that is different from that which we have been doing here for such a long period of time, as I have just explained.

Mr. Speaker, I would be remiss in my duty if I did not mention the warm relationship, from a personal and human point of view, which, despite the nature of our debates, existed between the various House leaders this year and last. More particularly, I must stress how deeply enriching and satisfying my contacts and discussions have been with the hon. member for Winnipeg North Centre (Mr. Knowles). I feel that, throughout the months when we were called upon to negotiate together and plan the business of the House, the experience, the seasoned parliamentary spirit, the good will, the great human qualities of the hon. member for Winnipeg North Centre spared this institution on several occasions pitfalls that could have harmed the parliamentary spirit. In other words, I want to say publicly that throughout his career and, of course, especially while as government House leader I had to negotiate directly with him, the contribution of the hon. member for Winnipeg North Centre for the good of society and in particular the proper functioning of this parliamentary institution has been priceless. I want to take the opportunity, this evening, to express to the hon. member through his party leader—but I see the hon. member has just stepped back into the House—to pay special tribute to him, by expressing my everlasting friendship and admiration. I have the deepest admiration for the hon. member for Winnipeg North Centre. I am happy to see him here this evening. I wish him the best possible health and the longest possible stay in this House of Commons until the next election.

While emphasizing the exceptional qualities of the hon. member for Winnipeg North Centre (Mr. Knowles), I do not want to minimize the good relations I have had and I still have with the other House leaders. Without going into details, I want to say again that communications and human relations are essential to the efficient operation of this institution, and I want to pay tribute to my two fellow House leaders, the member for Hamilton Mountain (Mr. Deans) and the member

for Yukon (Mr. Nielsen). It has also been a pleasure to work with the member for Nepean Carleton (Mr. Baker) when he was House leader for the Conservative Party. It was with these four opposition Houses leaders that we, on this side of the House, had to compromise during this very long session to obtain the extraordinary results I mentioned earlier. I trust that in the future we will be able to improve the mood of the House, to improve the mentality that must prevail in a self-respecting institution and, in conclusion, I should mention that we build great hopes on the reports of the Committee on Standing Orders and Procedure. I believe that such hopes are realistic and I sincerely hope that these pressing changes will come true so that Parliament can become the most respected institution in Canada.

• (2110)

[*English*]

Hon. Don Mazankowski (Vegreville): Madam Speaker, may I say at the very outset that in spite of what the President of the Privy Council (Mr. Pinard) stated in his opening remarks here this evening, one thing is abundantly clear and that is that this country in every respect is in worse shape today than it was when this session started. It is in worse shape economically, and it is rather interesting to note that the minister failed even to acknowledge the state of the Canadian economy when he went through his litany of achievements. He said absolutely nothing about the economy. In terms of the attitude of Canadians, in terms of the negativism that exists in this country and in terms of the divisiveness, the cynicism, the lack of confidence, the frustration, the hopelessness, the despair, the alienation and the regional alienation that exists, there can be no question that we have slipped badly during the course of this session. No amount of rhetoric or justification from the President of the Privy Council will change my mind or the mind of many Canadians in this country about that.

I am not proud of this session, Mr. Speaker. It has been the longest and the most destructive session, clearly the most divisive session that we have ever experienced in our history. It has not been a good session for Canada and it has not been a good session for this institution.

My purpose in rising to speak tonight is to try to identify and review some of the offensive measures and initiatives which this government has taken to cause that. I want not only to identify and deal with some of those offensive issues but, more important, I want to seize upon this opportunity to implore this government, as it prepares for its fall legislative program, to change its course and to change its direction. It must stop the destructive lunacy that has characterized it over the past two years.

The course this government is following and has followed is not only idiotic but it is most dangerous. As a result of its policies and actions, this government is not only destroying important sectors of the Canadian economy, it is destroying the lives and fortunes of individual Canadians throughout this land. It is destroying a once vibrant entrepreneurial spirit that epitomized Canadians from coast to coast, and a growing number of Canadians in all regions of Canada are giving up economically and politically.

As I said in my opening remarks, there is in this country tonight a feeling of hopelessness and despair. I submit to you, sir, and to all hon. members in this House that if this country is going to remain as a cohesive federal unit, then this government must stop attacking one region of the country while it accommodates another.

Some hon. Members: Hear, hear!

• (2120)

Mr. Mazankowski: I want to speak tonight as genuinely and as sincerely as I possibly can. I plead with the government to stop and consider what it has done and what it is doing to the country and to Canadians. I urge it to change its course and to change direction, because individual Canadians throughout the country cannot stand by much longer and accept the abuse and the hurt which has been thrust upon them by this government.

In that context I want to speak briefly about the political situation in western Canada. I do not want to sound alarming or hysterical, but I want to signal a warning to the government and to all members of the House of Commons that the separatist forces in western Canada are not dead. The separatist movement is alive. It is working away. It is developing a platform. It is in the process of solving some of its internal problems. It should not be discounted or written off. Perhaps more important is the fact that the western separatist movement is attracting individuals, working men and women across the whole spectrum of society, farmers and ranchers, businessmen, and especially young entrepreneurs who felt that there was a real era of opportunity in western Canada. Many invested heavily, many became involved in business enterprises, and many have seen those businesses collapse and disappear simply with the stroke of a pen and a change of the rules, laws and regulations emanating from the government. There are doctors, lawyers, housewives, teachers, oil executives, managers, economists, professors, and even rodeo riders who are members of the western separatist movement.

An hon. Member: They are a bunch of cowboys.

Mr. Mazankowski: Yes, there are a few cowboys. They are fairly knowledgeable people too. I am surprised that that comment would emanate from a member of the New Democratic Party. I do not think there is anything wrong with being a cowboy.

Mrs. Mitchell: Cowpersons.

Mr. Mazankowski: They provide Canadians with a worthy service and excellent beef which we all enjoy from time to time. Many of these individuals who have found a haven in the western separatist movement have never been involved in politics before or associated with political movements. I say that these people who are involved are not radical sensationalists looking for a short burst of attention. The majority of them

are concerned, rational and sincere, but most of all are angry about what is happening to Canada, particularly to western Canada.

Mr. McKnight: And they should be.

Mr. Mazankowski: I think the movement was summed up rather well in a recent article which appeared in the *Alberta Report* on July 26. It was contained in a letter from the publisher entitled, "What the WCC does, matters; why it exists matters more." He pointed out:

> The gathering of some six hundred people for the convention of the Western Canada Concept in Red Deer last week was as extraordinary as it was traditional. It was extraordinary for what it implied. Who could have imagined, say, 24 months ago that such a diverse throng could be assembled in the province of Alberta to declare that, under given conditions, they are ready to break up the country. It was extraordinary also in another way. The rank and file were far more impressive than the leadership. Here was no strident rabble or convocation of kooks. You met doctors, grain growers, lawyers, accountants, cattlemen, housewives, scientists, small businessmen, teachers, executives. It was this populism, of course, that echoed a great tradition. Here, no doubt, were the United Farmers of the twenties, or the first Social Crediters, or the founders of the western CCF, the grass roots of the west, issuing forth to damned well do something, nobody was one hundred per cent sure what.
>
> What they in fact do may or may not matter, depending on whether they succeed. What does matter, and matters terribly, is why they were there at all. This is of great current concern to the provincial government and, as far as anyone can tell, of no concern whatever to the government at Ottawa.

It is timely to put this on the record as we near the end of this session and to signal to the government and to all Members of Parliament that this movement should clearly indicate to us that there is an unhealthy condition out there. The federal government should heed the warning, if it is really genuinely serious about national unity in the country.

Mr. McKnight: The three government members who are in the House now.

Mr. Mazankowski: I want to say something else which I do not want to have misinterpreted. I say it with genuine sincerity. There is absolutely no question about my commitment and loyalty to this great country of Canada, but I have to say that it is becoming increasingly difficult to defend the federal cause when we have a government which has so viciously attacked and destroyed my part of Canada. In so doing it has weakened the very fabric of the nation. What is most disturbing is that the government is continuing along that same path and in that direction. They do not listen, they do not care.

This plays squarely into the hands of the separatist movement in western Canada. As a matter of fact, the actions of the government are really aiding and abetting the separatist movement. We have seen what has happened in Newfoundland and the recent decisions which have been taken with respect to Nova Scotia, such as the transferral of the naval reserve and the resource debate in Newfoundland. It is quite conceivable that easterners may soon feel the same sense of frustration and alienation.

Let us look at some examples of vicious policies which serve to destroy rather than to build. Let me look at them in the context of the fodder that they provide to the western separatist movement. The President of the Privy Council talked at great length and spoke very glowingly about the achievements in the passage of the National Energy Program. Let us review its objectives. It was to provide security. Well, we are less secure today than we were when the policy was announced. We are more reliant upon foreign oil. It was to provide opportunity. If hon. members go out west they will see what kind of opportunity was provided by the National Energy Program. It was to provide fairness. My gosh, we are paying retail prices at the pumps based upon world prices—and it is more than in the United States—while the wellhead price of oil from Alberta and Saskatchewan is roughly 55 to 60 per cent of the world price. Independent Canadian petroleum companies have been decimated by the National Energy Program. Instead of giving Canadian companies an advantage over their foreign competitors, they have been crippled by unreasonable rates of taxation to provide revenue for a government whose spending has gone out of control, not to mention high interest rates. Foreign companies have foreign incomes on which to survive. Canadian companies have folded and collapsed under the strains of high taxation and the high interest policies of the government. Where are these businesses located? The bulk of them are located in western Canada. The obsession with the accelerated Canadianization program and the thrust of nationalization has seen Petro-Canada grow from a mere window on the industry to a $6.6 billion company which is financed by a 4 cent per gallon surcharge at the expense of all Canadians. Gas is not any cheaper. The fact of the matter is that this country was Canadianizing the oil industry at a rate which our financial abilities could afford.

• (2130)

What happened during the National Energy Program? In the oil resource sector alone, some $9 billion of oil investment capital fled the country. Through this entire process not an additional barrel of oil has been produced. We are more reliant on foreign oil today than we were before. One billion dollars worth of equipment has left this country for the United States. Alsands, Cold Lake and Judy Creek projects have been cancelled. Twenty thousand identifiable jobs in the drilling and service sector of the oil industry have been lost. The government says this is due to world conditions. That is partly true, but what we need to do is examine the comparison between what happened in the United States and Canada over the year 1981. It is important to differentiate the policies of these two countries.

As we know, the National Energy Program imposed nationalization, higher production taxes and discriminatory taxes against foreign investors, and price controls. The Reagan administration took the other course by decontrolling prices, and adopting noninterventionist policies. These changes launched the two countries on two different courses. Investment was encouraged in the United States. Investment into Canada was discouraged.

What has happened? I refer to the *Alberta Report* of August 2, 1982. That report states that in 1981 the U.S. drilled 80,537 wells, up by almost 16,000. That is a 20 per cent increase. Canada's total in 1981 was 7,186 wells, down from a

high of 9,188 in the previous year, which is an approximate 25 per cent reduction. Canada's drilling fleet decreased from 650 before the NEP to 450 afterward. What is worse, Mr. Speaker, is that most of the remaining rigs are preparing to leave for the United States, while 65 per cent of those which remain in Canada are inactive. Those are the figures from that report.

What are the estimates for the future? These are the estimates as provided by a recent survey by the Independent Petroleum Association of Canada. That is the Canadian oil industry. That association has estimated declines of 27 per cent this year, 33 per cent in 1983 and 41 per cent in 1984. This is with respect to exploration and drilling activity. Simultaneously, in the United States, drilling activity is projected to increase by 70 per cent this year and a further 88 per cent in 1983. There you have those estimates. I could go on to give further examples.

What we see happening in Canada as a result of this decline in drilling activity is sheriff sales, receivership sales, public auction sales and bankruptcy sales, one after the other. The papers in western Canada are full of these sales; close-out auctions, receivership auctions, gigantic farm auctions, and sheriff sales.

An hon. Member: And U.S. buyers.

Mr. Mazankowski: That is correct; U.S. buyers with a premium dollar.

Mr. McKnight: Tell them about Lloydminster.

Mr. Mazankowski: I have told them about Lloydminster. There was a large liquidation auction sale which came about as a result of two firms, which had a booming business three years ago, being forced into receivership and ultimate bankruptcy as a result of the National Energy Program. Some $3.5 million worth of equipment, including Cats, cranes, welders, trucks, tractors and trailers, sold for about 30 cents or 40 cents on the dollar, purchased by Americans with their premium dollars. And people wonder why there is no bitterness.

If the government wishes to talk about the world situation, let us see what is happening in Australia. There is an article in *Canadian Business*, February, 1982, with the heading "Waltzing with drill bits: The Search for Aussie Oil." It says:

> Five years ago, Canadian exploration companies had scarcely considered Australia. Now, our major players down under are punching drill holes all over the map looking for major finds.

Why is that? The reason is that the climate and the policy are conducive to attracting that activity down there. I could go on to quote at length. Therefore, it is not only the result of a world situation. It is a fact that the climate is conducive toward exploration and development in some areas but this country's government has chosen to drive investment and oil research and development as well as other exploration activity away, as it has driven jobs and investment capital out of the country.

We can also consider other areas such as the petro-chemical industry. Here again, the discriminatory and unfair taxes applied to ethane which is used for petro-chemicals has made our fuel stock non-competitive in the world market place. As a result, there are 15 projects in Alberta that have been postponed, cancelled or delayed indefinitely. These projects are worth some $8 billion. I did not bother translating what that means in terms of lost jobs and opportunities.

These conditions are again blamed on the world situation. What has occurred is that the government has failed to acknowledge that it has created the problems through Canadianization taxes, the petroleum gas and revenue tax, the increased prices and the anomalous tax on ethane, not to mention nationalization.

The petro-chemical collapse in Canada is not caused by a world problem. It is a made-in-Canada problem. This problem was created by this government and its vicious penchant for attacking western Canada, a region which stood on the threshold of greatness and opportunity. It is now being destroyed as a result of the deliberate policy aimed at destroying the economic future of western Canada.

Those words should not be considered in any partisan way. It is commonly accepted in western Canada, even by Liberals. I want to quote what a well-known member said about the federal government policies as they relate to western Canada. He was a distinguished member of the House of Commons and is still someone who is distinguished in economic affairs, farming and in the consulting field. His name is Hu Harries. I would like to quote what was said in the *Edmonton Journal* on August 1, 1982. The article states:

—former Edmonton Strathcona Liberal M.P. and economic consultant Hu Harries sees Canada's recession as being deliberately politically induced by the eastern Liberal establishment, which didn't want political or economic power to shift to the west and saw oil revenues as a way to subsidize federal economic mismanagement.

He is right on.

Mr. Laniel: He was brainwashed.

Mr. Mazankowski: The hon. member opposite said that he was brainwashed. I think the hon. member had the privilege of serving with him—

Mr. Laniel: He was brainwashed.

The Acting Speaker (Mr. Corbin): Order.

Mr. Mazankowski: The hon. member who just interjected knows very well that Dr. Hu. Harries has a mind of his own. I should repeat his statement because it is very clear that it is a view which is shared by most western Canadians, including Liberals. My hon. friend who has visited my constituency should come out again to test the water.

Mr. Laniel: Mr. Speaker, I rise on a point of order. May I ask the hon. member a question? I want to know what the ex-minister of transport does to defend and promote Canadian unity instead of promoting division in this country.

Some hon. Members: Oh, oh!

• (2140)

The Acting Speaker (Mr. Corbin): Order, please. The hon. member for Vegreville has the floor.

Mr. Mazankowski: Mr. Speaker, I am doing that right now because this institution is a place where Members of Parliament have the opportunity to come and speak on behalf of their constituents and their regions. I have simply been laying before this House of Commons a signal and a warning that all is not well out there. I am sorry the hon. member was not in his seat when I started my remarks because I wanted to make it very clear to Your Honour and to other hon. members of the House where my loyalties and commitments lie. Having said that, one should never be ashamed of speaking his mind and telling it like it is. I have attempted to convey to hon. members not only my views and the views of people who have written widely in the west, who are business and community leaders, but, indeed, also the views of former Liberal members of parliament. I certainly did not put those words into Dr. Harries' mouth. He is a man of integrity and high principle.

An hon. Member: He is not a socialist.

Mr. Mazankowski: He is not a socialist, that is right. He is a Canadian, and he is concerned about the vicious destruction which has taken place at the hands of the government as far as western Canada is concerned.

I can give another example of the treatment of our resources. It is rather interesting to see how, just recently under Bill C-108, the government conveniently used an amendment with regard to the National Energy Board to exempt electric power export licences from the borad new powers of the Board. This means that while oil and gas export permits are cancellable without warning by the National Energy Board, the same does not apply to electric power which is exported to the United States. It is precisely this kind of double standard, as contained in Bill C-108, which is creating dissension, division—

An hon. Member: Corruption.

Mr. Mazankowski: —and corruption, as the hon. member says. But it is certainly creating division and frustration as the result of the alienation which is aiding and abetting the separatist cause in western Canada.

We must put Canada first. Our energy resources, whether they be oil, gas, or coal power, are all the same. They are very precious and we need them. If we are to put Canada first— Mr. Speaker, would you ask the hon. member to either direct a question to me or to sit down and listen?

Mr. Laniel: I would like to ask the hon. member if he is not abusing the situation, as I could have when I came here 20 years ago and could not get a francophone to answer me at the door, or get French service in all departments, and saw Quebec forgotten on many issues, but I did not blame it on the west. What you are doing is against the east only, you know. Why do we not fight together for Canada?

Mr. Mazankowski: I am very glad the hon. member asked that question because I certainly have no objections to the advances and progress made in Quebec, particularly the progress around here with respect to the furtherance of bilingualism and the francophone cause. I have absolutely no objection. I simply ask him to listen, because there are no Liberal members in the government from western Canada. This is our only opportunity to present our views.

I am speaking tonight as I would speak to the Prime Minister (Mr. Trudeau) and to the whole cabinet. I am simply saying that there are some problems out there, and that they should listen and pay heed. They have an opportunity over the course of the summer to go out and examine, investigate and hopefully reconsider the destructive course they are on.

As I said when we were dealing with energy resources, if we are discussing a Canada policy, then that policy should apply to all energy resources in the same manner. There should not be a double standard. We take offence to that and it is part of the fodder which the western separatist cause is using.

What is unfortunate is that this deliberate anti-west policy has impacted very dramatically and negatively upon the industrial heartland of central Canada. With no drilling, no megaprojects, no exploration, there are no valves, cables, tools, machinery, pipe or steel being used.

Mr. McDermid: Transportation companies are not shipping.

Mr. Mazankowski: Let us consider what has happened to the transportation industry. One of the reasons we moved lots of grain this year is because there is nothing else to ship. It amazes me that the Liberal supporters in central Canada do not get their message through to their MPs. I have really remained convinced that Canada's economic—

Mr. Laniel: What is the position of the west on the Crow rate?

Mr. Mazankowski: Mr. Speaker, I really expected to complete my speech and listen to other hon. members. I listened very patiently to the President of the Privy Council (Mr. Pinard). I would be very pleased to listen to my good friend who is heckling me across the way. I respect him, but I wish he would just simply keep his cool for a while. He can certainly respond if he wishes, at a more appropriate time.

To return again to my remarks concerning the National Energy Program, I am convinced and will remain convinced that Canada's economic collapse began with the introduction of the program, and our economy will not recover until there are fundamental changes to that devastating program.

I referred to one example which has served to alienate and frustrate western Canada. I would like to refer to a couple of others. At the outset, one must say that while we spent an exorbitant amount of time dealing with the Constitution, the economy was faltering. Surely our preoccupation with the

Constitution at a time when the economy was collapsing around us is clearly part and parcel of the problem we are facing today.

Dealing with the constitutional debate, the attitude of the government, with its coercive tactics, created bitterness and division in the country. It has certainly created anger and confrontation. I say to Your Honour that it will take a long time to heal the wounds. Rather than harmony and goodwill, there is mistrust and bitterness and division. We must simply recall what the Prime Minister intended to do when he brought in the constitutional package. He was going to make two or three different classes of provinces. Some were to have veto powers and others were not. The west was not to be treated with the same equality as the other provinces.

The emergency planning order was another example. Broad powers were delegated to respective ministers of the Crown and so-called emergency. It was unwieldy and frightening. The way in which 20 per cent of the VIA Rail passenger service was dismantled, and particularly the effect on western Canada and the tourist community of Jasper without any reference to Parliament, without any public hearings, unilaterally carried out by a stroke of the pen, is another example. Does one not think that that causes some alarm in western Canada? The hon. member referred to the Crow rate.

Mr. Fulton: I rise on a point of order. I do not mean to interrupt the hon. member, but I realize that there are other hon. members who want to speak and there are only ten minutes left.

The Acting Speaker (Mr. Blaker): I am sorry. The hon. member's microphone was not on when he spoke and I could not hear him, but perhaps the hon. member would repeat what he said.

Mr. Fulton: I was just pointing out, Mr. Speaker, for the clarification of the hon. member who is speaking, that it is traditional for hon. members on all sides to have an opportunity to speak, and I recognize there are only about ten minutes left in which to speak.

The Acting Speaker (Mr. Blaker): The hon. member for Vegreville has the floor.

• (2150)

Mr. Mazankowski: Mr. Speaker, I am not sure what the hon. member's point of order was all about. I have the floor and I will maintain the floor until my time is up.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Mazankowski: Quite frankly, Mr. Speaker, we have heard from the Liberal Party—

Some hon. Members: Oh, oh!

Mr. Mazankowski: Mr. Speaker, I think it is time—

An hon. Member: What about respect for Parliament minorities and all that?

Mr. Fulton: Tell us about goodwill and harmony?

Mr. Mazankowski: Mr. Speaker, we have heard from the Liberal Party and I do not know why we have to hear from the Liberal rump, if that is the way they feel about it. I have respect for ths institution and I will abide by the rules. I have certainly not interrupted the Leader of the New Democratic Party (Mr. Broadbent) or any other member of the party.

Mr. Broadbent: I have not had a chance to speak.

Mr. Kempling: He is never here.

Mr. Mazankowski: Most members in this House know that I am a reasonable and moderate person.

Some hon. Members: Hear, hear!

Mr. Mazankowski: I for one do not have to take any lessons from the NDP about behaviour in the House and what is considered to be fair and reasonable. The fact of the matter is, Mr. Speaker, this is a very important debate for some of us and—

An hon. Member: Because we care for the west.

Mr. Mazankowski: —and the NDP have had lots of opportunities to make their case in the course of the last couple of days and they will have lots of opportunities tomorrow. The fact of the matter is, it is really amazing, Mr. Speaker, that they did not move to interrupt the minister who spoke over 40 minutes—

An hon. Member: He is their friend.

Mr. Mazankowski: The move to change the statutory freight rate, the Crowsnest Pass freight rates—

An hon. Member: We talked about that.

Mr. Mazankowski: Yes, it has been quite a wild and hot debate, but what is very obvious about the debate that is going on out there is that there is a lot of mistrust associated with anything this government does. There is mistrust. Nobody out there trusts the government or believes in it.

We now have forced metric; they call that in western Canada the "Trudeau measurement." Here is something that really strikes at our basic heritage, acres, miles, the way in which our land was surveyed are all part and parcel of our lifestyle. Hectares and litres are a "no-no". Even in Ontario the farmers have lost hundreds of thousands of dollars as a result of their inability to mix their weed chemical; they got mixed up. They could not even phase it in with a dual process. It is forced metric. We now see the forced metric boys wanting to impose it on the cattle industry. Can you imagine selling beef by the kilogram? It is going to be an auctioneer's nightmare.

Some hon. Members: Oh, oh!

Mr. Mazankowski: As *The Financial Post* of July 31 said, there has been no case made for metric, and I second that motion.

Let us look at another issue, that of Canagrex. If you look at where the support and the lack of support lies in this particular measure you will find that most farm organizations in western Canada, individuals and groups, are opposed to the concept of Canagrex because they believe it could very well become the Petro-Canada of agriculture. They call it an Ottawa food grab, and they contend that the powers to be granted are so sweeping it could become another Petro-Canada; all-pervasive and unstoppable. Lubor Zinc calls it "Agriculture Can"; Lubor Zinc calls it "food for the bureaucrats". It is rather strange that in the communist countries where this kind of philosophy is rampant, they cannot feed themselves; and we are heading in that direction. That is what is startling westerners. We do not want to see our food industry taken over by the bureaucrats and by government.

What about the western development fund? That cynical vanishing fund started out at $4 billion in 1980. Today some $200 million has been pledged. Mr. Olson from the other place was in Edmonton a couple of days ago and he said, "Well, we have only got $200 million committed, but three more budgets and three more years and we will have the $4 billion." So much for that.

At the same time we have bailouts in some regions and enterprises that have failed in other regions. We have seen a new chapter emerged after the June 28 budget. This past month we have witnessed another phase of this government's unfair and manipulative tactics, and many of us in this House recognize that the central focus of this government's economic development policy is for it to become deeply involved in the Canadian enterprise system, either directly through Crown corporations, or indirectly, and perhaps even more potently, through leverage, through manipulation, through sticks and carrots, through grants and subsidies, loan guarantees, letters of comfort and blatant political patronage in some cases. They have developed a philosophy of deciding who gets and who does not, who will be the loser and who will be the winner. When we are considering some of these examples, which smack of favouritism, political patronage and sweetheart deals, we have to look no further than the example of the Minister of Industry, Trade and Commerce (Mr. Gray)—Mr. Amazing Gray—

Some hon. Members: Hear, hear!

* * *

[*Translation*]

MESSAGE FROM THE SENATE

Madam Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following bill: Bill C-124, respecting compensation in the public sector of Canada, without amendment.

[*English*]

I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-126, an act to amend the Financial Administration Act (No. 2) without amendment.

* * *

• (2200)

ROYAL ASSENT

Madam Speaker: I have the honour to inform the House that a communication has been received as follows:

Rideau Hall
Ottawa
Government House

August 4, 1982

Madam,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 4th day of August, 1982, at 10.00 o'clock, for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary
to the Governor General

THE ROYAL ASSENT

[*Translation*]

A message was delivered by the Gentleman Usher of the Black Rod, as follows:

Madam Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the Chamber of the honourable the Senate.

Accordingly, Madam Speaker with the House went up to the Senate Chamber.

• (2210)

And being returned.

Madam Speaker: I have the honour to inform the House that when the House attended the Senate Chamber the Deputy Governor General was pleased to give in Her Majesty's name the Royal Assent to the following bills:

Bill S-29, An Act to amend the Railway Act—Chapter No. 117.

Bill C-122, An Act to amend the Small Businesses Loans Act (No. 3).—Chapter No. 118.

Royal Assent

Bill C-109, An Act to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation.—Chapter No. 119.

Bill C-125, An Act to provide supplementary borrowing authority.—Chapter No. 120.

Bill C-92, An Act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act.—Chapter No. 121.

Bill C-124, An Act respecting compensation in the public sector of Canada.—Chapter No. 122.

Bill C-126, An Act to amend the Financial Administration Act (No. 2).—Chapter No. 123.

Bill S-26, An Act to revive E.G. Klein Limited and to provide for its continuance under the Canada Business Corporations Act.

Bill S-27, An Act to amend the Act of incorporation of The Grand Lodge of the Benevolent and Protective Order of Elks of the Dominion of Canada.

Pursuant to order made Tuesday, August 3, 1982, the motion before the House is deemed to have been adopted.

This House stands adjourned until Wednesday, October 27, 1982, at two o'clock in the afternoon, pursuant to Special Order.

At 10.11 p.m. the House adjourned, without question put, pursuant to Special Order.

END OF VOLUME XVII